
SOUTH LINCOLNSHIRE ACADEMIES TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr W Hawkins Mr M Preen (resigned 6 September 2018) Mr D Pickering Mrs L Dray (appointed 18 October 2018)
Member Trustees	Mr W Hawkins, Chair of Directors Mr S Haigh (appointed 1 October 2018) Mr J Stokes (appointed 19 October 2018) Mr R Immink Mrs L Dray (resigned 25 September 2018) Mrs L Conley, Executive Headteacher from 1 January 2019 (appointed 1 January 2019) Mr D Pickering Mr J Kirkman Mr L Reilly, Executive Headteacher to 31 December 2018 (retired 31 December 2018)
Company registered number	07559187
Company name	South Lincolnshire Academies Trust
Principal and registered office	Bourne Academy Edinburgh Crescent Bourne Lincs PE10 9DT
Chief Executive Officer	Mrs L Conley
Leadership Team	Mr L Reilly, Executive Headteacher to 31 December 2018 Mrs L Conley, Deputy Executive Headteacher to 31 December 2018, Executive Headteacher from 1 January 2019 Mr B Sinclair, Deputy Headteacher Mr J Hind, Deputy Headteacher Mr T Martin, Deputy Headteacher Mrs R LeCaplain, Deputy Headteacher to 31 December 2018 Mrs E Dilley, Deputy Headteacher Mrs K Joel, Deputy Headteacher
Independent auditors	Streets Audit LLP Windsor House A1 Business Park at Long Bennington Notts NG23 5JR

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Bankers

Lloyds TSB
8 North Street
Bourne
Lincs
PE10 9ED

Internal Auditor

SAAF Education
The Engineering Centre, Park Vale Academy
Top Valley Drive
Top Valley
Nottingham
NG5 9AZ

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Multi Academy Trust (MAT) operates two secondary academies, Bourne Academy and Spalding Academy in Lincolnshire. Both academies are for students aged 11 to 19 serving a catchment area of Lincolnshire.

Bourne Academy has a student capacity of 1,425 and a roll of 1,367 in the school census of October 2019.

Spalding Academy has a student capacity of 1,622 and a roll of 1,121 in the school census of October 2019.

Structure, governance and management

Constitution

The Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Trust.

The Trustees of South Lincolnshire Academies Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Method of recruitment and appointment or election of Trustees

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

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

- a) the signatories to the Memorandum until they resign or otherwise cease to be members; and
- b) any person appointed under Article 15A
- c) no employee of the Academy Trust shall be a member of the Academy Trust

Article 15a – The members may agree by passing a special resolution to appoint such additional Members as they see fit.

The members' board may appoint by ordinary resolution up to 7 Trustees. Directors may be removed by the person or persons who appointed them.

The Directors who were in office at 31 August 2019, and served throughout the period, are listed on page 1.

Policies adopted for the induction and training of Trustees

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

All Members and Directors have access to a range of training programmes.

Organisational structure

The organisational structure of the MAT consists of four levels, Members Board, Board of Directors, SLAT Executive Headteacher and the SLAT Executive Deputy Headteacher Team (EDHT).

The MAT is governed by the Members Board, which delegates functions as appropriate to the Board of Directors who are appointed by the Directors as a committee. Directors are directors of the Charitable Company for the purposes of the Companies Act 2006 and Directors for the purposes of charity legislation. The Directors exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the MAT.

The Board of Directors are responsible for setting general policy, adopting an annual School Development Plan (SDP) and budget, monitoring the MAT's use of budgets and making major decisions about the direction of the MAT and senior staff appointments. The Directors are responsible for monitoring the performance of the Executive Headteacher and EDHT on a regular basis.

The EDHT consists of five Deputy Headteachers across the two academies.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Arrangements for setting pay and remuneration of key management personnel

The Academy Pay Policy details the pay and remuneration for key management personnel. Remuneration is determined by performance based on set objectives. There is a remuneration committee in place as a sub-committee of the Board of Directors.

Trade union facility time

The academy trust had one employee who was a relevant union official during the year. They spent 100% of time on facility time however their costs were fully reimbursed by the union so there was no cost to the trust.

Related parties and other connected charities and organisations

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

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

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

- By maintaining the Trusts reputation for excellent examination results;
- By allowing pupils of all abilities to attain their full potential and develop their own special qualities;
- By offering a wide range of extracurricular activities and sports;
- By maintaining the high standards and expectations of the schools;
- By developing a positive attitude towards equal opportunities for all, regardless of sex, religion or personal difficulties;
- By expecting pupils to value all members of the school's community and its environment;
- By allowing pupils to acquire attitudes and skills which enable them to give purposes to their lives and to make a contribution to the wider community.

Objectives, strategies and activities

The main objectives of the Trust during the period ended 31 August 2019 are summarised below:

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

Public benefit

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

There continues to be a significant public benefit arising from the South Lincolnshire Academies Trust (SLAT) two secondary schools, with the ethos of the Trust being:

Aspire, Challenge, Achieve

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Key performance indicators

End of KS4:

Progress 8 data places Bourne Academy +0.59 in the top 15% of all schools in 2019 and Spalding Academy +0.21 in the top 35% of all schools nationally.

Post 16:

Progress data shows an improvement 2019 A Level A*-A and A*-B, as well as L3 BTEC qualifications, with 74% achieving Dist*-Dist. ALPS 3 A Level and ALPS 2 BTEC 2019.

