
LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

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LINCOLN CHRIST'S HOSPITAL SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members	Mr N Manders Rev'd Canon A H Nugent MA, Dip. Th. (resigned 31 August 2014) Mrs D M Scammell MA Mrs K Wilson BA (appointed 1 September 2014)
Governors	Parent Governors Dr A Daniels* Miss R Allison (resigned 30 January 2014) Mr D Sanford (appointed 1 September 2014) Mr J Spencer (appointed 15 September 2014) Staff Governors Mr R M Eastham BSc (Hons), PGCE, MEd (Dist), CPC (Ed), NPQH (resigned 31 August 2014) Mrs M Laurence* Mr A Cottam BSc, MSc, MCIPS Miss R Fearn BA (Hons), PGCE, MA* Mrs S Wilkinson (appointed 1 September 2014) Headmaster Mr A Wright PhD* (resigned 31 August 2014) Mr M McKeown (appointed 1 September 2014) Appointed by the Foundation of Christ's Hospital At Lincoln Mr D Gibbons Mr P R Banks BSc, FRICS, IRRV Mr J Hanrahan BA (Hons), MRTPI, MIEDO Mr A Mills MIRTTh, Eng.Tech, AMIMI, LAE Mrs D M Scammell MA* Mr J Males* Mrs J Daly MAAT Appointed by Bishop Grosseteste University College Mr N Appleton (resigned 31 August 2014) Mrs R Hewitt (appointed 1 September 2014) Appointed by the Dean and Chapter at the Cathedral Mrs K Wilson BA Rev'd Canon A H Nugent MA, Dip.Th* (resigned 31 August 2014) Rev'd Canon J A Patrick (appointed 1 September 2014) Appointed by the Old Christ's Hospital Lincolnians* Mr M Savage ACMA* Appointed by the Universities of Nottingham/Lincoln (jointly) Mr N Manders*

* - members of the Finance Committee

**Company Registered
Number** 07732027

LINCOLN CHRIST'S HOSPITAL SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014

Administrative details (continued)

Principal and Registered Office Wragby Road
Lincoln
LN2 4PN

Head Teacher & Accounting Officer Mr M McKeown

Independent Auditors Streets Audit LLP
Chartered Accountants & Statutory Auditor
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

Bankers Lloyds Bank plc
202 High Street
Lincoln
LN5 7AP

HSBC
221 High Street
Lincoln
LN1 1TS

LINCOLN CHRIST'S HOSPITAL SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Lincoln Christ's Hospital School (the school) for the year ended 31 August 2014. The governors confirm that the Annual report and financial statements of the school comply with the current statutory requirements, the requirements of the school's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The school is responsible for providing education to students aged 11-18. This includes establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Structure, governance and management

a. CONSTITUTION

The school is a charitable company limited by guarantee and was set up by a Trust deed on 8 August 2011.

The governors act as the trustees for the charitable activities of Lincoln Christ's Hospital School and are also the directors of the Charitable Company for the purposes of company law.

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

b. MEMBERS' LIABILITY

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

c. GOVERNORS' INDEMNITIES

A full governors' indemnity insurance policy is currently taken out with Zurich Municipal covering liability to a maximum value of £5,000,000.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

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

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

- a) the signatories to the Memorandum
- b) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose
- c) the Chairman of the Governors

The Governing Body may appoint additional governors. Governors may be removed by the person or persons who appointed them.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

No additional governors were appointed nor made by the Secretary of State.

The management of the school is the responsibility of the governors who are Elected or Nominated under the terms of the Trust deed.

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

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

All governors have access to a range of training programmes including in-house, outside or internet based.

The Induction Process is described as follows:

1. Letter of Welcome from the Clerk to the Governors (including governors' contacts, meeting dates, terms of reference, protocol for governor confidentiality and protocol for governor visits).

2. A Meeting at the School with the Head Teacher, Chairman, Vice Chairmen and Clerk to discuss structure, purpose of the Governing Body, the relationship between the school and the foundation and how each committee works.

3. Soon after the First Meeting the new governor should be given:

- a) A copy of the Guide to the Law for Governors (if available)
- b) A list of sources of external support e.g. Governance, DFE website, CfBT website, libraries with Governor support section
- c) The attention of the new governor should be drawn to the School Website and especially the School Policy Section
- d) The Link Governor should approach the new governor to ascertain training needs and arrange for appropriate courses.

