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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

CONTENTS

	Page
Reference and administrative details	1 - 2
Governors' report	3 - 10
Governance statement	11 - 15
Statement on regularity, propriety and compliance	16
Statement of governors' responsibilities	17
Independent auditors' report on the financial statements	18 - 20
Independent reporting accountant's assurance report on regularity	21 - 22
Statement of financial activities incorporating income and expenditure account	23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements	26 - 51

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

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Mrs K Wilson BA Mrs D M Scammell MA
Parent Governors	Dr D Ellin (resigned 30 September 2017) Mr R Greenfield Mrs R Malam (appointed 15 November 2017) Ms D Slaney (resigned 31 January 2018)
Staff Governors	Mrs R Knowles Mrs R Richards (resigned 30 June 2018) Miss N Syson Mrs S Wilkinson
Headmaster	Mr M McKeown BSc (Hons), GIMA, PGCE, NPQH, Accounting Officer
Appointed by the Foundation of Christ's Hospital At Lincoln	Mr D Gibbons Mr J Hanrahan BA (Hons), MRTPI, MIEDO Mr J Males Mr A Mills MIRTH, Eng.Tech, AMIMI, LAE Mrs D M Scammell MA Mr P Watson
Appointed by Bishop Grosseteste University College	Mr S Puttick BSc (Hons), PGCE, MA, MSc, DPhil (PhD)
Appointed by the Dean and Chapter at the Cathedral	Reverend Canon J A Patrick Mrs K Wilson BA, Chair of Governors
Appointed by the Old Christ's Hospital Lincolnians	Mr M Savage ACMA
Jointly Appointed by the Universities of Nottingham / Lincoln	Vacant
Company Registered Number	07732027
Company Name	Lincoln Christ's Hospital School
Principal and Registered Office	Wragby Road Lincoln Lincolnshire LN2 4PN

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Clerk to the Governors Mrs L Martin

**Headmaster and
Accounting Officer** Mr M McKeown

Senior Leadership Team

Mr M McKeown, Headmaster
Mr G Thompson, Deputy Headmaster
Mr P Fragle, Assistant Headteacher
Mrs C Owens, Assistant Headteacher
Mr M Whitaker, Assistant Headteacher
Mr M Edgar, Associate Assistant Headteacher
Mr B Middleton, 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
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. 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 2017 census return had 1,303 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 act as the trustees for the charitable activities of Lincoln Christ's Hospital School and are also the directors of the charitable company for the purposes of company law.

Details of the governors who served throughout the year 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.

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

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

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:

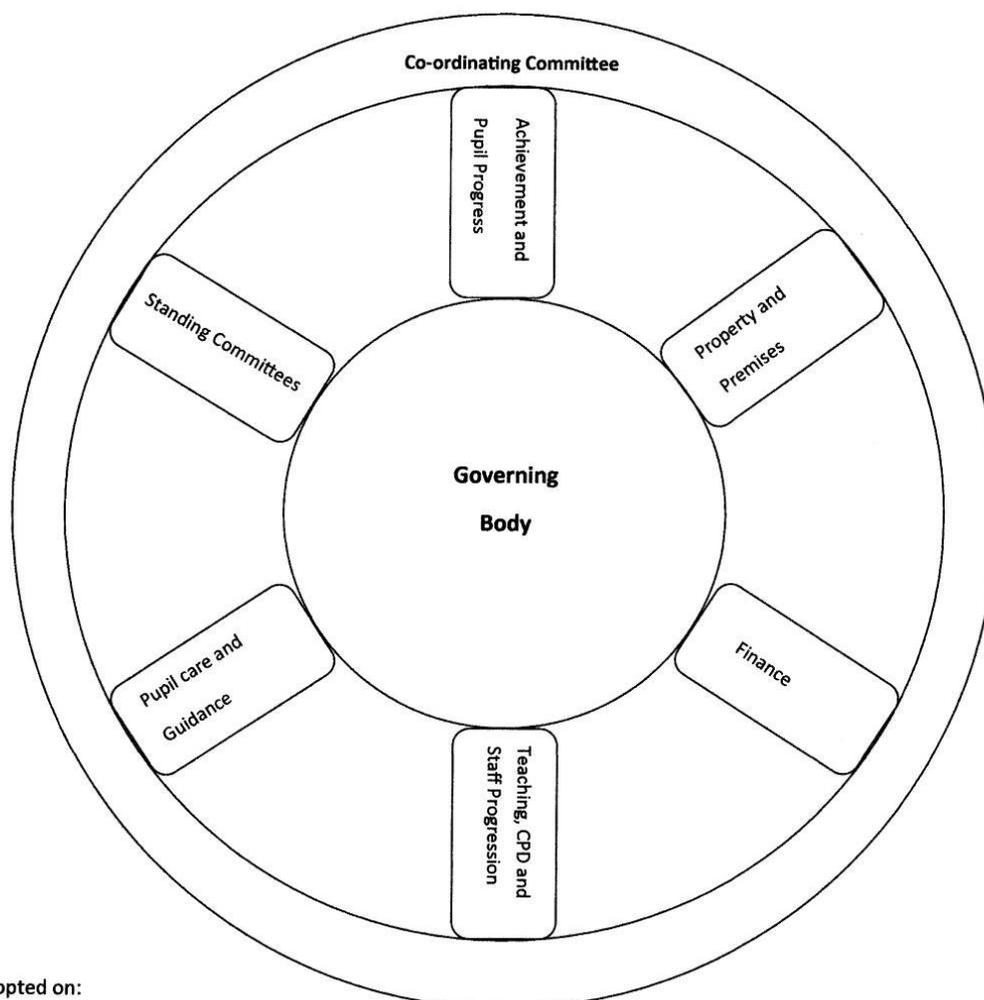
- 1 Letter of Welcome from the Clerk to the Governors (including governor contacts, meeting dates, terms of reference, protocol for governor confidentiality and protocol for governor visits).
- 2 A Meeting at the School with the Headmaster, Chairman, Vice Chairmen and Clerk to discuss structure, purpose 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:

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

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



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.

Trade Union Facility Time

The school had more had 49 full-time equivalent staff during the reporting period so is within the scope of the Trade Union (Facility Time Publication Requirements) Regulations 2017.

The school had no employees who were relevant union officials during the year. No further disclosures are required.

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.

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

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

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 Vision of the Governors is that all students should achieve an outstanding education and to achieve this we will ensure that:

- All students reach their full potential.
- All students have a thirst for knowledge.
- All students have access to a stimulating learning environment.
- All teaching will be of the highest order.
- All students will learn in a safe and nurturing environment.
- All students will have the opportunity for and be encouraged to take part in enrichment and extra-curricular activities.
- All staff and students will be respected, valued and included.

Objectives, Strategies and Activities

The main objectives of the school during the year ended 31 August 2018 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 and openness.

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.

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

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

Achievements and Performance

Review of Activities including Key Performance Indicators

Post 16 Results 2017/2018:

In 2018, there were 311 academic entries including 300 A Level entries and 26 Applied general entries.

For our Year 13 students, the overall average grade per entry was a C which is higher than the Minimum Target Grade for the cohort of a D+. Overall, 51.4% gained at least one grade A* B or equivalent and 33.3% gained at least 2 A* B or equivalent. The overall pass rate was 98.1% with 81.0% gaining at least 3 qualifications.

For A Level only, the average grade was grade C with 48.3% gaining at least 1 A* B, 30.3% gaining 2 A* B. 98.9% of our students left with at least 1 A Level and 62.9% have left with 3. 7.6% gained AAB or higher.

The value added for all qualifications was +0.04, for academic qualifications was +0.04 and for applied general qualifications, +0.08. Almost every subject showed a positive Value Added score.

The number of entries into AS level has reduced to be almost negligible due to curriculum changes. With all A Levels being examined only at the end of the two years.

In every case, the above statistics are better than the previous year.

GCSE Results 2017/2018:

2018 has seen a slight decrease in the overall performance indicator of progress in comparison to the record breaking results of 2017. Our score is now -0.3 which is below average. Our Basics indicator at 5+ is at 52% and at 4+ is 35%, both of which is approximately 3-5% lower than national levels.

However we still have a very strong improvement trajectory over the past 5 years and these results remain at a higher point than at any point between 2012 and 2016.

Each column within the progress 8 calculation has shown strong improvement with each performing at approximately -0.3. This shows that the slight underperformance is across subjects rather than any one subject showing a significant weakness.

Our entry the English Baccalaureate is higher than the vast majority of other schools – promoting a rigorous and academic curriculum and the levels gaining this level at 4+ is significantly higher than national.

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

- KS4 and 5 results.
- Teaching staff expenditure per pupil.
- Education support staff expenditure per pupil.
- Premises / estate costs per pupil.

The schools most recent Ofsted inspection graded all areas of the school as 'Good' and overall as 'Good' which is an exceptionally rapid improvement grading on the judgement of the previous year.

The schools results at both key stages and Ofsted grading now places the school amongst the most improved schools in the County.

The areas for improvement from the 2018 Ofsted now constitute the main areas of focus in the schools development plan. The school is aiming for aspirational targets based on FFT 50, 20 and 5 for most students.

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(A company limited by guarantee)

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

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 Section 1.5 of the Accounting Policies.

Financial Review

The school held fund balances at 31 August 2018 of £10,687,363 comprising negative £343,069 of restricted funds, a pension reserve deficit of £1,870,000 and restricted fixed asset funds of £12,900,432.