Going concern

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Strategic report (continued)

Achievements and performance

The Trust has a School Transformation Plan (STP) for each school, approved by Directors to cover this academic year 2019-20, which also outlines key performance indicators for the next three years. The STP document combines:

- The school ethos statement;
- Monitoring arrangements for the STP, in order for Trustees to hold leaders to account;
- The Self Evaluation Framework (SEF);
- Examination performance details and context 2019;
- The Curriculum Intent, which shares the vision for;
- The school development targets (SDP), which outline the current educational priorities for 2019-20.

The STP is a new way of working and will now enable Trustees to have all necessary information about each school in one format, making accountability for school leaders more transparent.

A key development in 2019 has been the work on each schools' Curriculum Intent, which firmly underpins the SLAT vision for high performing non-selective secondary schools located within a selective area of education, both of which aspire to be 'Outstanding' and the curriculum is the next step on the journey towards meeting this intent vision:

'Bourne Academy and Spalding Academy aim to provide an exceptional education which enriches students' ambition and love of learning and equips them with the skills, knowledge and cultural capital they need to access aspirational Post-16 & Post-18 pathways and meet the responsibilities and experiences of later life.'

At Key Stage 3 the SLAT aims to provide a secure foundation and subsequent extension of prior knowledge, skills and understanding before broadening out into an ambitious and varied curriculum through our Year 8 'Choices' programme. At Key Stage 4 and 5, the SLAT is unique within the local area for offering a specialised mix of academic, technical and vocational subjects. Whether at Post-16 or Post-18, students at all levels are supported for their next stage of education, employment or training.

The SLAT is very proud of the fact that students can follow an English Baccalaureate (EBacc) curriculum to GCSE, however there is equally high value placed on the contribution that creative, vocational and technical learning areas also makes to every child's development and the SLAT approach is for every student to follow their own pathway, based on strong careers advice and high aspiration for all learners.

The success of both Trust schools continues to grow, with both schools being voted Secondary School of the Year Award in 2019 at the Lincolnshire Free Press and Spalding Guardian Education Awards. In addition, Spalding Academy was a finalist in national Education Business Awards 2019 for Outstanding Progress Award (Secondary).

The success at Spalding Academy has been particularly considerable, with the school moving from an Ofsted rating of inadequate to Good in June 2019. This, previously graded 'Inadequate' school, has been a privilege to work with and the students, staff and parents deserve the recognition that this school is now Good.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Strategic report (continued)

Some key highlights from the Ofsted report include:

- The school has improved rapidly and pupils' behaviour is a strength of the school;
- The school is a positive and harmonious community;
- The curriculum is well matched to the needs of the pupils and ensures that they are well prepared for the next stage of education;
- Leaders and staff have created an atmosphere of care and support and are determined to do their best for each pupil;
- Leaders have high aspiration for pupils' achievement; leaders and staff have created a culture built on shared values and the belief that all pupils can achieve well;
- The quality of teaching is good and the wellbeing of pupils, both physically and emotionally, is a priority of the school;
- Parents are positive about the way the school cares for their children, and staff are determined to support them;
- The behaviour of pupils is good and relationships are very strong, both between pupils and between pupils and staff.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Strategic report (continued)

Executive Headteacher's report

In recent years, Bourne Academy has offered a viable alternative to selective education in the town of Bourne and district and now, since September 2019, a similar situation has been created at Spalding Academy, which operates on a similar model to Bourne Academy, with shared highly effective leadership, including in education; finance; operations; HR and Governance. Confidence in the Trust's sponsorship of Spalding Academy has now been embedded, with numbers that have now grown to meet the full Pupil Admission Number (PAN) of 270 in the September 2018 and 2019 Year 7 intakes, with this set to continue in 2020. The confidence in Bourne Academy has also continued with the PAN remaining at 250. Both of the SLAT schools are now oversubscribed for Year 7 intakes, with appeals for Year 7 entry in both schools.

The SLAT schools are inclusive 11-18 secondary schools which endeavour to recognise and meet the needs of the individual student. The SLAT practice is characterised by:

- A commitment to high quality teaching, the education offered by SLAT at Bourne Academy and Spalding Academy is exceptional, as are the students.
- As mixed non-selective secondary schools, the SLAT prides itself on being able to provide a personalised approach that best meets the needs of each and every individual child.
- Bourne Academy and Spalding Academy belief is to provide learning centers that encourage students to Aspire, Challenge, Achieve and as part of the wider family of the SLAT, and therefore access to strong professional partnership links and outstanding educational thinking.
- The SLAT has myriad of opportunities for children to access study support and extracurricular programmes, often involving working closely with the local community, particularly in sport and the arts - including music, performance and the visual arts.
- Putting learners, their learning and welfare at the centre of all decision making, the SLAT supports students to work hard, be committed to learning and believe in high challenge that is coupled with high support, including exceptional pastoral care.
- The SLAT also demands high standards of behaviour that allow effective learning and teaching to take place.

Following the successful results in the summer 2019 and subsequent increase in progress score in both schools, the SLAT has been highly praised by the Regional Schools Commissioner in a recent meeting at the DfE for the outstanding work carried out by our Trust for our learners, seen in their exceptional progress made in both Trust schools.

