

Company Registration Number: 07591868 (England and Wales)

Lighthouse School
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2017

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Lighthouse School
Contents

	Page
Reference and Administrative Details	1
Trustees' Report	2
Governance Statement	8
Statement on Regularity, Propriety and Compliance	11
Statement of Trustees' Responsibilities	12
Independent Auditor's Report on the Financial Statements	13
Independent Reporting Accountant's Report on Regularity	15
Statement of Financial Activities incorporating Income & Expenditure Account	16
Balance Sheet	17
Statement of Cash Flows	18
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	19
Other Notes to the Financial Statements	22

Lighthouse School

Reference and Administrative Details

Members

Rada Grkinic
Catherine Parlett
Katherine Webber

Governors

Darren Cooper*	Appointed 5 October 2017
Matthew Cryer	
Rada Grkinic	
Pauline Hilling-Smith (Principal and Accounting Officer)*	Appointed 1 September 2016
Michelle Hoole	
Ian Hughes	Appointed 6 July 2017
Deborah Laycock	Appointed 18 May 2017
Angela Owen	Resigned 4 May 2017
Catherine Parlett* (Chair of Trustees)	
Geraint Pinches*	Resigned 15 May 2017
Emma Sullivan	
Jeremy Tuck	Appointed 5 October 2017
Suzanne Walker	Appointed 1 October 2016 – Resigned 9 May 2017

* members of the Finance and Resources Committee

Senior Management Team

Pauline Hilling-Smith	Principal
Michelle Hoole	Assistant Head Teacher
Siobhan Brady	Assistant Head Teacher
Victoria Eutace	Assistant Head Teacher
Katherine Atkinson	School Business Manager

Principal and Registered Office

Arthington House
Hospital Lane
Cookridge
Leeds
LS16 6QB

Company Registration Number

07591868 (England and Wales)

Independent Auditor

Gibson Booth
Chartered Accountants and Statutory Auditors
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

Bankers

Lloyds Bank
1st Floor
14 Church Street
Sheffield
LS1 1NX

Lighthouse School

Trustees' Report

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law. The school operates a free school academy for pupils aged 11 to 19 serving a catchment area of West and North Yorkshire.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. 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 The Lighthouse School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Lighthouse School.

Details of the trustees who served throughout the period except as noted 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.

Governors' insurance

The Governors Liability section of the RPA will indemnify Governors, members of the governing body or board of governors of the Academy; Employees of the Academy acting in a managerial capacity and any employee named as a co-defendant in a claim made against a Governor.

Principal Activities

The company was formed for the purposes of opening a free school for the provision of education pupils aged 11 to 19 with autism spectrum condition.

Method of Recruitment and Appointment or Election of Trustees

All of the governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The members may appoint up to 6 governors.

The local authority may appoint 1 governor.

A minimum of 2 parent governors shall be elected by parents of registered pupils at the free school.

The Members may appoint staff governors through such process as they may determine, provided that the total number of governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of governors.

The Principal shall be treated for all purposes as being an ex officio governor.

The Governing Body shall appoint a person who is the parent of a registered pupil at the free school; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of parent governors, including any question of whether a person is a parent of a registered pupil at the free school. Any election of parent governors which is contested shall be held by secret ballot.

The Governors may appoint co-opted governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being co-opted by governors who have not themselves been so appointed. The governors may not co-opt an employee of the Academy Trust as a co-opted governor if thereby the number of governors who are employees of the Academy Trust would exceed one third of the total number of governors (including the Principal).

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the school and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need in order to undertake their role as Governors.

Organisational Structure

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the School by the use of budgets and making major decisions about the direction of the School, capital expenditure and senior staff appointments. The Principal controls the school at an executive level implementing the policies laid down by the Governors and reporting back to them. A senior management team (SMT) supports the Principal in this role. The Principal is responsible for the appointing of all staff, with the involvement of key Governors.

Lighthouse School

Trustees' Report (continued)

Arrangements for setting pay and remuneration of key management personnel

The Lighthouse School has implemented a pay policy and performance management procedure which is endorsed annually by the Members with regards to the setting of key management personnel pay.

Following Performance Management meetings (comprising performance management governors, School Improvement Partner and key management personnel) pay recommendations within the pay scales of the pay policy currently in line with Teachers' national pay scales and NJC pay scales are sent to the Members along with evidence of targets met with guidance from the School Improvement Partner.

Connected Organisations including Related Party Relationships

The Academy has an active associated body, Lighthouse Futures Trust (previously called Friends of Lighthouse School) which assists the academy pupils and other young people on the autism spectrum into employment and work experience opportunities. The focus of activity has been a vision based around destination learning and has made significant progress by winning a DfE grant to set up a series of microbusinesses that will act as intensive incubators for work-based and business skills as well as directly employing some young people. The first business is the Lighthouse Union Store with a healthy deli, cards and gifts and re-loved clothes and will be situated within walking distance of the school. It will provide opportunities for up to 8 students across its first year. A further business involves pupils in horticulture and gardening activities. The Lighthouse Futures Trust have also undertaken many individual and small group activities to raise much needed funds for resources for the lighthouse school.

Lighthouse Futures Trust is a limited company and registered Charity. The trustees and directors are also directors and trustees of the Lighthouse School. In the financial year ending 31 March 2017 the charity generated an income of £196,538 (2016 £213,885) and incurred expenditure of £204,731 (2016 £136,602).

