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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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 MEMBERS / GOVERNORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	Mr N Manders Mrs K Wilson BA Mrs D M Scammell MA
Governors	Parent Governors Dr D Ellin (appointed 2 March 2016) Mr R Greenfield (appointed 9 September 2015) Ms D Slaney (appointed 9 September 2015) Staff Governors Mrs M Laurence (resigned 31 August 2016) Mr A Cottam BSc, MSc, MCIPS Mrs S Wilkinson Mrs R Richards (appointed 1 September 2015) Headmaster Mr M McKeown BSc (Hons), GIMA, PGCE, NPQH Appointed by the Foundation of Christ's Hospital At Lincoln Mr D Gibbons Mr P R Banks BSc, FRICS, IRRV (resigned 30 August 2016) Mr J Hanrahan BA (Hons), MRTPI, MIEDO Mr A Mills MIRTH, Eng.Tech, AMIMI, LAE Mrs D M Scammell MA Mr J Males Mrs J Daly MAAT (resigned 31 August 2016) Appointed by Bishop Grosseteste University College Mr S Puttick BSc (Hons), PGCE, MA, MSc, DPhil (PhD) (appointed 9 September 2015) Appointed by the Dean and Chapter at the Cathedral Mrs K Wilson BA, Chair of Governors Reverend Canon J A Patrick Appointed by the Old Christ's Hospital Lincolnians Mr M Savage ACMA Appointed by the Universities of Nottingham/Lincoln (jointly) Mr N Manders (resigned 31 August 2016)
Company Registered Number	07732027
Company Name	Lincoln Christ's Hospital School
Principal and Registered Office	Wragby Road Lincoln LN2 4PN
Clerk to the Governors	Mr J Thorpe to 22 May 2016, Mrs L Martin from 23 May 2016

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Senior Leadership Team

Mr M McKeown, Headmaster
Mr A Jackson, Deputy Headmaster
Mr G Thompson, Deputy Headmaster
Mr P Scully, Assistant Headteacher
Mr M Whitaker, Assistant Headteacher
Mr P Fragle, Assistant Headteacher
Mrs C Owens, Assistant Headteacher
Mr M Edgar, Associate Assistant Headteacher
Mr B Middleton, Associate Assistant Headteacher
Miss R Fearn, Associate Assistant Headteacher
Mr G Gilbey, Associate Assistant Headteacher

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

Solicitors

Andrew & Co LLP
St Swithin's Court
1 Flavian Road
Nettleham Road
Lincoln
LN2 4GR

LINCOLN CHRIST'S HOSPITAL SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report for charity law and a directors' report under company law.

The academy trust operates as an independent secondary school serving a catchment area in north / central Lincoln and parts of its surrounding area. The school has a pupil capacity of 1,465 (including sixth form) and as at the October 2015 census return had 1,310 on roll.

Structure, Governance and Management

Constitution

The school is a charitable company limited by guarantee and was set up by a Trust deed on 08/08/2011. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The governors acts 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 except 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, as required in the academy trust's funding agreement/memorandum and articles of association.

Governors' Indemnities:

Governors' indemnity insurance is currently taken out through the Department of Education's Risk Protection Arrangement (RPA).

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; and
- 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. 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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 trustees and 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:

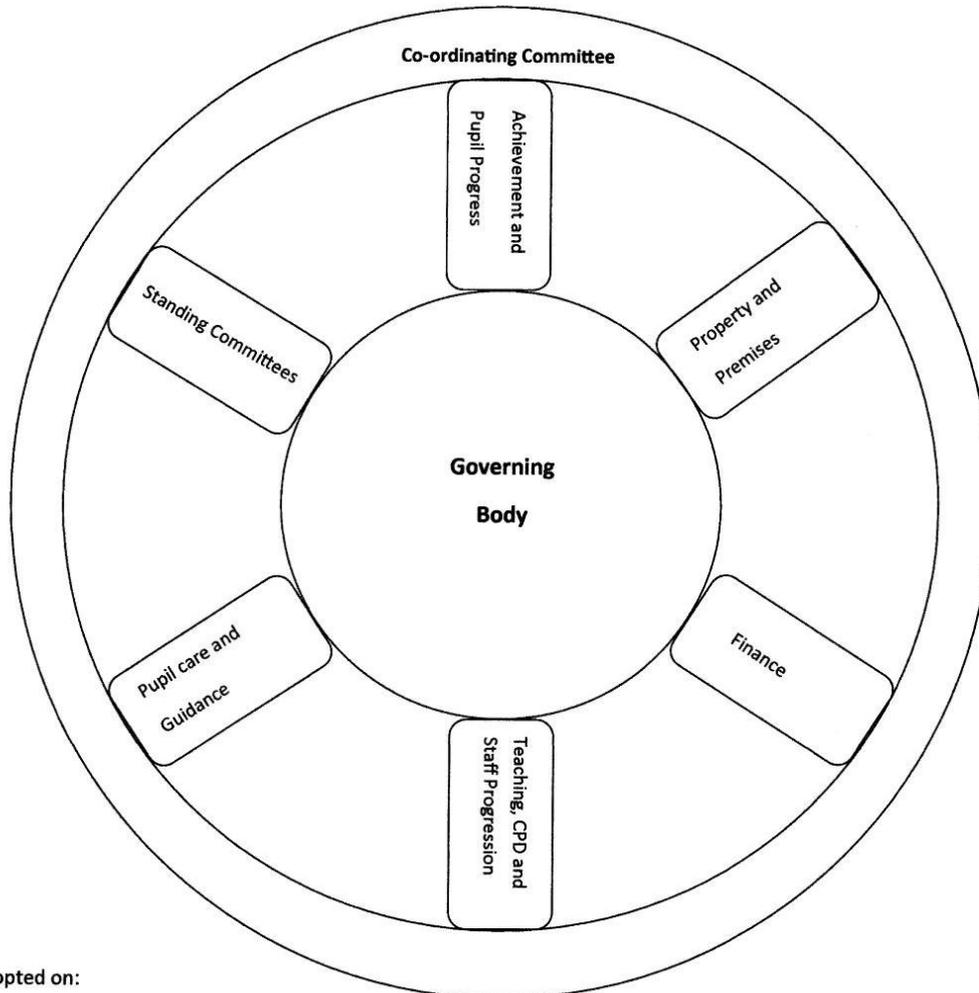
- 1 Letter of Welcome from the Clerk to the Governors (including Governor contacts, meeting dates, terms of reference, protocol for Governor Confidentiality and protocol for Governor visits).
- 2 A Meeting at the School with the Headmaster, Chairman, Vice Chairmen and Clerk to discuss structure, purpose 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; and
 - d) The link governor should approach the new governor to ascertain training needs and arrange for appropriate courses.
- 4 Finance Committee Governor - if the new governor is allocated to the Finance Committee then he should be given a copy of the school budget and the Academies Financial Handbook.

Organisational Structure

Strategic decisions are made by the governors and internal organisation and day to day running decisions are made by the Headmaster with support from the Senior Leadership Team. The structure is further illustrated by the diagram on the next page:

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016



Adopted on:

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Arrangements for setting the pay and remuneration of the school's key management personnel are reviewed by the Finance Committee and approved by the Governing Body. The school follows the pay arrangements for maintained schools in England and Wales for teachers and support staff. The school's teachers' pay policy is based on the national agreed pay scale as outlined in the School Teachers Pay and Conditions Document. The school adheres to Local Government pay arrangements for support staff and follows the Local Government / Local Authority pay spine.

Related Parties and Other Connected Charities and Organisations

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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and Activities

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.

Objectives, Strategies and Activities

The main objectives of the school during the year ended 31 August 2016 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 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.
- To conduct the school's business in accordance with the highest standards of integrity, probity.

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 school's aims are demonstrably to the public benefit.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Achievements and Performance

Review of Activities including Key Performance Indicators

Post 16 Results 2015/2016:

There were 188 students in Year 13 who sat final examinations. They made up 486 examination entries in total, 97 of them being at BTEC level 3, the rest at A level.

For the A Levels, 62% of all the grades were A* - C, with 39% in the range A* - B. The overall pass rate was 96%. On average, each student gained 80 UCAS (university) points per entry, and 230 UCAS points per student. Transferred into grades the average grade achieved across all subjects was a grade C. Overall the Value Added for Level 3 Academic qualifications was just slightly below national average.

The Level 3 BTEC results improved in 2016, from an average of grade C+ to an average of grade B (A Level equivalents). 55% of results were at Distinction or Distinction * grade (equivalent to A and A* at A Level). Overall the Value Added for Vocational Qualifications was in line with national average.

100 students made applications to university through UCAS, plus 2 from the previous year. Of these, 92 have a confirmed place, 2 failed to sit their examinations due to medical problems, 2 are doing a foundation year at college, 1 has joined the fire service (which was his original plan), 1 has become a restaurant manager and 4 withdrew to look for employment.