In addition to the progress students make in their learning, our Trust Spiritual, Moral, Social and Cultural (SMSC) programme is now fully embedded in every aspect of school life and demonstrates how well we support and promote British values. Both schools are outward looking and have a strong emphasis on preparing students to be responsible citizens as they progress through the school and beyond.

The Sixth Form at Bourne Academy offers a well-rounded mix of qualifications, which is a popular choice by students living in Bourne, the surrounding villages and students at Spalding Academy, with students progressing to University and apprenticeship programmes.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Strategic report (continued)

The SLAT continues to open the doors beyond the classroom to a wide range of experiences. All subjects provide additional learning contexts including; annual school productions, art events, careers fairs and high-performing sports teams in the majority of disciplines. These activities and events are now well publicised in termly newsletters and through the newly developed and implemented Trust and individual school websites. The new website platforms for the Trust and each school are now managed 'in house' and this has enabled far better communication with students, parents and the community.

The SLAT schools are currently Good (Bourne Academy Ofsted 2017; Spalding Academy Ofsted 2019), and aspiring to be outstanding because:

Leadership:

The SLAT leadership and management are highly effective, which is supported by a strong ethos of distributed leadership and an equally strong focus on appropriate staff training and effective succession planning.

Curriculum:

Exceptional approach to curriculum planning, linked closely to future learning and career aspiration and the local area employment market.

Assessment:

Teachers use assessment to help students embed and use knowledge fluently and to develop their understanding.

Behaviour:

The behaviour and attitudes of students are outstanding, with the SLAT providing a positive, respectful culture in which staff know and care about all learners. Students are safe and bullying and discrimination are not tolerated, with any issues dealt with promptly using the SLAT Behaviour 4 Point Plan.

Support:

The SLAT is well known in the local community for the pastoral support provided for our young people. There is a robust pastoral support system, which is the central spine of both Trust schools and is fully embedded, so that all students feel highly supported in what is an increasingly complex and challenging modern world.

To improve further, to meet the needs of Aspire, Challenge, Achieve the SLAT challenges can be seen as:

End of KS4 Progress:

A continued focus on improving outcomes for all student groups, an unrelenting focus on sustaining SLAT outstanding provision, seen in both schools continuing to achieve above national average, with further development in English at KS4.

Boy's Progress:

Although Boys perform well above national average at Bourne Academy and in line with national average at Spalding Academy, the SLAT aims to close the gap further between Boys / Girls achievement through the SLAT Boys Strategy, which will positively discriminate this group in order for the Boys to achieve more.

EBacc:

To increase SLAT student participation in the EBacc, to work towards meeting the DfE 75% student participation 2022 target, whilst recognising that 'student choice' is at the heart of our SLAT curriculum vision, supported by high quality careers guidance, linked to University, Apprenticeships and the needs of the local area market.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Strategic report (continued)

Literacy Skills:

Due to the context of the SLAT schools, being non-selective, without comprehensive student intakes and the impact of the 11+ weighting on non-verbal reasoning, to continue to improve students' extended writing skills, to equip them better to more successfully complete long answer questions and to encourage our learners to be articulate in a range of contexts, by being encouraged to constantly develop a wider vocabulary, supported by reading widely.

Independence:

Continued focus on encouraging students to learn independently, by completing homework tasks, attending curriculum intervention sessions and undertaking extended learning tasks, which are closely linked to the SLAT careers and raising aspiration programme.

Wellbeing:

The SLAT schools meet the pastoral needs of all learners exceptionally well, driven through the comprehensive pastoral structure. However, the SLAT recognises the need for continued focus on the wellbeing and health of learners in order that they can 'do their best' and have high aspiration for their futures, whilst growing up in the increasingly challenging and complex world of being a young person in Modern Britain.

Financial review

Reserves policy

The MAT operates a reserves policy of one month's operating expenditure. The reserves are reviewed regularly and are considered to be sufficient to ensure an appropriate level of funding is held to cover contingency requirements.

At 31 August 2019, free reserves held amount to £765,635 and restricted general funds amount to £1,719,960.

The amount of funds which can only be realised by disposing of tangible fixed assets amounted to £28,103,890.

The pension fund is in deficit by £6,151,000.

Total funds at 31 August 2019 amount to £24,438,485, and the balance on restricted general funds plus unrestricted general funds at 31 August 2019 results in a net surplus of £2,485,595.

Investment policy

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

Principal risks and uncertainties

The Directors are aware of the major risks to which the MAT is exposed. A risk register is managed by regularly reviewing strategic, operational, compliance and financial risks. Specific risks with a higher risk rating include competition risk and the presence of other organisations with similar objects and little cope for differentiation. Insurance risk is closely monitored to ensure there is no financial loss/inability to replace items if the MAT does not have adequate insurance cover. Linked to insurance is the risk of litigation should the MAT not be fully compliant with health and safety legislation.

Financial review

The Trust held fund balances at 31 August 2019 of £24,438,485, comprising £1,719,960 of restricted funds, a fixed asset reserve of £28,103,890, a pension reserve deficit of £6,151,000 and £765,635 of unrestricted general funds.

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds (non fixed assets) in the statement of financial activities.

During the year ended 31 August 2019, total expenditure of £12,092,658 was less than recurrent restricted grant funding from the ESFA together with other restricted incoming resources. The excess of income over expenditure for the period was £212,584.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In the year under review, £1,719,960 was carried forward representing 15.8% of GAG. Another key financial performance indicator is staffing costs as a percentage of recurrent income. For 2019 this was 78.2%, which is a reduction of 6% in comparison to 2018. This will be monitored in future periods.

The Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £6,151,000.

Fundraising

The Trust believes that education should be free at the point of delivery and do not ask parents for donations.

Fundraising for charities is an active part of our house structure in both schools. The Trust has a strong charity focus, contributing to local, regional, national and international charities on a regular basis. Over £11,000 was collected last year.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Plans for future periods

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

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

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equality policy
- Health & safety policy

In accordance with the Trust's equal opportunities policy, the Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

Disclosure of information to auditors

Insofar 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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report was approved by order of the board of Trustees, as the company directors, on 2 December 2019 and signed on its behalf by:

.....
Mr W Hawkins
(Chair of Trustees)

SOUTH LINCOLNSHIRE ACADEMIES TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South Lincolnshire Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

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GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 6 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr W Hawkins, Chair of Directors	6	6
Mr S Haigh	5	5
Mr J Stokes	4	5
Mr R Immink	6	6
Mrs L Conley, Executive Headteacher from 1 January 2019	4	4
Mr D Pickering	4	6
Mr J Kirkman	6	6
Mr L Reilly, Executive Headteacher to 31 December 2018	1	2

In September 2018 the governance structure for the Trust was confirmed and it was agreed a Skills Audit would take place in November 2018. The Skills Audit was delayed to February 2019 due to the resignation of the Executive Headteacher. The Skills Audit was undertaken and highlighted the need to recruit across both Local Advisory Boards to ensure that the Trust had the right set of skills to maintain a high level of governance.

The process to recruit two parent governors and two staff governors per Local Advisory Board will be undertaken in November 2019. Following this recruitment, a further drive will take place in January 2020 to recruit governors from the community to add a further dimension to the governing body and increase the numbers on the Local Advisory Boards to 11 per board.

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

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Pickering	3	3
Mr J Kirkman	3	3
Mr S Haigh	3	3
Mr R Immink	3	3

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Ensuring stringent tendering of capital improvement projects.
- The Trust cleaning contract was re-tendered, resulting in a saving of £50,000 per annum.
- Software packages purchased across the Trust have provided economies of scale.
- Uniform shops at both Bourne and Spalding Academy have a number of suppliers to ensure we receive best value and quality. Price increases to parents/carers are avoided by effective management of the various items for sale and negotiating the supplier's prices.
- The Trust regularly takes opportunities to work collaboratively.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Lincolnshire Academies Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The 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 Audit and Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint Schools and Academies Finance (SAAF) as internal auditor.

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

- Income;
- Purchasing;
- Staff Expenses;
- Charge Card transactions;
- Payroll;
- Bank and cash.

On a termly basis, the internal auditor reports to the board of Trustees through the audit and finance committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

Some minor recommendations were made, but no significant findings were reported. The internal auditor reports are presented to the Audit and Finance Committee and Board of Directors.

Review of effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit and finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Trustees on 2 December 2019 and signed on their behalf by:

.....
Mr W Hawkins
Chair of Trustees

.....
Mrs L Conley
Accounting Officer

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of South Lincolnshire Academies Trust I have considered my responsibility to notify the Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the 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 2018.

I confirm that I and the Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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.

.....
Mrs L Conley
Accounting Officer
Date: 10 December 2019

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & 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 of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 2 December 2019 and signed on its behalf by:

.....
Mr W Hawkins
(Chair of Trustees)

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of South Lincolnshire Academies Trust (the 'trust') for the year ended 31 August 2019 which comprise the Statement of financial activities, 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 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 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 2018 to 2019 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 Trust 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 Trust'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.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTH LINCOLNSHIRE ACADEMIES TRUST (CONTINUED)**

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. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTH LINCOLNSHIRE ACADEMIES TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Trust'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 Trust 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 charitable Trust'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 charitable Trust'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 charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SOUTH LINCOLNSHIRE ACADEMIES TRUST (CONTINUED)**

Mark Bradshaw (Senior statutory auditor)

for and on behalf of
Streets Audit LLP

Windsor House
A1 Business Park at
Long Bennington

Notts
NG23 5JR

10 December 2019

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 25 March 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Lincolnshire Academies Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to South Lincolnshire Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Lincolnshire Academies Trust and 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 South Lincolnshire Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of South Lincolnshire Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of South Lincolnshire Academies Trust's funding agreement with the Secretary of State for Education dated 10 March 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by 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 Trust's income and expenditure.

Our audit work involved:

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH
LINCOLNSHIRE ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mark Bradshaw (Senior statutory auditor)

Streets Audit LLP

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

Date: 10 December 2019

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	-	11,181	677,127	688,308	562,867
Charitable activities		893,108	12,291,145	-	13,184,253	12,033,977
Other trading activities		142,368	2,916	-	145,284	128,960
Investments	6	4,598	-	-	4,598	3,484
Total income		1,040,074	12,305,242	677,127	14,022,443	12,729,288
Expenditure on:						
Raising funds		90,977	3,904	-	94,881	83,135
Charitable activities		593,229	12,520,754	171,811	13,285,794	13,287,065
Total expenditure		684,206	12,524,658	171,811	13,380,675	13,370,200
Net income/(expenditure)		355,868	(219,416)	505,316	641,768	(640,912)
Transfers between funds	20	-	(43,418)	43,418	-	-
Net movement in funds before other recognised gains/(losses)		355,868	(262,834)	548,734	641,768	(640,912)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(1,937,000)	-	(1,937,000)	1,484,000
Net movement in funds		355,868	(2,199,834)	548,734	(1,295,232)	843,088