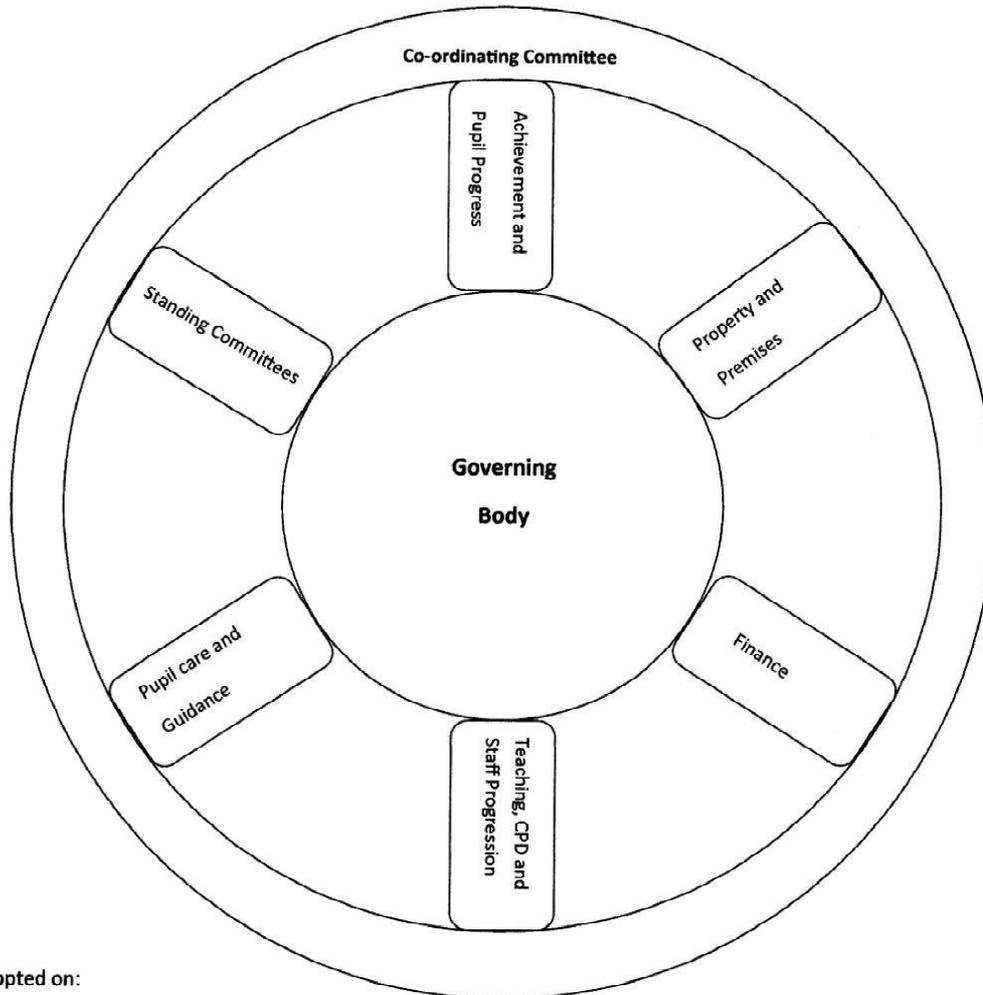
4. If the new governor is allocated to the Finance Committee then he/she will be given a copy of the school budget, the Academies Financial Handbook and will be supplied with EFA bulletin updates as and when available.

f. ORGANISATIONAL STRUCTURE

Strategic decisions are made by the Governors and internal organisation and day to day running decisions are made by the Head Teacher with support from the Leadership Group.

LINCOLN CHRIST'S HOSPITAL SCHOOL
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014



Adopted on:

g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The school works closely with a separate Charity, The Foundation of Christ's Hospital at Lincoln, which owns the buildings and other property and gives grants to the school.

LINCOLN CHRIST'S HOSPITAL SCHOOL
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Objectives and Activities

a. OBJECTS AND AIMS

The school's 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, carrying on, managing and developing a school offering a broad and balanced curriculum.

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

- By maintaining the school's 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 school;
- 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; and
- 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.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the school during the year ended 31 August 2014 are summarised below:

- To ensure that every pupil enjoys the same high quality education in terms of resourcing and tuition;
- To improve the effectiveness of the school 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; and
- To conduct the school's business in accordance with the highest standards of integrity, probity and openness.

c. PUBLIC BENEFIT

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Achievements and performance

a. REVIEW OF ACTIVITIES

Post 16 Results 2014

There were 125 students in Year 13 who sat final examinations. They made up 398 exam entries in total, 71 of them being at BTEC level 3, the rest at A level. 62% of all the grades were A* - C, with 38% in the range A* - B. The overall pass rate was 94%. In terms of 'points', the results are as follows:

On average, each student gained 88 UCAS (university) points per entry, and 279 UCAS points per student. Transferred into grades, the average student gained the equivalent of 3 grade B's at advanced level, and the average grade achieved across all subjects was above a grade C.

In terms of university applications, 87 made applications, three withdrew before receiving their results, four who had places have returned to LCHS to improve their grades, one has deferred for a year, and all the rest (79) were placed at a university, mainly their first choice. Of these, nearly 25% were at Russell Group universities.

The AS results are also included. Though not as strong as the A level results, the pass rate is a creditable 82% with nearly half of all the grades awarded in the band A - C. Clearly some students will need to work very hard on their Year 13 options. However, many have set a good base from which to gain excellent results in the summer of 2015.

GCSE Results 2014

Some outstanding individual results from students in this year group. 24 students achieved 5 or more A* or A grades; with 12 students gained 8 such grades.

Nearly 70% of all exam entries across all subjects were graded A* - C with an overall pass rate of 98.2% demonstrating an extremely strong performance by subject across the entire curriculum.