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 2018 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 £1,870,000.

Reserves Policy

Subject to the ESFA's constraints on permitted balances, the school's policy is to carry forward a prudent level of resources. The level of free reserves held as at 31 August 2018 is negative £343,069.

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 £12,890,236.

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

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

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.

Fundraising

Minimal fundraising activities were undertaken at the school.

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

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

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.

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 19 December 2018 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 5 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	5
Mr R Greenfield	5	5
Mrs R Malam	2	5
Ms D Slaney	1	5
Mrs R Knowles	5	5
Mrs R Richards	3	5
Miss N Syson	1	5
Mrs S Wilkinson	5	5
Mr M McKeown BSc (Hons), GIMA, PGCE, NPQH, Accounting Officer	5	5
Mr D Gibbons	5	5
Mr J Hanrahan BA (Hons), MRTPI, MIEDO	0	5
Mr J Males	5	5
Mr A Mills MIRTH, Eng.Tech, AMIMI, LAE	2	5
Mrs D M Scammell MA	5	5
Mr P Watson	4	5
Mr S Puttick BSc (Hons), PGCE, MA, MSc, DPhil (PhD)	5	5
Reverend Canon J A Patrick	3	5
Mrs K Wilson BA, Chair of Governors	5	5
Mr M Savage ACMA	4	5

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, Mrs R Malam was appointed as a governor.

Governance Review

A review of the expertise of the Governing Body was undertaken during the year and it was confirmed that the Governing Body has the necessary knowledge and skills and that no changes were required.

LINCOLN CHRIST'S HOSPITAL SCHOOL
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GOVERNANCE STATEMENT (continued)

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 ESFA 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.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr M McKeown	5	5
Mr M Savage	4	5
Mrs R Knowles	4	5
Mrs K Wilson	4	5
Mr P Watson	4	5
Mr R Greenfield	0	5
Mr J Males	3	5
Reverend Canon J A Patrick	3	5
Mr J Hanrahan	0	5

LINCOLN CHRIST'S HOSPITAL SCHOOL
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GOVERNANCE STATEMENT (continued)

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.

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

LINCOLN CHRIST'S HOSPITAL SCHOOL
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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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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. In particular the checks carried out in the current period included:

- Governance Arrangements.
- Income, Purchasing and Payroll Procedures.
- Budget Management and Financial Planning.
- Risk Management Arrangements.

On a periodic basis, the 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.

The Internal Auditor delivered on their schedule of work in the year. The report identified a number of areas for review. The new Principal Finance Officer is working closely alongside the governors to address the issues raised.

LINCOLN CHRIST'S HOSPITAL SCHOOL
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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 19 December 2018 and signed on their behalf, by:

Mrs K Wilson
Chair of Governors

Mr M McKeown, Headmaster and
Accounting Officer

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

As Accounting Officer of Lincoln Christ's Hospital School I have considered my responsibility to notify the school Governing Body and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the school, under the funding agreement in place between the school and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the school Governing Body are able to identify any material irregular or improper use of funds by the school, or material non-compliance with the terms and conditions of funding under the school's funding agreement and the Academies Financial Handbook 2017.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Governing Body and ESFA. If any instances are identified after the date of this statement, these will be notified to the Governing Body and ESFA:

- I can confirm that I and the Governing Body are aware that the school's main current account became overdrawn at the beginning of the year which is prohibited by the Academies Financial Handbook. However, the account has not gone overdrawn since the interventions last year. This is therefore a repeat of the point raised in the prior year statement and not a new issue arising in the year.

Mr M McKeown
Accounting Officer

Date: 19 December 2018

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

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 & Skills 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/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 19 December 2018 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**

OPINION

We have audited the financial statements of Lincoln Christ's Hospital School (the 'school') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the school's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

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**

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

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**

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of governors' responsibilities, the governors (who are also the directors of the 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, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the 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 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 school and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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
20 December 2018

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

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

In accordance with the terms of our engagement letter and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lincoln Christ's Hospital School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Lincoln Christ's Hospital School and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lincoln Christ's Hospital School and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Lincoln Christ's Hospital School's funding agreement with the Secretary of State for Education dated 1 September 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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.

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

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

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

We note, as discussed on page 16, that the school's main current account became overdrawn during the year as prohibited by the Academies Financial Handbook.