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Reconciliation of funds:					
Total funds brought forward	409,767	(2,231,206)	27,555,156	25,733,717	24,890,629
Net movement in funds	355,868	(2,199,834)	548,734	(1,295,232)	843,088
Total funds carried forward	<u><u>765,635</u></u>	<u><u>(4,431,040)</u></u>	<u><u>28,103,890</u></u>	<u><u>24,438,485</u></u>	<u><u>25,733,717</u></u>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 33 to 61 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	5,360	13,026
Tangible assets	15	28,014,121	27,542,130
		<u>28,019,481</u>	<u>27,555,156</u>
Current assets			
Stocks	16	45,242	32,578
Debtors	17	394,318	455,960
Cash at bank and in hand		2,780,259	2,684,324
		<u>3,219,819</u>	<u>3,172,862</u>
Creditors: amounts falling due within one year	18	(574,963)	(1,131,032)
		<u>2,644,856</u>	<u>2,041,830</u>
Net current assets		<u>2,644,856</u>	<u>2,041,830</u>
Total assets less current liabilities		<u>30,664,337</u>	<u>29,596,986</u>
Creditors: amounts falling due after more than one year	19	(74,852)	(81,269)
Net assets excluding pension liability		<u>30,589,485</u>	<u>29,515,717</u>
Defined benefit pension scheme liability	22	(6,151,000)	(3,782,000)
Total net assets		<u><u>24,438,485</u></u>	<u><u>25,733,717</u></u>

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Funds of the Trust			
Restricted funds:			
Fixed asset funds	20	28,103,890	27,555,156
Restricted income funds	20	1,719,960	1,550,794
Restricted funds excluding pension asset	20	29,823,850	29,105,950
Pension reserve	20	(6,151,000)	(3,782,000)
Total restricted funds	20	23,672,850	25,323,950
Unrestricted income funds	20	765,635	409,767
Total funds		24,438,485	25,733,717

The financial statements on pages 28 to 61 were approved by the Trustees, and authorised for issue on 02 December 2019 and are signed on their behalf, by:

Mr W Hawkins
(Chair of Trustees)

The notes on pages 33 to 61 form part of these financial statements.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities		50,971	(516,595)
Cash flows from investing activities		44,964	31,971
Change in cash and cash equivalents in the year		95,935	(484,624)
Cash and cash equivalents at the beginning of the year		2,684,324	3,168,948
Cash and cash equivalents at the end of the year		2,780,259	2,684,324

The notes on pages 33 to 61 form part of these financial statements

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

South Lincolnshire Academies Trust meets the definition of a public benefit entity under 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

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.

• **Expenditure on raising funds**

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

• **Charitable activities**

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Intangible assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

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

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

Computer software	- 25 % straight line
-------------------	----------------------

1.7 Tangible fixed assets

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

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

The academy incurs significant repair and replacement costs such that the Trustees believe the properties residual values are not materially different to the cost. Accordingly, no depreciation is charged on either freehold or long-term leasehold property.

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- Improvements depreciated between 2% - 10%
Long-term leasehold property	- Improvements depreciated between 2% - 10%
Fixtures, fittings and equipment	- 25% straight line
Computer equipment	- 25% straight line
Motor vehicles	- 25% 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.

1.8 Stocks

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

1.9 Debtors

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

1.10 Cash at bank and in hand

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

1.11 Liabilities

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

SOUTH LINCOLNSHIRE ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.12 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

1.15 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.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

2. 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 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

As explained in note 1.7 above, the Academy incurs significant repair and replacement costs such that the Trustees believe the properties residual values are not materially different to the cost. Accordingly, no depreciation is charged.

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3. Income from donations and capital grants

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Capital Grants	-	677,127	677,127
Other donations	11,181	-	11,181
Total 2019	<u>11,181</u>	<u>677,127</u>	<u>688,308</u>
	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Capital Grants	-	552,239	552,239
Other donations	10,628	-	10,628
<i>Total 2018</i>	<u>10,628</u>	<u>552,239</u>	<u>562,867</u>

4. Funding for the Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
General Annual Grant (GAG)	-	10,852,425	10,852,425
Other DfE/ESFA grants	-	678,541	678,541
Local Authority grants	-	387,004	387,004
Catering income	548,087	-	548,087
Trip income	-	274,275	274,275
Other income	345,021	98,900	443,921
Total 2019	<u>893,108</u>	<u>12,291,145</u>	<u>13,184,253</u>

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	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Total funds 2018 £</i>
General Annual Grant (GAG)	-	10,504,038	10,504,038
Other DfE/ESFA grants	-	533,932	533,932
Local Authority grants	-	260,998	260,998
Catering income	443,298	-	443,298
Trip income	-	181,238	181,238
Other income	47,144	63,329	110,473
<i>Total 2018</i>	<u>490,442</u>	<u>11,543,535</u>	<u>12,033,977</u>

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Hire of facilities	-	2,916	2,916
Catering	35,328	-	35,328
Other income	5,657	-	5,657
Uniform shop sales	101,383	-	101,383
	<u>142,368</u>	<u>2,916</u>	<u>145,284</u>