There are several disappointments in this year's results, the largest being centred on Maths early entry. With the late change in the rules concerning early entry there is a 7% difference between the official figures by which we are judged (43%) and what students achieved (50%). This is a one year blip and will not be repeated. Both sets of results however represent a real terms improvement in the headline figure from 41% in 2013 heading back in the direction of our successes in 2012 when students achieved 53% including English and Maths.

A large element of success is the results for EBAC 27% and 25% (when taking into account the 1st entry rule), this is significantly above the national average from 2013 and early indications are that it will remain above the national average for this year also.

b. KEY PERFORMANCE INDICATORS

The Governing Body seeks to deliver effective value for money in its delivery of education at Lincoln Christ's Hospital School. It is reviewing centrally held EFA benchmarking data to compare performance against the following:

- KS4 results (5 GCSE at Grade C and above)
- Teaching staff expenditure per pupil
- Education support staff expenditure per pupil
- Premises / estate costs per pupil.

Other key performance indicators will include Ofsted inspection outcomes, pupil attendance data and pupil recruitment.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

c. GOING CONCERN

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

d. FACTORS RELEVANT TO ACHIEVE OBJECTIVES

Most of the factors are outside of the scope of the school to make changes. These include the previous attainment level of pupils before entering the school, home socio-economic factors, the level of Government funding and Government initiatives, the availability of good quality teachers and the birth rate ten years before children enter the school.

Financial review

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The school held fund balances at 31 August 2014 of £11,071,018, comprising £770,270 of restricted funds, a pension reserve deficit of £2,067,000 and restricted fixed asset funds of £12,367,748.

Most of the school's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

The school's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The school's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the school balance sheet shows a net liability of £2,067,000.

Detail is still awaited on future funding for the Trust from 2015 onwards. Pupil members are expected to remain stable. The impact of national funding spending cuts and of redirecting funding into the pupil premium for example, may have an adverse effect on grant funding.

b. RESERVES POLICY

Subject to EFA's constraints on permitted balances, the school's policy is to carry forward a prudent level of resources. Due to anticipated future cuts in funding, the situation will be kept under review. The reserves of the school are reviewed regularly and are considered to be sufficient for the school's requirements. Some of the reserves may be utilised during the 14/15 and 15/16 academic year, as the school is expecting a decrease in the General Annual Grant (GAG) from the Education Funding Agency. The Governors will review the reserve levels of the school regularly to ensure there is always sufficient funds/working capital to cover any delays between spending and receipt of income/grants.

Cash monitoring and cash forecasting will continue to be undertaken.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

c. MATERIAL INVESTMENTS POLICY

The school operates an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds. Current funds are held on deposit. In setting our objectives and planning our activities the governors have given careful consideration to the Charity Commission's general guidance on public benefit.

The governors 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.

d. PRINCIPAL RISKS AND UNCERTAINTIES

The governors have assessed the major risks to which the school is exposed, in particular those related to the operations and finances of the school, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

The Headteacher and the governors have adopted a comprehensive risk register outlining the number of risks and uncertainties to be reviewed annually. The Risk Register identifies specific preventative actions which should mitigate any potential negative impact on the school from identified risks.

The principal risks facing the school are:

- meeting requisite standards of education for students;
- maintaining high standards in student outcomes and favourable external inspection outcomes;
- recruiting a suitable number of pupils through the admission process;
- complying with government legislative requirements and guidance with regard to employment/human resource issues, data protection, child protection, safeguarding and other statutory bodies;
- operating within the allocated annual budget and remaining financially secure, fluctuations in education funding and potential for financial fraud and/or insufficient financial controls and systems;
- reputational or operational risks derived from employee behaviour or performance.

The key controls used by the school are:

- formal written policies are kept up to date;
- schemes of delegation and formal financial regulations;
- close budget monitoring and accountable systems in place;
- detailed terms of reference for all committees;
- clear authorisation and approval levels.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Plans for future periods

a. FUTURE DEVELOPMENTS

Lincoln Christ's Hospital School is planning to use its status as an opportunity to utilise governance freedom to further improve both the educational provision and the estate within the school.

The school will continue to develop and build on its existing strengths by:

- Ensuring the school has a high level of qualified staff to provide an excellent, caring environment in which students can learn and flourish safely;
- Continuing to bring teaching and learning up to date, in line with enhanced technologies;
- Ensuring that students can go on to achieve excellent results at age 16 and 18; and
- Providing an excellent curriculum and nurture talent to help all of its students to achieve personal excellence.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are governors at the time when this Governors' report is approved has confirmed that:

- so far as that governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that governor has taken all the steps that ought to have been taken as a governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the Governing Body on 17 December 2014 and signed on the board's behalf by:

Mrs K Wilson
Chair of Governors

LINCOLN CHRIST'S HOSPITAL SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Governing Body has delegated the day-to-day responsibility to the Head Teacher, 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 Lincoln Christ's Hospital School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Dr A Daniels	4	6
Miss R Allison	1	1
Mr R M Eastham BSc (Hons), PGCE, MEd (Dist), CPC (Ed), NPQH	6	6
Mrs M Laurence	6	6
Mr A Cottam BSc, MSc, MCIPS	4	6
Miss R Fearn BA (Hons), PGCE, MA	4	6
Mr A Wright PhD	5	6
Mr D Gibbons	5	6
Mr P R Banks BSc, FRICS, IRRV	5	6
Mr J Hanrahan BA (Hons), MRTPI, MIEDO	1	6
Mr A Mills MIRTH, Eng.Tech, AMIMI, LAE	2	6
Mrs D M Scammell MA	4	6
Mr J Males	6	6
Mrs J Daly MAAT	6	6
Mr N Appleton	5	6
Mrs K Wilson BA	5	6
Rev'd Canon A H Nugent MA, Dip.Th	6	6
Mr M Savage ACMA	4	6
Mr N Manders	6	6

The attendance figures do not show the large number of Sub-committee and Working Party meetings and Governor Visits which take place each year. There are usually 6 Full Governors meetings each year.

The present challenge facing the school is the opening of a new Science and Technology College nearby and the increased need for more and more appropriate Sixth Form accommodation.

Governance reviews:

In the last year a new Chair of Governors has been appointed and is working closely with the Head Teacher as we move into the next stage in the life of LCHS. The Governing Body has reviewed and redefined its committee structure so that it is able to focus more closely on the key objectives of the school and hold the Head to account in a rigorous but supportive way. Governors continue to be involved in all aspects of school life and are working hard to help the school to achieve its full potential.

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GOVERNANCE STATEMENT (continued)

The **Finance Committee** is a sub-committee of the main Governing Body. Its purpose is shown in the Terms of Reference below.

Composition:

Five named members of the Governing Body. Associate members may be appointed. The Head Teacher is automatically a member.

Quorum:

Three members.

Clerk:

Clerking is performed by the Clerk to the Governing Body.

Frequency of meetings:

At least once per term.

Terms of reference:

1. To recommend to the full Governing Body approval of the annual budget plan and cash flow forecasts for the forthcoming financial year in accordance with the timescales dictated by the Lincolnshire Scheme for financing Schools;
2. To determine the school's financial priorities through the School Development Plan (SDP) and the Asset Management Plan (AMP);
3. To review annually the school's Financial Regulations and Scheme of Delegation;
4. To ensure the Register of Business Interests is kept up to date;
5. To review the various leasing agreement schemes and options available to the school;
6. To award contracts by tender up to a specific limit;
7. To monitor all spending and income received in the school, including Delegated/Devolved Budgets and School Private Fund(s);
8. To ensure that funding from the EFA and other sources is used only in accordance with any conditions attached;
9. To agree and determine appropriate charges for lettings of the premises, in line with the school's lettings policy;
10. To ensure the school adheres to the policies and procedures as specified by the Department for Education and its Schools' Financial Value Standard;
11. To ensure the school has appropriate internal financial controls in place;
12. To ensure that all financial controls are adhered to via regular testing and management checks in order to protect against fraudulent or improper use of public money and assets and enable satisfactory completion of the Statement of Internal Control (SIC);
13. To review and monitor budget projections/medium term financial plans to ensure the school's budget is realistic and any financial decisions are sustainable.

Meetings:

The Clerk will make a record of all proceedings at each meeting. Minutes will be circulated to members within seven days of the meeting (or as agreed) and presented with the agenda for the next full Governing Body meeting.

The Chair of the Finance Committee will report the work of the committee to the full Governing Body. The committee will liaise with such other committees and invite members of other committees to attend its meetings as should be deemed appropriate.

Any matters which may be in conflict with the work of another committee must be referred to the Governing Body.

LINCOLN CHRIST'S HOSPITAL SCHOOL
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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Rev'd Canon A H Nugent	4	6
Mr A Wright	5	6
Mr M Savage	3	6
Mrs M Laurence	6	6
Dr A Daniels	3	6
Mr N Manders	6	6
Miss R Fearn	5	6
Mr J Males	6	6
Mrs D Scammell	1	1

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of school 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 Lincoln Christ's Hospital School for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the school is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the school's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the 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 Governing Body has considered the need for a specific internal audit function and has decided to appoint Julia Raftery Consulting Limited as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the school's financial systems. On a periodic basis, the internal auditor reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head Teacher 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 school who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 17 December 2014 and signed on its behalf, by:

Mrs K Wilson
Chair of Governors

Mr M McKeown
Accounting Officer

LINCOLN CHRIST'S HOSPITAL SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Lincoln Christ's Hospital School I have considered my responsibility to notify the school Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the school and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Mr M McKeown
Accounting Officer

Date: 17 December 2014

LINCOLN CHRIST'S HOSPITAL SCHOOL
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GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

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

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- 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 governors 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 governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

The governors 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 Governing Body on 17 December 2014 and signed on its behalf by:

Mrs K Wilson
Chair of Governors

LINCOLN CHRIST'S HOSPITAL SCHOOL
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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF LINCOLN CHRIST'S
HOSPITAL SCHOOL**