Although the AS Level results are not quite as strong as the A Level results they have maintained the level shown in 2015. The pass rate was a creditable 86% with 53% of all the grades awarded in the band A - C. The lower pass rate at AS Level reflects our inclusive entry policy for students into the Sixth Form, where we are prepared to give everyone who we think has a chance to succeed the opportunity to do so. This is not the case in other Sixth Forms that we know. Many students have set a good base from which to gain excellent results in the summer of 2017 and others are resitting either whole courses or individual modules to improve their grades.

Progress in both English and Mathematics for those students without a grade C GCSE at the end of Key Stage 4 was positive (on average 0.11 and 0.06 respectively) although not as strong as we would like.

GCSE Results 2015/2016:

Some outstanding individual results from students in this year group. 16 students achieved 5 or more A* or A grades; with 10 students gaining 8 such grades.

Nearly 58% of all exam entries across all subjects were graded A* - C with an overall pass rate of 97.8% demonstrating an extremely strong performance by subject across the entire curriculum.

The 5 A* - C including English and Maths has risen now to 42% a 6% improvement on the previous year. Our Basics measure has risen to 49% from 46% going against the national trend of this measure slipping. EBAC came out at a strong 24%. This is in line with national achievement within this performance target.

Our progress 8 score was disappointingly low at -0.5. As the changes to curriculum start to take effect and the changes in ethos and culture within the school start to demonstrate impact. We expect this score to rise year on year.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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

KS4 results (5 GCSE's 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.

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.

Financial Review

The school held fund balances at 31 August 2016 of £9,318,462 comprising £117,484 of restricted funds, a pension reserve deficit of £3,706,000 and restricted fixed asset funds of £12,906,978.

Most of the school's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 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 £3,706,000.

Detail is still awaited on future funding for the school from 2017 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.

Reserves Policy

Subject to EFA's constraints on permitted balances, the school's policy is to carry forward a prudent level of resources. The level of reserves held as at 31 August 2016 is £117,484. 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 16/17 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, long term financial plans and cash forecasting will continue to be undertaken. In the next 2 academic years there will be further reviews on the staffing structure and renewals of non-staffing contracts which could lead to savings.

Disclosure of funds in deficit is also included in the Funds Note in the financial statements note 15.

Of the restricted fixed asset fund, the amount that can only be realised by disposing of tangible fixed assets is £12,897,005.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Investment 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 a secure deposit in these investment funds with a higher rate of interest generated.

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.

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.

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.

The Headmaster 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; and
- 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 and clear authorisation and approval levels.

Plans for Future Periods

Lincoln Christ's Hospital School is planning to use its academy 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:

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Auditor

Insofar as the governors are aware:

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

The governors' report, incorporating a strategic report, was approved by order of the Governing Body, as the company directors, on 14 December 2016 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 Headmaster, 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 Statement of governors' responsibilities. 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 D Ellin	2	2
Mr R Greenfield	5	6
Ms D Slaney	5	6
Mrs M Laurence	5	6
Mr A Cottam BSc, MSc, MCIPS	5	6
Mrs S Wilkinson	5	6
Mrs R Richards	5	6
Mr M McKeown BSc (Hons), GIMA, PGCE, NPQH	6	6
Mr D Gibbons	4	6
Mr P R Banks BSc, FRICS, IRRV	4	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	4	6
Mr S Puttick BSc (Hons), PGCE, MA, MSc, DPhil (PhD)	5	6
Mrs K Wilson BA, Chair of Governors	6	6
Reverend Canon J A Patrick	3	6
Mr M Savage ACMA	2	6
Mr N Manders	5	6

The attendance figures do not show the large number of Subcommittee and Working Party meetings and Governor Visits which take place each year..

During the year, Mr R Greenfield, Ms D Slaney and Dr D Ellin were appointed as parent governors and Mrs R Richards as staff governor.

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GOVERNANCE STATEMENT (continued)

Governance Review

In the last year a new Chair of Governors has been appointed and is working closely with the Headmaster 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 Headmaster 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.

The **Finance Committee** is a sub-committee of the main Governing Body. Its purpose is:

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.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr M McKeown	5	5
Mr M Savage ACMA	5	5
Mrs M Laurence	2	5
Mrs K Wilson BA, Chair of Governors	5	5
Mr N Manders	5	5
Mr R Greenfield	1	5
Mr J Males	4	5
Reverend Canon J A Patrick	2	5

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headmaster has responsibility for ensuring that the school 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 school's use of its resources has provided good value for money during each academic year, and reports to the Governing Body where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the school has delivered improved value for money during the year by:

All school contracts such as cleaning, photocopiers, utilities and transport / IT leases are reviewed on a regular basis to ensure they are fit for purpose and represent best value for money.