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Hire of facilities	1,469	4,727	6,196
Catering	34,774	-	34,774
Other income	2,346	-	2,346
Uniform shop sales	85,644	-	85,644
	<u>124,233</u>	<u>4,727</u>	<u>128,960</u>

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FOR THE YEAR ENDED 31 AUGUST 2019

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Bank interest	4,598	4,598	3,484

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on fundraising trading activities:				
Direct costs	10,684	-	84,197	94,881
Educational operations:				
Direct costs	8,888,330	-	1,087,629	9,975,959
Allocated support costs	1,557,613	777,465	974,757	3,309,835
Total 2019	10,456,627	777,465	2,146,583	13,380,675

	<i>Staff Costs 2018 £</i>	<i>Premises 2018 £</i>	<i>Other 2018 £</i>	<i>Total 2018 £</i>
Expenditure on fundraising trading activities:				
Direct costs	8,375	-	74,760	83,135
Educational operations:				
Direct costs	9,133,800	-	980,857	10,114,657
Allocated support costs	1,506,866	812,522	853,020	3,172,408

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8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational operations	9,975,959	3,309,835	13,285,794

	<i>Activities undertaken directly 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Educational operations	10,114,657	3,172,408	13,287,065

Analysis of support costs

	Educational operations 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	1,557,613	1,557,613	1,506,866
Technology Costs	70,817	70,817	86,661
Premises Costs	777,465	777,465	812,522
Other Support Costs	831,278	831,278	691,485
Governance Costs	72,662	72,662	74,874
Total 2019	3,309,835	3,309,835	3,172,408

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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	<i>2018</i>
	£	£
Operating lease rentals	24,721	<i>11,627</i>
Depreciation of tangible fixed assets	162,882	<i>95,672</i>
Amortisation of intangible assets	7,666	<i>7,666</i>
Loss on disposal of fixed assets	1,888	<i>-</i>
Fees paid to auditors for:		
- audit	8,725	<i>9,275</i>
- other services	-	<i>400</i>
	=====	=====

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10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	7,643,955	7,746,804
Social security costs	747,027	755,396
Pension costs	1,606,407	1,655,509
	9,997,389	10,157,709
Agency staff costs	427,696	386,332
Staff restructuring costs	31,542	105,000
	10,456,627	10,649,041

Staff restructuring costs comprise:

	2019 £	2018 £
Severance payments	31,542	105,000
	31,542	105,000

b. Non-statutory/non-contractual staff severance payments

Included in staff costs are non-statutory severance payments of £31,542 (2018 - £105,000).

Individually, the payments are £20,000, £6,500, £3,975 and £1,067.

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	145	152
Administration and Support	117	127
Management	11	11
	273	290

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10. Staff costs (continued)

c. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2019	<i>2018</i>
	No.	<i>No.</i>
Teachers	135	<i>142</i>
Administration and Support	90	<i>98</i>
Management	10	<i>11</i>
	235	<i>251</i>

d. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	2	<i>6</i>
In the band £70,001 - £80,000	3	<i>-</i>
In the band £100,001 - £110,000	-	<i>1</i>
In the band £110,001 - £120,000	1	<i>-</i>
In the band £120,001 - £130,000	-	<i>1</i>

e. Key management personnel

The key management personnel of the academy trust comprise the staff trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £752,140 (2018 - £828,875).

11. Central services

No central services were provided by the Trust to its academies during the year and no central charges arose. The cost of the leadership structure is shared across both Academies within the Trust. There is no central service charge. Actual salaries and service costs are shared proportionately as agreed within the financial plan.

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12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

	2019	2018
	£	£
Mrs L Conley, Executive Headteacher from 1 January 2019	110,000 -	<i>105,000 -</i>
	115,000	<i>110,000</i>
Pension contributions paid	15,000 -	<i>15,000 -</i>
	20,000	<i>20,000</i>
Mr L Reilly, Executive Headteacher to 31 December 2018 (resigned 31 December 2018)	40,000 -	<i>125,000 -</i>
	45,000	<i>130,000</i>
Pension contributions paid	nil	<i>nil</i>

During the year ended 31 August 2019, expenses for travel across the trust totalling £2,511 were reimbursed or paid directly to 2 Trustees (*2018 - £2,719 to 2 Trustees*).

13. Trustees' and Officers' insurance

The Trust has opted into the Department of 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 membership.

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14. Intangible assets

	Computer software £
Cost	
At 1 September 2018	30,663
At 31 August 2019	30,663
Amortisation	
At 1 September 2018	17,637
Charge for the year	7,666
At 31 August 2019	25,303
Net book value	
At 31 August 2019	5,360
<i>At 31 August 2018</i>	13,026