We have audited the financial statements of Lincoln Christ's Hospital School for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the governors 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 governors 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 governors for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' responsibilities statement, the governors (who are also the directors of the charitable school for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the school's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable school's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF LINCOLN CHRIST'S
HOSPITAL SCHOOL**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants & Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW
18 December 2014

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LINCOLN CHRIST'S HOSPITAL SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 11 December 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lincoln Christ's Hospital School during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF LINCOLN CHRIST'S HOSPITAL SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Lincoln Christ's Hospital School's funding agreement with the Secretary of State for Education dated 1 September 2011, and the Academies Financial Handbook extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LINCOLN
CHRIST'S HOSPITAL SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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

Robert Anderson

Streets Audit LLP

Chartered Accountants & Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

18 December 2014

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	3	178,321	-	-	178,321	109,702
Investment income	4	4,748	3,736	5	8,489	1,398
Incoming resources from charitable activities	5	-	8,613,443	53,225	8,666,668	8,701,307
TOTAL INCOMING RESOURCES		183,069	8,617,179	53,230	8,853,478	8,812,407
RESOURCES EXPENDED						
Charitable activities	7	-	8,702,018	56,758	8,758,776	8,586,291
Governance costs	8	-	7,870	-	7,870	19,900
TOTAL RESOURCES EXPENDED	6	-	8,709,888	56,758	8,766,646	8,606,191
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		183,069	(92,709)	(3,528)	86,832	206,216

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	16	(183,069)	134,417	48,652	-	-
NET INCOME FOR THE YEAR		-	41,708	45,124	86,832	206,216
Actuarial gains and losses on defined benefit pension schemes		-	(709,000)	-	(709,000)	52,000
NET MOVEMENT IN FUNDS FOR THE YEAR		-	(667,292)	45,124	(622,168)	258,216
<i>Total funds at 1 September 2013</i>		-	(629,438)	12,322,624	11,693,186	11,434,970
TOTAL FUNDS AT 31 AUGUST 2014		-	(1,296,730)	12,367,748	11,071,018	11,693,186

All activities derive from continuing activities in the current financial period.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 25 to 44 form part of these financial statements.

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07732027

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	13		12,367,748		12,322,618
CURRENT ASSETS					
Debtors	14	150,565		125,276	
Cash at bank and in hand		1,007,457		898,987	
		<u>1,158,022</u>		<u>1,024,263</u>	
CREDITORS: amounts falling due within one year	15	<u>(387,752)</u>		<u>(341,695)</u>	
NET CURRENT ASSETS			<u>770,270</u>		<u>682,568</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	22		<u>(2,067,000)</u>		<u>(1,312,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>11,071,018</u></u>		<u><u>11,693,186</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	16	770,270		682,562	
Restricted fixed asset funds	16	12,367,748		12,322,624	
Restricted funds excluding pension liability		<u>13,138,018</u>		<u>13,005,186</u>	
Pension reserve		<u>(2,067,000)</u>		<u>(1,312,000)</u>	
Total restricted funds			<u><u>11,071,018</u></u>		<u><u>11,693,186</u></u>
TOTAL FUNDS			<u><u>11,071,018</u></u>		<u><u>11,693,186</u></u>

The financial statements were approved by the governors, and authorised for issue, on 17 December 2014 and are signed on their behalf, by:

Mrs K Wilson
Chair of Governors

The notes on pages 25 to 44 form part of these financial statements.

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	18	120,249	159,230
Returns on investments and servicing of finance	19	8,489	1,398
Capital expenditure and financial investment	19	(20,268)	27,541
INCREASE IN CASH IN THE YEAR		108,470	188,169

All of the cash flows are derived from continuing activities in the current financial period.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
Increase in cash in the year	108,470	188,169
MOVEMENT IN NET FUNDS IN THE YEAR	108,470	188,169
Net funds at 1 September 2013	898,987	710,818
NET FUNDS AT 31 AUGUST 2014	1,007,457	898,987

The notes on pages 25 to 44 form part of these financial statements.

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

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

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

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the school has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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

Charitable activities are costs incurred in the school's educational operations.

Governance costs include the costs attributable to the school's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the school's depreciation policy.

Freehold property is owned by a charity who allow the school to use it for their operations, however the school both pre and post conversion has incurred significant build, repair and replacement costs which have been mostly met, previously by the Local Authority and since conversion, by the school. Accordingly, the property has been included in these financial statements.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery - 20% straight line

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

The school incurs significant repair and replacement costs such that the Governors believe residual value of the freehold property is not materially different to the valuation as at 31 August 2012. Accordingly no depreciation is charged on the grounds of immateriality given the governors also consider the freehold property to have a long useful economic life.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 Taxation

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

1.9 Pensions

Retirement benefits to employees of the school are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the school.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi-employer scheme and the school is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the school in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the school was subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The school has not exceeded these limits during the year ended 31 August 2014.

3. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Donations	178,321	-	178,321	109,702
	<u>178,321</u>	<u>-</u>	<u>178,321</u>	<u>109,702</u>

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Bank interest received	4,748	3,741	8,489	1,398
	<u>4,748</u>	<u>3,741</u>	<u>8,489</u>	<u>1,398</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Funding for academy's educational operations	-	7,695,394	7,695,394	7,537,225
Other	-	971,274	971,274	1,164,082
	<u>-</u>	<u>8,666,668</u>	<u>8,666,668</u>	<u>8,701,307</u>

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DFC grant	-	27,625	27,625	27,541
General annual grant (GAG)	-	7,155,342	7,155,342	6,977,258
Other DfE/EFA grants	-	368,485	368,485	354,468
Other government grants	-	143,942	143,942	177,958
	<u>-</u>	<u>7,695,394</u>	<u>7,695,394</u>	<u>7,537,225</u>

6. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other costs 2014 £	Total 2014 £	Total 2013 £
Direct costs	4,556,525	-	522,976	5,079,501	5,086,263
Support costs	1,729,120	722,099	1,228,056	3,679,275	3,404,145
Charitable activities	<u>6,285,645</u>	<u>722,099</u>	<u>1,751,032</u>	<u>8,758,776</u>	<u>8,490,408</u>
Governance	<u>-</u>	<u>-</u>	<u>7,870</u>	<u>7,870</u>	<u>19,900</u>
	<u><u>6,285,645</u></u>	<u><u>722,099</u></u>	<u><u>1,758,902</u></u>	<u><u>8,766,646</u></u>	<u><u>8,510,308</u></u>

Included within resources expended are costs of £81,758 (2013 - £84,028) in respect of operating leases.

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

7. CHARITABLE ACTIVITIES

	Total funds 2014 £	<i>Total funds 2013 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teachers wages and salaries	3,701,542	3,772,548
Teachers national insurance	297,421	297,017
Teachers pension cost	521,049	525,336
Educational supplies	168,912	149,236
Exam fees	186,466	158,713
Staff development	16,384	43,452
Other direct costs	187,727	139,961
	<u>5,079,501</u>	<u>5,086,263</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support wages and salaries	1,362,790	1,299,588
Support national insurance	70,167	70,418
Support pension cost	296,163	249,006
Depreciation	2,763	-
Net pension cost	32,000	43,000
Maintenance of premises and equipment	262,301	227,927
Cleaning	201,656	197,080
Utilities	169,553	179,302
Rates	29,643	28,666
Pupil support	30,829	22,405
Office costs	74,039	53,915
Insurance	58,946	55,765
ICT costs	113,577	87,560
Recruitment and support	54,947	28,099
Security and transport	57,987	59,754
Catering	246,258	241,854
Other support costs including school fund expenditure	615,656	655,689
	<u>3,679,275</u>	<u>3,500,028</u>
	<u><u>8,758,776</u></u>	<u><u>8,586,291</u></u>

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

8. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Auditors' remuneration	-	4,000	4,000	4,000
Auditors' non audit costs	-	3,870	3,870	15,400
Governors training	-	-	-	500
	<u>-</u>	<u>7,870</u>	<u>7,870</u>	<u>19,900</u>

9. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	5,064,332	5,072,136
Social security costs	367,588	367,435
Other pension costs (Note 22)	817,212	774,342
	<u>6,249,132</u>	<u>6,213,913</u>
Supply teacher costs	36,513	69,421
	<u>6,285,645</u>	<u>6,283,334</u>

b. Staff numbers

The average number of persons employed by the school during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teachers	110	115
Support staff	93	91
	<u>203</u>	<u>206</u>

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

9. STAFF (continued)

c. Higher paid staff

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

	2014	<i>2013</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	2	<i>2</i>
In the band £70,001 - £80,000	1	<i>1</i>
	<hr/> 3 <hr/>	<hr/> <i>3</i> <hr/>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these members of staff amounted to £28,956 (2013 - £28,456).

10. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the school has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £1,500 (2013 - £1,210). The cost of this insurance is included in the total insurance cost.

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

11. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 governors (2013 - 5) in respect of defined benefit pension schemes.

The Principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the school in respect of their role as governors. The value of governors' remuneration fell within the following bands:

	2014	<i>2013</i>
	£	£
Mr A D Wright	75,000-80,000	<i>70,000-75,000</i>
Mr R M Eastham	55,000-60,000	<i>50,000-55,000</i>
Mrs M Laurence	30,000-35,000	<i>30,000-35,000</i>
Mr A Cottom	15,000-20,000	<i>15,000-20,000</i>
Miss R Fearn	35,000-40,000	<i>30,000-35,000</i>

During the year, no governors received any benefits in kind (2013 - £NIL).

During the year, no governors received any reimbursement of expenses (2013 - £NIL).

12. OTHER FINANCE INCOME

	2014	<i>2013</i>
	£	£
Expected return on pension scheme assets	113,000	<i>66,000</i>
Interest on pension scheme liabilities	(145,000)	<i>(109,000)</i>
	(32,000)	<i>(43,000)</i>

LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

13. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Total £
Cost			
At 1 September 2013	12,322,618	-	12,322,618
Additions	-	47,893	47,893
At 31 August 2014	<u>12,322,618</u>	<u>47,893</u>	<u>12,370,511</u>
Depreciation			
At 1 September 2013	-	-	-
Charge for the year	-	2,763	2,763
At 31 August 2014	<u>-</u>	<u>2,763</u>	<u>2,763</u>
Net book value			
At 31 August 2014	<u>12,322,618</u>	<u>45,130</u>	<u>12,367,748</u>
<i>At 31 August 2013</i>	<u>12,322,618</u>	<u>-</u>	<u>12,322,618</u>

Freehold property is owned by a charity who allow the school to use it for their operations, however the school both pre and post conversion has incurred significant build, repair and replacement costs which have been mostly met, previously by the Local Authority and since conversion, by the school.