Robert Anderson

Streets Audit LLP

Chartered Accountants & Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

20 December 2018

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 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	3	431,223	-	27,929	459,152	145,919
Charitable activities	4	299,070	7,181,716	-	7,480,786	7,360,469
Investments	5	179	-	-	179	302
TOTAL INCOME		<u>730,472</u>	<u>7,181,716</u>	<u>27,929</u>	<u>7,940,117</u>	<u>7,506,690</u>
EXPENDITURE ON:						
Charitable activities		<u>730,472</u>	<u>7,294,955</u>	<u>47,797</u>	<u>8,073,224</u>	<u>8,418,682</u>
TOTAL EXPENDITURE	6	<u>730,472</u>	<u>7,294,955</u>	<u>47,797</u>	<u>8,073,224</u>	<u>8,418,682</u>
NET BEFORE TRANSFERS		-	(113,239)	(19,868)	(133,107)	(911,992)
Transfers between Funds	15	-	(14,203)	14,203	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		-	(127,442)	(5,665)	(133,107)	(911,992)
Actuarial gains on defined benefit pension schemes	20	-	708,000	-	708,000	1,706,000
NET MOVEMENT IN FUNDS		-	580,558	(5,665)	574,893	794,008
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	(2,793,627)	12,906,097	10,112,470	9,318,462
TOTAL FUNDS CARRIED FORWARD		<u>-</u>	<u>(2,213,069)</u>	<u>12,900,432</u>	<u>10,687,363</u>	<u>10,112,470</u>

The notes on pages 26 to 51 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		12,890,236		<i>12,895,901</i>
CURRENT ASSETS					
Debtors	13	137,332		<i>90,869</i>	
Cash at bank and in hand		26,798		<i>32,841</i>	
			<u>164,130</u>	<u><i>123,710</i></u>	
CREDITORS: amounts falling due within one year	14	(497,003)		<i>(610,141)</i>	
NET CURRENT LIABILITIES			<u>(332,873)</u>		<u><i>(486,431)</i></u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,557,363</u>		<u><i>12,409,470</i></u>
Defined benefit pension scheme liability	20		(1,870,000)		<i>(2,297,000)</i>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>10,687,363</u></u>		<u><u><i>10,112,470</i></u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	(343,069)		<i>(496,627)</i>	
Restricted fixed asset funds	15	12,900,432		<i>12,906,097</i>	
			<u>12,557,363</u>	<u><i>12,409,470</i></u>	
Restricted income funds excluding pension liability			(1,870,000)	<i>(2,297,000)</i>	
Pension reserve			<u>(1,870,000)</u>	<u><i>(2,297,000)</i></u>	
Total restricted income funds			<u>10,687,363</u>	<u><i>10,112,470</i></u>	
TOTAL FUNDS			<u><u>10,687,363</u></u>	<u><u><i>10,112,470</i></u></u>	

The financial statements on pages 23 to 51 were approved by the governors, and authorised for issue, on 19 December 2018 and are signed on their behalf, by:

Mrs K Wilson
Chair of Governors

The notes on pages 26 to 51 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 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	17	<u>76,697</u>	<u>(545,966)</u>
Cash flows from investing activities:			
Bank interest received		179	302
Purchase of tangible fixed assets		(14,203)	(15,213)
Capital grants from the ESFA and other capital income		<u>27,929</u>	<u>28,030</u>
Net cash provided by investing activities		<u>13,905</u>	<u>13,119</u>
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		<u>(63,804)</u>	<u>469,043</u>
Cash and cash equivalents carried forward	18	<u><u>26,798</u></u>	<u><u>(63,804)</u></u>

The notes on pages 26 to 51 form part of these financial statements.

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 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Fund accounting

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

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the 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 receipt is probable and the amount can be reliably measured.

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

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. Expenditure on charitable activities are costs incurred on the school's educational operations, including support costs and those costs relating to the governance of the school appointed to charitable activities.

Expenditure on charitable activities are costs incurred on the school's educational operations, including support costs and those costs relating to the governance of the school appointed to charitable activities.

All expenditure is 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 2018

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 as explained below.

In making this assessment the governors acknowledge the result for the year and the GAG deficit carry forward position at the year end. The governors have taken action during the year to reduce wage costs. Further efficiencies continue to be reviewed and a 5 year plan to return the school to a surplus position is being put into place.

The governors do not believe there to be a material uncertainty and accordingly have prepared the accounts on a going concern basis.

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

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

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	No Depreciation
Furniture and fixtures	-	20% straight line
Plant and equipment	-	20% straight line
Computer equipment	-	25% 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.

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

1.7 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 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.

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

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

1. ACCOUNTING POLICIES (continued)

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

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

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

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 2018

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the school was subject to limits at 31 August 2018 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 2018.