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15. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 September 2018	13,079,998	14,254,381	287,993	272,409	42,284	27,937,065
Additions	438,268	5,940	78,928	113,625	-	636,761
Disposals	-	-	(1,820)	-	(4,000)	(5,820)
At 31 August 2019	<u>13,518,266</u>	<u>14,260,321</u>	<u>365,101</u>	<u>386,034</u>	<u>38,284</u>	<u>28,568,006</u>
Depreciation						
At 1 September 2018	20,308	15,684	79,982	243,569	35,392	394,935
Charge for the year	64,134	16,278	36,695	42,329	3,446	162,882
On disposals	-	-	(932)	-	(3,000)	(3,932)
At 31 August 2019	<u>84,442</u>	<u>31,962</u>	<u>115,745</u>	<u>285,898</u>	<u>35,838</u>	<u>553,885</u>
Net book value						
At 31 August 2019	<u><u>13,433,824</u></u>	<u><u>14,228,359</u></u>	<u><u>249,356</u></u>	<u><u>100,136</u></u>	<u><u>2,446</u></u>	<u><u>28,014,121</u></u>
At 31 August 2018	<u><u>13,059,690</u></u>	<u><u>14,238,697</u></u>	<u><u>208,011</u></u>	<u><u>28,840</u></u>	<u><u>6,892</u></u>	<u><u>27,542,130</u></u>

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15. Tangible fixed assets (continued)

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

- 2 new blocks at Bourne Academy at a value of £438,268;
- pastoral office work at Spalding Academy for £3,561; and
- work on a science lab conversion at Spalding Academy for £2,379.

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16. Stocks

	2019 £	2018 £
Uniform stock	42,286	30,000
Catering stock	2,956	2,578
	45,242	32,578

17. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	4,757	5,722
Other debtors	123,676	139,056
Prepayments and accrued income	265,885	311,182
	394,318	455,960

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	6,417	6,417
Trade creditors	263,314	300,083
Other taxation and social security	175,131	187,631
Other creditors	20,339	357,076
Accruals and deferred income	109,762	279,825
	574,963	1,131,032

Included in other loans is a loan of £6,417 (2018 - £6,417) from Lincolnshire County Council (Salix) which is provided on the following terms:

- repayable in 6 monthly installments;
- interest is charged at base rate plus 3%;
- the loan is due to mature in 2029.

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19. Creditors: Amounts falling due after more than one year

	2019	<i>2018</i>
	£	£
Other loans	74,852	<i>81,269</i>

Included in other loans is a loan of £74,852 (2018 - £81,269) from Lincolnshire County Council (Salix) which is provided on the following terms:

- repayable in 6 monthly installments;
- interest is charged at base rate plus 3%;
- the loan is due to mature in 2029.

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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	409,767	1,040,074	(684,206)	-	-	765,635
Restricted general funds						
General Annual Grant (GAG)	1,550,794	10,852,425	(10,639,841)	(43,418)	-	1,719,960
Other restricted funds	-	1,452,817	(1,452,817)	-	-	-
Pension reserve	(3,782,000)	-	(432,000)	-	(1,937,000)	(6,151,000)
	<u>(2,231,206)</u>	<u>12,305,242</u>	<u>(12,524,658)</u>	<u>(43,418)</u>	<u>(1,937,000)</u>	<u>(4,431,040)</u>
Restricted fixed asset funds						
Transfer from Local Authority on conversion	25,081,722	-	-	-	-	25,081,722
DfE/ESFA capital grants	517,846	162,773	-	-	-	680,619
Other government grants	1,000,935	514,354	-	-	-	1,515,289
Capital expenditure from other sources including GAG	954,653	-	(171,811)	43,418	-	826,260
	<u>27,555,156</u>	<u>677,127</u>	<u>(171,811)</u>	<u>43,418</u>	<u>-</u>	<u>28,103,890</u>
Total Restricted funds	<u>25,323,950</u>	<u>12,982,369</u>	<u>(12,696,469)</u>	<u>-</u>	<u>(1,937,000)</u>	<u>23,672,850</u>
Total funds	<u><u>25,733,717</u></u>	<u><u>14,022,443</u></u>	<u><u>(13,380,675)</u></u>	<u><u>-</u></u>	<u><u>(1,937,000)</u></u>	<u><u>24,438,485</u></u>

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20. Statement of funds (continued)

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

Unrestricted funds

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

Restricted Fixed Asset funds

Transfer from Local Authority on conversion represents the assets transferred to the Academy from the Local Authority upon conversion.

Capital expenditure from GAG represents fixed asset expenditure transferred from other restricted income.

Restricted Revenue funds

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

Other ESFA Grants, other government grants and other restricted funds represent monies received for specific purposes.

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

Transfers between funds represent the use of recurrent income being used to fund capital expenditure.

Summary

The balance on restricted general funds plus unrestricted general funds at 31 August 2019 results in a net surplus of £2,485,595.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Bourne Academy	710,861	415,764
Spalding Academy	1,774,734	1,544,797
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,485,595	1,960,561
Restricted fixed asset fund	28,103,890	27,555,156
Pension reserve	(6,151,000)	(3,782,000)
	<hr/>	<hr/>
Total	24,438,485	25,733,717
	<hr/> <hr/>	<hr/> <hr/>