As the freehold interest in the premises are held by the school on behalf of the Foundation, the school has decided to recognise the value of the buildings provided in the valuation supplied by the EFA as part of the WGA exercise as at 31 August 2012 for the purposes of the accounts only.

14. DEBTORS

	2014 £	2013 £
Trade debtors	79,685	92,340
VAT reclaimable	67,043	28,213
Prepayments and accrued income	3,837	4,723
	<u>150,565</u>	<u>125,276</u>

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15. CREDITORS:
Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	108,652	64,488
Other taxation and social security	109,498	112,449
Other creditors	159,002	160,758
Accruals and deferred income	10,600	4,000
	<hr/> 387,752 <hr/>	<hr/> 341,695 <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	-	183,069	-	(183,069)	-	-
Restricted funds						
General Annual Grant (GAG)	260,779	7,155,342	(7,177,103)	164,825	-	403,843
Other EFA Grants	-	342,885	(342,885)	-	-	-
Other Government Grants	-	143,942	(143,942)	-	-	-
Other Income	-	374,763	(374,763)	-	-	-
School Fund	126,340	596,511	(603,506)	-	-	119,345
School Sports Project	207,014	2,277	-	-	-	209,291
Other School Projects	148,429	1,459	(21,689)	(30,408)	-	97,791
Other Liabilities Transferred on Conversion	(60,000)	-	-	-	-	(60,000)
Pension reserve	(1,312,000)	-	(46,000)	-	(709,000)	(2,067,000)
	<u>(629,438)</u>	<u>8,617,179</u>	<u>(8,709,888)</u>	<u>134,417</u>	<u>(709,000)</u>	<u>(1,296,730)</u>
Restricted fixed asset funds						
EFA Capital Funds Capital Maintenance Grants	-	27,625	(27,625)	-	-	-
Fixed Assets Transferred on Conversion	6	25,605	(26,370)	759	-	-
Project Funded Assets	12,322,618	-	-	-	-	12,322,618
Assets Acquired with GAG Income	-	-	(1,014)	30,408	-	29,394
	-	-	(1,749)	17,485	-	15,736
	<u>12,322,624</u>	<u>53,230</u>	<u>(56,758)</u>	<u>48,652</u>	<u>-</u>	<u>12,367,748</u>
Total restricted funds	<u>11,693,186</u>	<u>8,670,409</u>	<u>(8,766,646)</u>	<u>183,069</u>	<u>(709,000)</u>	<u>11,071,018</u>
Total of funds	<u><u>11,693,186</u></u>	<u><u>8,853,478</u></u>	<u><u>(8,766,646)</u></u>	<u><u>-</u></u>	<u><u>(709,000)</u></u>	<u><u>11,071,018</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

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

Unrestricted funds

General funds represent those resources which may be used towards meeting any of the objects of the school at the discretion of the Governors. During the year, funds have been transferred to support GAG costs.

Restricted Revenue funds

General annual grant (GAG) is made up of a number of different funding streams, all of which are to be used to cover the running costs of the school. The school is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the school, but any balance over 2% must be used for capital purposes.

Other EFA / Government grants represents funding received for specific projects.

Other restricted funds, school funds and school project funds represent all other restricted funds received which must be used for the purpose intended.

Other liabilities transferred on conversion represents funds owing on conversion.

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

Restricted Fixed Asset funds

Fixed Assets Transferred on Conversion represents buildings and assets transferred from the Local Authority upon conversion.

DfE/EFA Capital Funds represents resources which have been received with specific capital purposes imposed by the funder which remain unspent at the year-end.

Capital Maintenance Grants represent amounts received and spent on specific projects in the year for which funding has been obtained from the EFA.

Under the funding agreement with the Secretary of State, the school was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.

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SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	183,069	-	(183,069)	-	-
Restricted funds	(629,438)	8,617,179	(8,709,888)	134,417	(709,000)	(1,296,730)
Restricted fixed asset funds	12,322,624	53,230	(56,758)	48,652	-	12,367,748
	<u>11,693,186</u>	<u>8,853,478</u>	<u>(8,766,646)</u>	<u>-</u>	<u>(709,000)</u>	<u>11,071,018</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	12,367,748	12,367,748	12,322,618
Current assets	-	1,158,022	-	1,158,022	1,024,263
Creditors due within one year	-	(387,752)	-	(387,752)	(341,695)
Provisions for liabilities and charges	-	(2,067,000)	-	(2,067,000)	(1,312,000)
	<u>-</u>	<u>(1,296,730)</u>	<u>12,367,748</u>	<u>11,071,018</u>	<u>11,693,186</u>