The school has reviewed its hire of premises policy and amended its pricing structure to reflect a competitive but fair charging policy to the school, local groups and the surrounding community

The school will continue to host graduate trainee teachers and receive schools direct income which will ensure the correct supervision / training is given to staff which in the longer term will benefit the pupils who attend the school.

A mini staff re-structure has ensured that the school has made the necessary efficiency savings required due to the substantial decrease in pupil formula funding confirmed for the 2016/17 academic year.

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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

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 2015 to 31 August 2016 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.

During the year, the range of checks included work on:

- governance arrangements;
- budget management and financial planning;
- purchasing and payroll procedures; and
- control / bank account reconciliations.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headmaster 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 14 December 2016 and signed on their behalf, by:

Mrs K Wilson
Chair of Governors

Mr M McKeown
Accounting Officer

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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 academy trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust Governing Body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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: 14 December 2016

LINCOLN CHRIST'S HOSPITAL SCHOOL
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The governors (who also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, 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 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 the 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 14 December 2016 and signed on its behalf by:

Mrs K Wilson
Chair of Governors

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LINCOLN CHRIST'S HOSPITAL SCHOOL**

We have audited the financial statements of Lincoln Christ's Hospital School for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable school'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 school'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 school and its members, as a body, 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 Statement of governors' responsibilities, 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 2016 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 2015 to 2016 issued by the Education Funding Agency.

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LINCOLN CHRIST'S HOSPITAL SCHOOL**

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.5 to the financial statements concerning the school's ability to continue as a going concern.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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
19 December 2016

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

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

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 the 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 the 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 the 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 AUDITORS**

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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the 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.

The work undertaken to draw to our conclusion includes:

- A review of the school's systems and controls and confirmation of the operation and effectiveness during the year;
- A review of expenditure to confirm the appropriateness and value for money; and
- A review of connected party arrangements, transactions and balances.

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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

19 December 2016

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
INCOME FROM:						
Donations and capital grants	3	146,547	5,000	127,797	279,344	861,616
Charitable activities	4	255,201	7,873,527	-	8,128,728	8,024,358
Investments	5	3,721	2,228	41	5,990	6,163
TOTAL INCOME		405,469	7,880,755	127,838	8,414,062	8,892,137
EXPENDITURE ON:						
Charitable activities		405,469	8,614,692	197,061	9,217,222	8,572,533
TOTAL EXPENDITURE	6	405,469	8,614,692	197,061	9,217,222	8,572,533
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		-	(733,937)	(69,223)	(803,160)	319,604
Transfers between Funds	15	-	(29,310)	29,310	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		-	(763,247)	(39,913)	(803,160)	319,604
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(1,310,000)	-	(1,310,000)	41,000
NET MOVEMENT IN FUNDS		-	(2,073,247)	(39,913)	(2,113,160)	360,604
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	(1,515,269)	12,946,891	11,431,622	11,071,018
TOTAL FUNDS CARRIED FORWARD		-	(3,588,516)	12,906,978	9,318,462	11,431,622

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

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		12,897,005		12,880,168
CURRENT ASSETS					
Debtors	13	181,941		183,405	
Cash at bank and in hand		469,043		1,025,921	
			<u>650,984</u>		<u>1,209,326</u>
CREDITORS: amounts falling due within one year	14	(523,527)		(442,872)	
NET CURRENT ASSETS			<u>127,457</u>		<u>766,454</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,024,462</u>		<u>13,646,622</u>
Defined benefit pension scheme liability	20		<u>(3,706,000)</u>		<u>(2,215,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>9,318,462</u></u>		<u><u>11,431,622</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	15	117,484		699,731	
Restricted fixed asset funds	15	12,906,978		12,946,891	
			<u>13,024,462</u>		<u>13,646,622</u>
Restricted funds excluding pension liability			<u>(3,706,000)</u>		<u>(2,215,000)</u>
Pension reserve					
Total restricted funds			<u><u>9,318,462</u></u>		<u><u>11,431,622</u></u>
TOTAL FUNDS			<u><u>9,318,462</u></u>		<u><u>11,431,622</u></u>

The financial statements were approved by the governors, and authorised for issue, on 14 December 2016 and are signed on their behalf, by:

Mrs K Wilson
Chair of Governors

The notes on pages 25 to 48 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash used in operating activities	17	<u>(574,435)</u>	<u>(208,594)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(110,240)</u>	<u>(428,859)</u>
Capital grants from the EFA and other capital income		<u>127,797</u>	<u>655,917</u>
Net cash provided by investing activities		<u>17,557</u>	<u>227,058</u>
Change in cash and cash equivalents in the year		(556,878)	18,464
Cash and cash equivalents brought forward		<u>1,025,921</u>	<u>1,007,457</u>
Cash and cash equivalents carried forward	18	<u><u>469,043</u></u>	<u><u>1,025,921</u></u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Lincoln Christ's Hospital School constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Lincoln Christ's Hospital School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Lincoln Christ's Hospital School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

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 the Education Funding Agency 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 and include grants from the Education Funding Agency.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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.