Total cost analysis by academy

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 excluding depreciation £	Total 2019 £
Bourne Academy	4,868,820	610,058	150,534	1,639,074	7,268,486
Spalding Academy	4,004,932	649,816	120,953	1,173,606	5,949,307
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Trust	8,873,752	1,259,874	271,487	2,812,680	13,217,793
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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20. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
General funds	376,843	618,159	(585,235)	-	-	409,767
Restricted general funds						
General Annual Grant (GAG)	2,159,044	10,512,586	(11,149,323)	28,487	-	1,550,794
Other restricted funds	-	1,046,304	(1,046,304)	-	-	-
Other restricted general funds	(4,780,000)	-	(486,000)	-	1,484,000	(3,782,000)
	<u>(2,620,956)</u>	<u>11,558,890</u>	<u>(12,681,627)</u>	<u>28,487</u>	<u>1,484,000</u>	<u>(2,231,206)</u>
Restricted fixed asset funds						
Transfer from Local Authority on conversion	25,081,722	-	-	-	-	25,081,722
DfE/ESFA capital grants	471,360	46,486	-	-	-	517,846
Other government grants	495,182	505,753	-	-	-	1,000,935
Capital expenditure from other sources including GAG	1,086,478	-	(103,338)	(28,487)	-	954,653
	<u>27,134,742</u>	<u>552,239</u>	<u>(103,338)</u>	<u>(28,487)</u>	<u>-</u>	<u>27,555,156</u>
Total Restricted funds	<u>24,513,786</u>	<u>12,111,129</u>	<u>(12,784,965)</u>	<u>-</u>	<u>1,484,000</u>	<u>25,323,950</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

	<i>Balance at 1 September 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2018</i>
	£	£	£	£	£	£
Total funds	<u>24,890,629</u>	<u>12,729,288</u>	<u>(13,370,200)</u>	<u>-</u>	<u>1,484,000</u>	<u>25,733,717</u>

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019	Restricted funds 2019	Restricted fixed asset funds 2019	Total funds 2019
	£	£	£	£
Tangible fixed assets	-	-	28,014,121	28,014,121
Intangible fixed assets	-	-	5,360	5,360
Current assets	846,904	2,288,506	84,409	3,219,819
Creditors due within one year	(6,417)	(568,546)	-	(574,963)
Creditors due in more than one year	(74,852)	-	-	(74,852)
Provisions for liabilities and charges	-	(6,151,000)	-	(6,151,000)
Total	<u>765,635</u>	<u>(4,431,040)</u>	<u>28,103,890</u>	<u>24,438,485</u>

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21. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	27,542,130	27,542,130
Intangible fixed assets	-	-	13,026	13,026
Current assets	829,512	2,343,350	-	3,172,862
Creditors due within one year	(338,476)	(792,556)	-	(1,131,032)
Creditors due in more than one year	(81,269)	-	-	(81,269)
Provisions for liabilities and charges	-	(3,782,000)	-	(3,782,000)
Total	<u>409,767</u>	<u>(2,231,206)</u>	<u>27,555,156</u>	<u>25,733,717</u>

22. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' 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 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

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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.

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22. Pension commitments (continued)

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:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. 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 September 2019.

The employer's pension costs paid to TPS in the year amounted to £857,606 (2018 - £863,228).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is an unfunded 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £569,000 (2018 - £565,000), of which employer's contributions totalled £451,000 (2018 - £449,000) and employees' contributions totalled £ 118,000 (2018 - £116,000). The agreed contribution rates for future years are 19.4 per cent for employers and various per cent for employees.

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

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22. Pension commitments (continued)

Principal actuarial assumptions

	2019	<i>2018</i>
	%	%
Rate of increase in salaries	2.7	2.7
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Commutation of pensions to lump sums	75	50

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

	2019	<i>2018</i>
	Years	Years
<i>Retiring today</i>		
Males	21.2	22.4
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.5	24.1
Females	25.2	26.6

Sensitivity analysis

	2019	<i>2018</i>
	£000	£000
Discount rate -0.1%	375	286
Mortality assumption - 1 year increase	571	438

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

	At 31	<i>At 31 August</i>
	August 2019	<i>2018</i>
	£	£
Equities	5,925,000	5,238,000
Corporate bonds	1,299,000	1,076,000
Property	812,000	789,000
Cash and other liquid assets	81,000	72,000
Total market value of assets	8,117,000	<i>7,175,000</i>

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22. Pension commitments (continued)

The actual return on scheme assets was £244,000 (2018 - £347,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(711,000)	(811,000)
Past service cost	(63,000)	-
Interest income	208,000	160,000
Interest cost	(317,000)	(284,000)
Total amount recognised in the Statement of financial activities	(883,000)	(935,000)

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

	2019 £	2018 £
At 1 September	10,957,000	10,966,000
Current service cost	711,000	811,000
Interest cost	317,000	284,000
Employee contributions	118,000	116,000
Actuarial losses/(gains)	2,181,000	(1,137,000)
Benefits paid	(79,000)	(83,000)
Past service costs	63,000	-
At 31 August	14,268,000	10,957,000

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	7,175,000	6,186,000
Interest income	208,000	160,000
Actuarial gains	244,000	347,000
Employer contributions	451,000	449,000
Employee contributions	118,000	116,000
Benefits paid	-	(83,000)
At 31 August	8,196,000	7,175,000

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23. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	26,132	19,253
Later than 1 year and not later than 5 years	53,414	33,959
	<u>79,546</u>	<u>53,212</u>

24. Members' liability

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

25. 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 a trustee 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.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

Warners Group Publications, a business connected to W Hawkins, a trustee, received £396 (2018 - £nil) from the academy for rewards postcards. No amount was outstanding at the year end.

26. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £9,829 (2018 - £15,706) and disbursed £10,435 (2018 - £5,924) from the fund. An amount of £9,176 (2018 - £9,782) is included in other creditors relating to undistributed funds that is repayable to ESFA.