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	86,832	206,216
Returns on investments and servicing of finance	(8,489)	(1,398)
Depreciation of tangible fixed assets	2,763	-
Capital grants from EFA	(27,625)	(27,541)
(Increase)/Decrease in debtors	(25,289)	(55,264)
Increase/(decrease) in creditors	46,057	28,217
FRS 17 adjustments	46,000	9,000
Net cash inflow from operations	<u>120,249</u>	<u>159,230</u>

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19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	<u>8,489</u>	<u>1,398</u>
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(47,893)	-
Capital grants from EFA	27,625	27,541
	<u>(20,268)</u>	<u>27,541</u>
Net cash (outflow)/inflow capital expenditure		

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	898,987	108,470	-	1,007,457
Net funds	<u>898,987</u>	<u>108,470</u>	<u>-</u>	<u>1,007,457</u>

21. CONTINGENT LIABILITIES

In the event of Lincoln Christ's Hospital School ceasing to operate as an academy provisions are included in the funding agreement relating to the claw back of assets and monies paid to the school.

22. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £99,002 were payable to the scheme at 31 August 2014 (2013 - £100,758) and are included within creditors.

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22. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

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

Valuation of the Teachers' Pension Scheme

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 (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme Changes

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

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £355,000, of which employer's contributions totalled £281,000 and employees' contributions totalled £74,000. The agreed contribution rates for future years are 18.45% for employers and a maximum of 12.5% 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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NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

The school's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £	<i>Expected return at 31 August 2013 %</i>	<i>Fair value at 31 August 2013 £</i>
Equities	6.30	1,745,000	6.60	1,294,000
Bonds	3.60	299,000	4.30	202,000
Property	4.50	253,000	4.70	185,000
Cash	3.30	-	3.60	-
Total market value of assets		<u>2,297,000</u>		<u>1,681,000</u>
Present value of scheme liabilities		<u>(4,364,000)</u>		<u>(2,993,000)</u>
Deficit in the scheme		<u><u>(2,067,000)</u></u>		<u><u>(1,312,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(4,364,000)	(2,993,000)
Fair value of scheme assets	<u>2,297,000</u>	<u>1,681,000</u>
Net liability	<u><u>(2,067,000)</u></u>	<u><u>(1,312,000)</u></u>

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

	2014 £	2013 £
Current service cost	(295,000)	(246,000)
Interest on obligation	(145,000)	(109,000)
Expected return on scheme assets	<u>113,000</u>	<u>66,000</u>
Total	<u><u>(327,000)</u></u>	<u><u>(289,000)</u></u>
Actual return on scheme assets	<u><u>221,000</u></u>	<u><u>191,000</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

	2014	2013
	£	£
Opening defined benefit obligation	2,993,000	2,498,000
Current service cost	295,000	246,000
Interest cost	145,000	109,000
Contributions by scheme participants	74,000	67,000
Actuarial losses	888,000	73,000
Estimated benefits paid	(31,000)	-
Fair value of defined benefit obligation transferred to academy upon conversion	-	-
	<u>4,364,000</u>	<u>2,993,000</u>

Movements in the fair value of the school's share of scheme assets:

	2014	2013
	£	£
Opening fair value of scheme assets	1,681,000	1,143,000
Expected return on assets	113,000	66,000
Actuarial gains	179,000	125,000
Contributions by employer	281,000	280,000
Contributions by employees	74,000	67,000
Estimated benefits paid	(31,000)	-
	<u>2,297,000</u>	<u>1,681,000</u>

The cumulative amount of actuarial losses recognised in the Statement of total recognised gains and losses was £891,000 (2013 - £182,000).

The school expects to contribute £260,000 to its Defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	76.00 %	77.00 %
Bonds	13.00 %	12.00 %
Property	11.00 %	11.00 %
Cash	- %	- %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	5.80 %	6.10 %
Rate of increase in salaries	4.00 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.80 %

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22. PENSION COMMITMENTS (continued)

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

	2014	2013
Retiring today		
Males	22.2 years	21.2 years
Females	24.4 years	23.4 years
Retiring in 20 years		
Males	24.5 years	23.7 years
Females	26.8 years	25.7 years

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2014	2013	2012
	£	£	£
Defined benefit obligation	(4,364,000)	(2,993,000)	(2,498,000)
Scheme assets	2,297,000	1,681,000	1,143,000
Deficit	(2,067,000)	(1,312,000)	(1,355,000)
Experience adjustments on scheme liabilities	(888,000)	(73,000)	(264,000)
Experience adjustments on scheme assets	179,000	125,000	30,000

23. OPERATING LEASE COMMITMENTS

At 31 August 2014 the school had annual commitments under non-cancellable operating leases for vehicles and equipment as follows:

	2014	2013
	£	£
Expiry date:		
Within 1 year	5,389	24,970
Between 2 and 5 years	94,349	56,788

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the school's operations and the composition of the governing body being drawn from local public and private sector organisations, transactions may take place with organisations in which governors have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the school's financial regulations and normal procurement procedures.

No related party transactions were recorded during the year ending 31 August 2014 or 31 August 2013.