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

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

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total 2018 £	Total 2017 £
Donations	431,223	-	-	431,223	117,889
Capital Grants	-	-	27,929	27,929	28,030
	<u>431,223</u>	<u>-</u>	<u>27,929</u>	<u>459,152</u>	<u>145,919</u>
<i>Total 2017</i>	<u>117,889</u>	<u>-</u>	<u>28,030</u>	<u>145,919</u>	

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
ESFA Grants				
General Annual Grant (GAG)	-	6,506,575	6,506,575	6,381,026
Other ESFA Grants	-	379,675	379,675	355,220
	<u>-</u>	<u>6,886,250</u>	<u>6,886,250</u>	<u>6,736,246</u>
Other Government Grants				
Local Authority income	-	97,409	97,409	96,493
	<u>-</u>	<u>97,409</u>	<u>97,409</u>	<u>96,493</u>
Other Funding				
Other Income	299,070	198,057	497,127	527,730
	<u>299,070</u>	<u>198,057</u>	<u>497,127</u>	<u>527,730</u>
	<u>299,070</u>	<u>7,181,716</u>	<u>7,480,786</u>	<u>7,360,469</u>
<i>Total 2017</i>	<u>286,426</u>	<u>7,074,043</u>	<u>7,360,469</u>	

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

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Bank Interest Received	179	-	179	302
<i>Total 2017</i>	<u>214</u>	<u>88</u>	<u>302</u>	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational Operations:					
Direct Costs	4,429,394	-	585,236	5,014,630	5,311,933
Support Costs	1,891,514	514,983	652,097	3,058,594	3,106,749
	<u>6,320,908</u>	<u>514,983</u>	<u>1,237,333</u>	<u>8,073,224</u>	<u>8,418,682</u>
<i>Total 2017</i>	<u>6,652,990</u>	<u>528,693</u>	<u>1,236,999</u>	<u>8,418,682</u>	

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

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

7. CHARITABLE ACTIVITIES

	Total 2018 £	<i>Total 2017 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teachers Wages and Salaries	3,354,567	3,652,678
Teachers National Insurance	352,738	384,051
Teachers Pension Cost	534,755	585,104
Educational Supplies	84,199	96,116
Exam Fees	131,576	135,742
Other Staff Costs	239,005	168,570
Other Direct Costs	317,790	286,855
	5,014,630	<i>5,309,116</i>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support Wages and Salaries	1,329,303	1,373,482
Support National Insurance	92,690	98,954
Support Pension Cost	469,521	462,318
Depreciation	19,868	16,317
Pension Finance Cost	60,000	80,000
Maintenance of Premises and Equipment	122,099	157,296
Cleaning	178,060	175,274
Utilities	125,074	115,462
Rates	57,396	48,040
Insurance	32,354	32,621
ICT Costs	119,814	114,336
Transport	161,627	162,996
Catering	173,157	156,868
Other Support	107,056	107,027
Governance Costs	10,575	8,575
	3,058,594	<i>3,109,566</i>
	8,073,224	<i>8,418,682</i>

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

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

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	<i>2017</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the school	19,868	<i>16,317</i>
Auditors' remuneration - audit	4,950	<i>4,950</i>
Auditors' remuneration - other services	1,900	<i>3,250</i>
Operating lease rentals	132,783	<i>132,306</i>
	=====	=====

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

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	4,683,870	5,026,160
Social security costs	445,428	483,005
Operating costs of defined benefit pension schemes	1,004,276	1,047,422
	6,133,574	6,556,587
Supply staff costs	178,829	92,251
Apprenticeship levy	8,505	4,152
	6,320,908	6,652,990

b. Staff numbers

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

	2018	2017
	No.	No.
Teachers	97	116
Support Staff	91	102
	188	218

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Teachers	95	109
Support Staff	65	66
	160	175

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

The above employee participated in the Teachers' Pension Scheme.

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

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

9. STAFF COSTS (continued)

d. Key management personnel

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 £620,000 (2017 - £612,000).

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

One or more governors has been paid remuneration or has received other benefits from an employment with the academy trust. 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:

		2018	<i>2017</i>
		£	£
Mr M McKeown	Remuneration	90,000-95,000	<i>85,000-90,000</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 R Knowles	Remuneration	45,000-50,000	<i>45,000-50,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
Mrs R Richards	Remuneration	30,000-35,000	<i>25,000-30,000</i>
	Pension contributions paid	5,000-10,000	<i>0-5,000</i>
Miss N Syson	Remuneration	25,000-30,000	<i>30,000-35,000</i>
	Pension contributions paid	0-5,000	<i>5,000-10,000</i>

During the year, no governors received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, no governors received any reimbursement of expenses (2017 - £nil).

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

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

12. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture and fixtures £	Plant and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2017	12,844,617	29,351	47,893	15,213	12,937,074
Additions	-	-	-	14,203	14,203
At 31 August 2018	<u>12,844,617</u>	<u>29,351</u>	<u>47,893</u>	<u>29,416</u>	<u>12,951,277</u>
Depreciation					
At 1 September 2017	-	5,870	31,500	3,803	41,173
Charge for the year	-	2,935	9,579	7,354	19,868
At 31 August 2018	<u>-</u>	<u>8,805</u>	<u>41,079</u>	<u>11,157</u>	<u>61,041</u>
Net book value					
At 31 August 2018	<u>12,844,617</u>	<u>20,546</u>	<u>6,814</u>	<u>18,259</u>	<u>12,890,236</u>
At 31 August 2017	<u>12,844,617</u>	<u>23,481</u>	<u>16,393</u>	<u>11,410</u>	<u>12,895,901</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 ESFA as part of the WGA exercise as at 31 August 2012 for the purposes of the accounts only.