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.

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

All resources expended are inclusive of irrecoverable VAT.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

In making this assessment the governors acknowledge the deficit result for the year and GAG deficit carry forward position at the year end. The governors forecasted a deficit during the year and took action to reduce wage costs. This has resulted in additional staff restructuring costs during the year but will result in savings next year. Further efficiencies are also being reviewed to ensure costs are reduced in the current year. The governors have produced revised forecasts taking account of the efficiency savings and based on these forecasts believe it appropriate to adopt the going concern basis of accounting.

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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
Fixtures and fittings	-	20% straight line

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. The governors consider the need for impairment at each period end.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

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

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the school; this is normally upon notification of the interest paid or payable by the Bank.

1.9 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.

1.10 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.

1.11 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.

1.12 Liabilities and provisions

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 school anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Financial instruments

The school only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.14 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 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 quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The school 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.

Tangible fixed assets are recognised at cost or valuation, less accumulated depreciation and any impairment. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the school's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the school was subject to limits at 31 August 2016 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 2016.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total 2016 £	Total 2015 £
Foundation Donations	146,547	5,000	30,293	181,840	737,671
Capital Grants	-	-	97,504	97,504	123,945
	<u>146,547</u>	<u>5,000</u>	<u>127,797</u>	<u>279,344</u>	<u>861,616</u>

In 2015, of the total income from donations and capital grants, £160,699 was to unrestricted funds and £700,917 was to restricted funds.

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
EFA grants				
General annual grant (GAG)	-	6,849,531	6,849,531	6,666,762
Other EFA grants	-	372,032	372,032	413,722
	<u>-</u>	<u>7,221,563</u>	<u>7,221,563</u>	<u>7,080,484</u>
Other government grants				
Local Authority income	-	110,407	110,407	147,139
	<u>-</u>	<u>110,407</u>	<u>110,407</u>	<u>147,139</u>
Other funding				
Other income	255,201	541,557	796,758	796,735
	<u>255,201</u>	<u>541,557</u>	<u>796,758</u>	<u>796,735</u>
	<u>255,201</u>	<u>7,873,527</u>	<u>8,128,728</u>	<u>8,024,358</u>

In 2015, of the total income from charitable activities, £255,497 was to unrestricted funds and £7,768,861 was to restricted funds.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total 2016 £	<i>Total 2015 £</i>
Bank interest received	3,721	2,269	5,990	<i>6,163</i>

In 2015, of the total investment income, £3,214 was to unrestricted funds and £2,949 was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	<i>Total 2015 £</i>
Educational Operations:					
Direct costs	5,041,720	-	411,100	5,452,820	<i>4,939,751</i>
Support costs	1,899,361	668,353	1,196,688	3,764,402	<i>3,632,782</i>
	6,941,081	668,353	1,607,788	9,217,222	<i>8,572,533</i>

In 2016, of the total expenditure, £405,469 (2015 - £419,410) was to unrestricted funds and £8,811,753 (2015 - £8,153,123) was to restricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. CHARITABLE ACTIVITIES

	Total 2016 £	<i>Total 2015 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teachers wages and salaries	3,883,739	3,610,135
Teachers national insurance	353,822	291,276
Teachers pension cost	616,545	509,019
Educational supplies	159,819	148,286
Exam fees	121,234	145,674
Staff development	26,179	25,733
Other direct costs	291,482	209,628
	5,452,820	4,939,751
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support wages and salaries	1,448,638	1,393,914
Support national insurance	85,834	70,941
Support pension cost	364,889	360,369
Depreciation	12,514	9,579
Pension finance cost	86,000	79,000
Maintenance of premises and equipment	342,501	173,658
Cleaning	181,680	196,873
Utilities	86,160	171,898
Rates	17,693	30,320
Pupil support	2,495	14,734
Office costs	43,126	50,618
Insurance	40,319	50,076
ICT costs	125,573	107,188
Recruitment and support	32,328	31,931
Security and transport	145,194	110,441
Catering	151,740	161,374
Other support costs including school fund expenditure	588,193	605,052
Governance costs	9,525	14,816
	3,764,402	3,632,782
	9,217,222	8,572,533