13. DEBTORS

	2018 £	2017 £
Trade debtors	15,837	10,208
VAT reclaimable	33,224	21,518
Prepayments and accrued income	88,271	59,143
	<u>137,332</u>	<u>90,869</u>

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

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

14. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	-	96,645
Trade creditors	207,305	250,195
Other taxation and social security	111,733	120,960
Other creditors	102,352	107,701
Accruals and deferred income	75,613	34,640
	497,003	610,141
	497,003	610,141
	2018	2017
	£	£
Deferred income		
Deferred income at 1 September	17,245	16,400
Resources deferred during the year	22,690	17,245
Amounts released from previous years	(17,245)	(16,400)
	22,690	17,245
	22,690	17,245

At the year-end, the school had received income in respect of the recharge of lease costs for 2018/19 and for rates relief in advance of payments.

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

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

15. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted Funds						
General Funds	-	730,472	(730,472)	-	-	-
Restricted Funds						
General Annual Grant (GAG)	(808,372)	6,506,575	(6,338,134)	(14,203)	-	(654,134)
Other ESFA Grants	57,197	379,675	(375,889)	-	-	60,983
Other Government Grants	-	97,409	(97,409)	-	-	-
School Fund	104,548	198,057	(202,523)	-	-	100,082
School Sports Project	150,000	-	-	-	-	150,000
Pension Reserve	(2,297,000)	-	(281,000)	-	708,000	(1,870,000)
	<u>(2,793,627)</u>	<u>7,181,716</u>	<u>(7,294,955)</u>	<u>(14,203)</u>	<u>708,000</u>	<u>(2,213,069)</u>
Restricted Fixed Asset Funds						
ESFA Capital Funds	-	27,929	(27,929)	-	-	-
Foundation Capital						
Donations	10,196	-	-	-	-	10,196
Fixed Assets Transferred on Conversion	12,322,618	-	-	-	-	12,322,618
Project Funded Assets	11,148	-	(6,082)	-	-	5,066
Assets Acquired with GAG Income	20,136	-	(11,286)	14,203	-	23,053
Assets Acquired with Foundation Donations	521,999	-	-	-	-	521,999
Assets Acquired with School Funds	20,000	-	(2,500)	-	-	17,500
	<u>12,906,097</u>	<u>27,929</u>	<u>(47,797)</u>	<u>14,203</u>	<u>-</u>	<u>12,900,432</u>
Total restricted funds	<u>10,112,470</u>	<u>7,209,645</u>	<u>(7,342,752)</u>	<u>-</u>	<u>708,000</u>	<u>10,687,363</u>
Total of funds	<u><u>10,112,470</u></u>	<u><u>7,940,117</u></u>	<u><u>(8,073,224)</u></u>	<u><u>-</u></u>	<u><u>708,000</u></u>	<u><u>10,687,363</u></u>

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

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

15. STATEMENT OF FUNDS (continued)

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

Unrestricted Funds

General Funds represent those resources which may be used towards meeting any of the objects of the school at the discretion of the governors.

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.

Other ESFA / 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.

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

Restricted Fixed Asset Funds

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

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

Other Funds disclosed represent the net book value of assets acquired or transferred on conversion.

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 2018. Note 2 discloses whether the limit was exceeded.

The school is carrying a net deficit of £343,069 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason.

The school saw reduced pupil numbers in previous years resulting in reduced income received in years with increased pupil numbers requiring appropriate staffing due to the lagged funding basis of ESFA income.

The school is taking the following action to return these funds to surplus:

A significant review of the staffing structure of the school was undertaken with changes implemented with effect from September 2017.