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8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	<i>2015</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the school	12,514	<i>9,579</i>
Auditors' remuneration - audit	4,950	<i>4,950</i>
Auditors' remuneration - other services	1,600	<i>9,866</i>
Operating lease rentals	124,091	<i>107,685</i>
	=====	=====

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FOR THE YEAR ENDED 31 AUGUST 2016

9. STAFF COSTS

Staff costs were as follows:

	2016	<i>2015</i>
	£	<i>£</i>
Wages and salaries	5,332,377	<i>5,004,049</i>
Social security costs	439,656	<i>362,217</i>
Operating costs of defined benefit pension schemes	981,434	<i>869,388</i>
	6,753,467	<i>6,235,654</i>
Supply staff costs	160,139	<i>49,552</i>
Staff restructuring costs	27,475	<i>-</i>
	6,941,081	<i>6,285,206</i>

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

	2016	<i>2015</i>
	No.	<i>No.</i>
Teachers	110	<i>109</i>
Support Staff	106	<i>98</i>
	216	<i>207</i>

Average headcount expressed as a full time equivalent:

	2016	<i>2015</i>
	No.	<i>No.</i>
Teachers	107	<i>104</i>
Support Staff	74	<i>69</i>
	181	<i>173</i>

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

	2016	<i>2015</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	0	<i>1</i>
In the band £70,001 - £80,000	0	<i>1</i>
In the band £80,001 - £90,000	1	<i>0</i>

The above employees participated in the Teachers' Pension Scheme.

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £27,475 (2015 - £nil). Individually, the payments were £13,540, £10,633 and £3,302.

The key management personnel of the school comprise the governors and the senior leadership team on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the school was £819,000 (2015 - £707,000).

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10. GOVERNORS' AND OFFICERS' INSURANCE

The school has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on school business, and provides cover up to £10,000,000. It is not possible to quantify the governors and officers indemnity element from the overall cost of the RPA scheme.

11. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 5 governors (2015 - 6) in respect of defined benefit pension schemes.

One or more governors has been paid remuneration or has received other benefits from an employment with the school. The Headmaster and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Headmaster and other staff members under their contracts of employment, and not in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

		2016	<i>2015</i>
		£	£
Mr M McKeown	Remuneration	80,000-85,000	<i>75,000-80,000</i>
	Pension contributions paid	10,000-15,000	<i>10,000-15,000</i>
Mrs S Wilkinson	Remuneration	25,000-30,000	<i>25,000-30,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
Mrs M Laurence	Remuneration	20,000-25,000	<i>30,000-35,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>
Mr A Cottom	Remuneration	15,000-20,000	<i>15,000-20,000</i>
	Pension contributions paid	0-5,000	<i>0-5,000</i>
Miss R Fearn	Remuneration	nil	<i>40,000-45,000</i>
	Pension contributions paid	nil	<i>5,000-10,000</i>
Mr M Edgar	Remuneration	nil	<i>50,000-55,000</i>
	Pension contributions paid	nil	<i>5,000-10,000</i>
Mrs R Richards	Remuneration	40,000-45,000	<i>nil</i>
	Pension contributions paid	5,000-10,000	<i>nil</i>

During the year, no governors received any benefits in kind (2015 - £NIL).

During the year, no governors received any reimbursement of expenses (2015 - £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
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12. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 September 2015	12,844,617	47,893	-	12,892,510
Additions	-	-	29,351	29,351
At 31 August 2016	<u>12,844,617</u>	<u>47,893</u>	<u>29,351</u>	<u>12,921,861</u>
Depreciation				
At 1 September 2015	-	12,342	-	12,342
Charge for the year	-	9,579	2,935	12,514
At 31 August 2016	<u>-</u>	<u>21,921</u>	<u>2,935</u>	<u>24,856</u>
Net book value				
At 31 August 2016	<u>12,844,617</u>	<u>25,972</u>	<u>26,416</u>	<u>12,897,005</u>
At 31 August 2015	<u>12,844,617</u>	<u>35,551</u>	<u>-</u>	<u>12,880,168</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.

13. DEBTORS

	2016 £	2015 £
Trade debtors	9,685	25,968
VAT reclaimable	32,928	103,602
Prepayments and accrued income	139,328	53,835
	<u>181,941</u>	<u>183,405</u>

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14. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	229,927	76,222
Other taxation and social security	131,996	108,921
Other creditors	123,792	121,358
Accruals and deferred income	37,812	136,371
	<u>523,527</u>	<u>442,872</u>
	2016	2015
	£	£
Deferred income		
Deferred income at 1 September	9,756	-
Resources deferred during the year	18,210	9,756
Amounts released from previous years	(9,756)	-
Deferred income at 31 August	<u>18,210</u>	<u>9,756</u>

At the year-end, the school had received income in respect of the 16-19 Bursary which has not been spent as disclosed in note 24 below and for rates relief in advance of payments.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

15. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	-	405,469	(405,469)	-	-	-
Restricted funds						
General Annual Grant (GAG)	334,776	6,849,531	(7,392,728)	(9,310)	-	(217,731)
Other EFA Grants	52,743	372,032	(370,942)	-	-	53,833
Other Government Grants	-	110,407	(110,407)	-	-	-
School Fund	110,619	541,557	(559,615)	(25,000)	-	67,561
School Sports Project	211,593	2,228	-	-	-	213,821
Other Liabilities Transferred on Conversion	(10,000)	5,000	-	5,000	-	-
Pension Reserve	(2,215,000)	-	(181,000)	-	(1,310,000)	(3,706,000)
	<u>(1,515,269)</u>	<u>7,880,755</u>	<u>(8,614,692)</u>	<u>(29,310)</u>	<u>(1,310,000)</u>	<u>(3,588,516)</u>

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

Restricted Fixed Asset funds

EFA Capital Funds	-	29,104	(29,104)	-	-	-
Capital						
Maintenance						
Grants	56,750	68,400	(125,150)	-	-	-
Foundation Capital						
Donations	9,973	30,334	(30,293)	(41)	-	9,973
Fixed Assets						
Transferred on						
Conversion	12,322,618	-	-	-	-	12,322,618
Project Funded						
Assets	23,312	-	(6,082)	-	-	17,230
Assets Acquired						
with GAG Income	12,239	-	(3,932)	4,351	-	12,658
Assets Acquired						
with Foundation						
Donations	521,999	-	-	-	-	521,999
Assets Acquired						
with School						
Funds	-	-	(2,500)	25,000	-	22,500
	<u>12,946,891</u>	<u>127,838</u>	<u>(197,061)</u>	<u>29,310</u>	<u>-</u>	<u>12,906,978</u>
Total restricted	<u>11,431,622</u>	<u>8,008,593</u>	<u>(8,811,753)</u>	<u>-</u>	<u>(1,310,000)</u>	<u>9,318,462</u>
funds						
Total of funds	<u><u>11,431,622</u></u>	<u><u>8,414,062</u></u>	<u><u>(9,217,222)</u></u>	<u><u>-</u></u>	<u><u>(1,310,000)</u></u>	<u><u>9,318,462</u></u>

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. In line with school policy, funds against which specific costs have not been allocated have been transferred to support GAG costs.

Restricted 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.

At year-end, the GAG fund has ended in a deficit position. Note 1.5 provides further details of the events that have led to this and the governors actions to reverse the deficit position.

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

School Funds and School Project Funds represent all other restricted funds received which must be used for the purpose intended.

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15. STATEMENT OF FUNDS (continued)

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 charity upon conversion.

Assets Acquired with GAG / Project Funds / Foundation Donations / School Funds represents the net book value of fixed assets acquired with the sources of funding disclosed.

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.

Foundation Capital Donations represents donations received from the Foundation in respect of specific building work and associated legal costs.

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 2016. Note 2 discloses whether the limit was exceeded.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Tangible fixed assets	-	-	12,897,005	12,897,005	12,880,168
Current assets	-	544,213	106,771	650,984	1,209,326
Creditors due within one year	-	(426,729)	(96,798)	(523,527)	(442,872)
Provisions for liabilities and charges	-	(3,706,000)	-	(3,706,000)	(2,215,000)
	<u>-</u>	<u>(3,588,516)</u>	<u>12,906,978</u>	<u>9,318,462</u>	<u>11,431,622</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	£	£
Net (expenditure)/income for the year (as per Statement of financial activities)	(803,160)	319,604
Adjustment for:		
Depreciation charges	12,514	9,579
Decrease/(increase) in debtors	1,464	(32,840)
Increase/(decrease) in creditors	161,544	(38,020)
Capital grants from EFA and other capital income	(127,797)	(655,917)
Defined benefit pension scheme cost less contributions payable	95,000	110,000
Defined benefit pension scheme finance cost	86,000	79,000
Net cash used in operating activities	(574,435)	(208,594)

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash in hand	469,043	1,025,921
Total	469,043	1,025,921

19. 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.