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

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

15. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
Unrestricted Funds						
General Funds	-	404,529	(404,529)	-	-	-
Restricted Funds						
General Annual Grant (GAG)	(217,731)	6,381,026	(7,020,363)	48,696	-	(808,372)
Other EFA Grants	53,833	355,220	(351,856)	-	-	57,197
Other Government Grants	-	96,493	(96,493)	-	-	-
School Fund	67,561	241,304	(204,317)	-	-	104,548
School Sports Project	213,821	-	-	(63,821)	-	150,000
Pension Reserve	(3,706,000)	-	(297,000)	-	1,706,000	(2,297,000)
	<u>(3,588,516)</u>	<u>7,074,043</u>	<u>(7,970,029)</u>	<u>(15,125)</u>	<u>1,706,000</u>	<u>(2,793,627)</u>
Restricted Fixed Asset Funds						
ESFA Capital Funds	-	28,030	(28,030)	-	-	-
Foundation Capital						
Donations	9,973	88	223	(88)	-	10,196
Fixed Assets Transferred on Conversion	12,322,618	-	-	-	-	12,322,618
Project Funded Assets	17,230	-	(6,082)	-	-	11,148
Assets Acquired with GAG						
Income	12,658	-	(7,735)	15,213	-	20,136
Assets Acquired with Foundation Donations	521,999	-	-	-	-	521,999
Assets Acquired with School Funds	22,500	-	(2,500)	-	-	20,000
	<u>12,906,978</u>	<u>28,118</u>	<u>(44,124)</u>	<u>15,125</u>	<u>-</u>	<u>12,906,097</u>
Total restricted funds	<u>9,318,462</u>	<u>7,102,161</u>	<u>(8,014,153)</u>	<u>-</u>	<u>1,706,000</u>	<u>10,112,470</u>
Total of funds	<u><u>9,318,462</u></u>	<u><u>7,506,690</u></u>	<u><u>(8,418,682)</u></u>	<u><u>-</u></u>	<u><u>1,706,000</u></u>	<u><u>10,112,470</u></u>

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

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

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	-	1,135,001	(1,135,001)	-	-	-
Restricted Funds						
General Annual Grant (GAG)	(217,731)	12,887,601	(13,358,497)	34,493	-	(654,134)
Other EFA Grants	53,833	734,895	(727,745)	-	-	60,983
Other Government Grants	-	193,902	(193,902)	-	-	-
School Fund	67,561	439,361	(406,840)	-	-	100,082
School Sports Project	213,821	-	-	(63,821)	-	150,000
Pension Reserve	(3,706,000)	-	(578,000)	-	2,414,000	(1,870,000)
	<u>(3,588,516)</u>	<u>14,255,759</u>	<u>(15,264,984)</u>	<u>(29,328)</u>	<u>2,414,000</u>	<u>(2,213,069)</u>
Restricted Fixed Asset Funds						
ESFA Capital Funds	-	55,959	(55,959)	-	-	-
Foundation Capital Donations	9,973	88	223	(88)	-	10,196
Fixed Assets Transferred on Conversion	12,322,618	-	-	-	-	12,322,618
Project Funded Assets	17,230	-	(12,164)	-	-	5,066
Assets Acquired with GAG Income	12,658	-	(19,021)	29,416	-	23,053
Assets Acquired with Foundation Donations	521,999	-	-	-	-	521,999
Assets Acquired with School Funds	22,500	-	(5,000)	-	-	17,500
	<u>12,906,978</u>	<u>56,047</u>	<u>(91,921)</u>	<u>29,328</u>	<u>-</u>	<u>12,900,432</u>
Total restricted funds	<u>9,318,462</u>	<u>14,311,806</u>	<u>(15,356,905)</u>	<u>-</u>	<u>2,414,000</u>	<u>10,687,363</u>
Total of funds	<u><u>9,318,462</u></u>	<u><u>15,446,807</u></u>	<u><u>(16,491,906)</u></u>	<u><u>-</u></u>	<u><u>2,414,000</u></u>	<u><u>10,687,363</u></u>

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

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

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	12,890,236	12,890,236
Current assets	-	153,934	10,196	164,130
Creditors due within one year	-	(497,003)	-	(497,003)
Provisions for liabilities and charges	-	(1,870,000)	-	(1,870,000)
	<u>-</u>	<u>(2,213,069)</u>	<u>12,900,432</u>	<u>10,687,363</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2017 £</i>	<i>Restricted funds 2017 £</i>	<i>Restricted fixed asset funds 2017 £</i>	<i>Total funds 2017 £</i>
Tangible fixed assets	-	-	12,895,901	12,895,901
Current assets	-	113,514	10,196	123,710
Creditors due within one year	-	(610,141)	-	(610,141)
Provisions for liabilities and charges	-	(2,297,000)	-	(2,297,000)
	<u>-</u>	<u>(2,793,627)</u>	<u>12,906,097</u>	<u>10,112,470</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(133,107)	(911,992)
Adjustment for:		
Depreciation charges	19,868	16,317
Bank interest received	(179)	(302)
(Increase)/decrease in debtors	(46,463)	91,072
Decrease in creditors	(16,493)	(10,031)
Capital grants from ESFA and other capital income	(27,929)	(28,030)
Defined benefit pension scheme cost less contributions payable	221,000	217,000
Defined benefit pension scheme finance cost	60,000	80,000
Net cash provided by/(used in) operating activities	<u>76,697</u>	<u>(545,966)</u>

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

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

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	<i>2017</i>
	£	£
Cash in hand	26,798	<i>32,841</i>
Overdraft facility repayable on demand	-	<i>(96,645)</i>
Total	26,798	<i>(63,804)</i>

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.