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20. 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 Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £111,215 were payable to the schemes at 31 August 2016 (2015 - £99,107) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 (currently 14.1%)
- 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £616,000 (2015 - £508,000).

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20. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £347,000 (2015 - £326,000), of which employer's contributions totalled £270,000 (2015 - £251,000) and employees' contributions totalled £77,000 (2015 - £75,000). The agreed contribution rates for future years are 20.9% 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.

Principal actuarial assumptions:

	2016	<i>2015</i>
Discount rate for scheme liabilities	2.10 %	<i>3.80 %</i>
Rate of increase in salaries	3.60 %	<i>4.10 %</i>
Rate of increase for pensions in payment / inflation	2.10 %	<i>2.70 %</i>

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

	2016	<i>2015</i>
Retiring today		
Males	22.2 years	<i>22.2 years</i>
Females	24.4 years	<i>24.4 years</i>
Retiring in 20 years		
Males	24.5 years	<i>24.5 years</i>
Females	26.8 years	<i>26.8 years</i>

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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	2,681,000	1,982,000
Bonds	453,000	343,000
Property	348,000	317,000
Cash	-	-
	<hr/> 3,482,000 <hr/>	<hr/> 2,642,000 <hr/>
Total market value of assets	3,482,000	2,642,000

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

	2016 £	<i>2015 £</i>
Current service cost (net of employee contributions)	(365,000)	(361,000)
Net interest cost	(86,000)	(79,000)
	<hr/> (451,000) <hr/>	<hr/> (440,000) <hr/>
Total	(451,000)	(440,000)
	<hr/> 554,000 <hr/>	<hr/> 59,000 <hr/>
Actual return on scheme assets	554,000	59,000

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

	2016 £	<i>2015 £</i>
Opening defined benefit obligation	4,857,000	4,364,000
Current service cost	365,000	361,000
Interest cost	192,000	169,000
Contributions by employees	77,000	75,000
Changes in financial assumptions and other experience	1,758,000	(72,000)
Benefits paid	(61,000)	(40,000)
	<hr/> 7,188,000 <hr/>	<hr/> 4,857,000 <hr/>
Closing defined benefit obligation	7,188,000	4,857,000

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20. PENSION COMMITMENTS (continued)

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

	2016	<i>2015</i>
	£	£
Opening fair value of scheme assets	2,642,000	<i>2,297,000</i>
Interest income	106,000	<i>90,000</i>
Return on plan assets (excluding net interest)	448,000	<i>(31,000)</i>
Contributions by employer	270,000	<i>251,000</i>
Contributions by employees	77,000	<i>75,000</i>
Benefits paid	(61,000)	<i>(40,000)</i>
	<hr/>	<hr/>
Closing fair value of scheme assets	3,482,000	<i>2,642,000</i>
	<hr/> <hr/>	<hr/> <hr/>

21. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the school's future minimum lease payments under non-cancellable operating leases was:

	2016	<i>2015</i>
	£	£
Amounts payable:		
Within 1 year	89,082	<i>120,549</i>
Between 1 and 5 years	139,001	<i>197,281</i>
	<hr/>	<hr/>
Total	228,083	<i>317,830</i>
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

22. 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 the school has 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.

Foundation of Christ's Hospital at Lincoln:

The Foundation of Christ's Hospital at Lincoln is a registered charity in which some of the governors are trustees. During the year, the charity made donations to the school totalling £181,455 for the hire of school facilities, recharge of staff costs and other contributions including capital projects (2015 - £737,546). The balance due to the school at the year end was £12,265 (2015 - £16,737) which is included within other debtors (2015 - trade debtors).

Upon conversion, the school was in receipt of an advance from The Foundation of Christ's Hospital at Lincoln. The balance outstanding at the year end was £nil (2015 - £10,000) which is included within other creditors.

Relatives of Governors:

The following disclosure details remuneration paid to individuals who were, or continue to be, employed by the school and are family members of the governors. The governors confirm that all individuals were fairly recruited and their performance has been managed in the normal way; their employment is considered to be of benefit to the school.

Governor	Relationship	Salary Banding	Pension Scheme
D Gibbons	Spouse	£35,000 - £40,000	TPS

23. AGENCY ARRANGEMENTS

During the year, the school acted as agent in respect of the 16-19 Bursary. Income for the year was £48,495 and expenditure including administrative costs was £51,948. Including brought forward deferred income of £5,263, the remaining balance is £1,810 which is included in deferred income.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

25. FIRST TIME ADOPTION OF FRS 102

It is the first year that the school has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the school's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.