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

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

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 2016.

Contributions amounting to £94,867 were payable to the schemes at 31 August 2018 (2017 - £100,734) 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

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £542,000 (2017 - £596,000).

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

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

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 school has accounted for its contributions to the scheme as if it were a defined contribution scheme. The school has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £307,000 (2017 - £304,000), of which employer's contributions totalled £241,000 (2017 - £234,000) and employees' contributions totalled £66,000 (2017 - £70,000). The agreed contribution rates for future years are 19.5% 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:

	2018	<i>2017</i>
Discount Rate	2.80 %	<i>2.50 %</i>
Salary Increase Rate	2.80 %	<i>2.80 %</i>
Pension Increase Rate	2.40 %	<i>2.40 %</i>

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

	2018	<i>2017</i>
Retiring today		
Males	22.1 years	<i>22.1 years</i>
Females	24.4 years	<i>24.4 years</i>
Retiring in 20 years		
Males	24.1 years	<i>24.1 years</i>
Females	26.6 years	<i>26.6 years</i>

Sensitivity Analysis - Effect on Obligation	At 31 August 2018	<i>At 31 August 2017</i>
	£	<i>£</i>
0.5% Decrease in Real Discount Rate	813,000	<i>785,000</i>
0.5% Increase in Salary Increase Rate	137,000	<i>144,000</i>
0.5% Increase in Pension Increase Rate	666,000	<i>628,000</i>

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

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

20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	3,405,000	<i>3,183,000</i>
Bonds	700,000	<i>490,000</i>
Property	513,000	<i>367,000</i>
Cash	47,000	<i>41,000</i>
	<hr/>	<hr/>
Total market value of assets	4,665,000	<i>4,081,000</i>
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The actual return on scheme assets was £332,000 (2017 - £352,000).

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

	2018 £	<i>2017 £</i>
Current service cost	(462,000)	<i>(451,000)</i>
Interest income	105,000	<i>76,000</i>
Interest cost	(165,000)	<i>(156,000)</i>
	<hr/>	<hr/>
Total	(522,000)	<i>(531,000)</i>
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Movements in the present value of the defined benefit obligation were as follows:

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	6,378,000	<i>7,188,000</i>
Current service cost	462,000	<i>451,000</i>
Interest cost	165,000	<i>156,000</i>
Employee contributions	66,000	<i>70,000</i>
Changes in assumptions	(481,000)	<i>(1,430,000)</i>
Benefits paid	(55,000)	<i>(57,000)</i>
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Closing defined benefit obligation	6,535,000	<i>6,378,000</i>
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LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

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

20. PENSION COMMITMENTS (continued)

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

	2018	<i>2017</i>
	£	£
Opening fair value of scheme assets	4,081,000	<i>3,482,000</i>
Interest income	105,000	<i>76,000</i>
Return on assets excluding amounts included as interest	227,000	<i>276,000</i>
Employer contributions	241,000	<i>234,000</i>
Employee contributions	66,000	<i>70,000</i>
Benefits paid	(55,000)	<i>(57,000)</i>
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Closing fair value of scheme assets	4,665,000	<i>4,081,000</i>
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21. OPERATING LEASE COMMITMENTS

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

	2018	<i>2017</i>
	£	£
Amounts payable:		
Within 1 year	132,481	<i>119,772</i>
Between 1 and 5 years	110,557	<i>144,683</i>
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Total	243,038	<i>265,882</i>
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LINCOLN CHRIST'S HOSPITAL SCHOOL
(A company limited by guarantee)

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

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the school and the composition of the Governing Body being drawn from local public and private sector organisations, transactions may take place with organisations in which governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the school's financial regulations and normal procurement procedures relating to connected and related party transactions.

Income Related Party Transaction:

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 £430,858 for the hire of school facilities, recharge of staff costs and other contributions (2017 - £117,569). There is no balance outstanding at the year-end.

Expenditure Related Party Transaction:

Relatives of Governors:

J Hancock, spouse of D Gibbons, a governor, is employed by the school as a teacher. The governors confirm that the member of staff was fairly recruited and their performance has been managed in the normal way; their employment is considered to be of benefit to the school. J Hancock is paid within the normal pay scale for their role and receives no special treatment as a result of their relationship to a governor.

23. 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.

24. AGENCY ARRANGEMENTS

During the year, the school acted as agent in respect of the 16-19 Bursary. Income for the year was £39,727 and expenditure including administrative costs was £39,184. Including brought forward balance of £6,529, the remaining balance is £7,072 which is included in other creditors.