Objectives and Activities

Objects and Aims

In setting our objectives and planning our activities our Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. The Lighthouse School is a special school dedicated to providing high quality teaching and learning for young people with a diagnosis of autism. Working closely with all members of our community: children, staff, parents, governors and friends, the school aims to provide a safe, warm, caring, friendly and ordered atmosphere where students can thrive.

We want all children to leave The Lighthouse School happy, well-educated and as independent as possible with employability skills and relevant life skills that enable them to successfully transition to adulthood. We would like our students to have had many relevant work experience opportunities and we will assist students directly into internships, employment or college on leaving the school.

Aims:

- To promote students individual talents and abilities to the highest level;
- To provide a first class education;
- To offer relevant and varied curriculum personalised to meet individual needs;
- To use a range of research based strategies suitable for use with young people with ASC;
- To ensure a culture of learning;
- To develop resilient, responsible and reflective learners;
- To provide value for money;
- To comply with statutory requirements of provision for students.

We intend to regularly review the curriculum and organisational structure in order to improve the effectiveness of the school. Ensure that by operating in an innovative way, with secure partnerships across sectors and organisations the school will model to the pupils the world in which they will live and work.

The provision of high quality teaching and learning in an educational setting that will meet the academic, social, emotional and personal needs of the students with ASC in Leeds and surrounding areas. To give high levels of support to ensure effective transition both into the school and in moving on to the next stage of life providing guided pathways to employment, FE/HE and independent living.

Lighthouse School

Trustees' Report (continued)

Objectives: Strategies

Now we have met the growth plans for the school and we are exceeding expected numbers our primary priority is to maintain demand for places to ensure we are always at capacity.

We are implementing a curriculum based on the national curriculum and additional programmes; suitable for the specific needs of students with a diagnosis of ASC; across all the key stages. All students will access a broad and balanced curriculum to be as far as possible in line with mainstream settings. This will continue to be a key objective over the coming years. We also intend to ensure we maintain the high standards required to attract parents and their children to the school and achieve high OFSTED judgement.

Integrating the school into the community is an important strategic objective for the success of the school. In the long term the new school aims to be part of the wider community in Leeds and surrounding areas.

Public Benefit

The school has strong principles around benefits to the wider community and where appropriate will share good practice and skills with other ASC professionals within the region. Where possible events and opportunities for extracurricular activities will be opened up as appropriate to the wider ASC community.

There is evidence that the effective delivery of a dedicated education and training programme for children with ASC is a cost effective use of public funds. Parents of children with ASC often feel that mainstream schooling does not address the educational needs of pupils.

Strategic Report

Achievements and Performance

The school has reached capacity in numbers and is still in very high demand with 4 applications for each available place. Governors have as a result agreed to increase numbers. The building has been tremendous for the second year and maintenance costs have been reasonably low. All areas designed are fully utilised and it continues to create a calm and inspiring place to learn.

This year we have seen a broadening and deepening of the curriculum and provision at the school. This has included the installation of a MILE IMMERSIVE room which has brought the curriculum and destination vision to life.

The number of qualifications offered has been widened and have been carefully selected to meet the talents and interests of the students. We have achieved examination status for a number of exam boards and our first students sat GCSE in some subjects. Ten students gained grades in 13 subjects. All students entered achieved their entry level qualifications and all students achieved at an excellent level in personal targets.

There has been a transition of leadership and building of middle management and leadership at all levels.

We have continued to build the staff team and continue to attract highly skilled graduates who bring valuable knowledge of autism and child development to enhance the team. We have reaffirmed the vision and continue to debate how best we can put this into practice in our work every day. Our EHCP process has been praised by many and we now support other local authorities to continue to build on the quality and provide advice and guidance to others.

We have continued to enhance our partnership with parents through increased communication with families using an online photographic package as well as launching a fabulous new website. We have held our first prom and raised over £2,000 from the highly successful and much enjoyed Tour de Lighthouse. We also won the Leeds film festival with an inspirational clip about the robbery of a bank.

Appearances on local TV several times have enabled us to communicate and describe our special destination vision and career building work initiatives. Close monitoring of finance during times of change to Post 16 funding has been a challenge but we are still able to offer 5 day provision.

Speech and language continue to be a strong part of our curriculum offer with the school dedicating further SaLT capacity to ensure all students' needs are met. We believe as a school that all our students can and do make significant progress in this area which then feeds into higher performance in all other aspects of learning. Our Communication Consultant is part of the leadership team which enables speech and language strategies to be embedded in all aspects of school life.

The Well-being team have developed an area of outstanding therapeutic and well-being support for all students and combined with our excellent speech and language base both are enablers that support every student to be able to access learning in a positive and motivational way.

Our internship programmes through our charity Lighthouse Futures Trust have benefitted many students with 2 working at Yorkshire Water, one in Comms and one in catering. We have also had 2 students working in a commercial gardening business learning the many aspects of this business. Our first 2 leavers have successfully moved on to further education courses of their choice as a direct result of their experiences as interns.

The enrichment part of the school is recognised as a key part of building social and leisure skills and highly values by students and parents. Many of the activities are voted on by students and this year the ambitious trips and visits within the Shine Club have included trips to Flamingo Land, Barnsley Metrodome, Stockeld Park and many other cinema and bowling trips. Shine offer a club during the Easter and Summer holidays and is run by our own staff which means we have a strong understanding of the students' needs and what they can access so we are able to challenge and expand their experiences helping them to grow in self-esteem and confidence in the community.

Lighthouse School

Trustees' Report (continued)

Governors remain committed and dedicated to the vision and values of the school and their high level of support and high level of challenge is welcomed as we continue to develop our school, always striving for excellence with every student at the heart of what we do.

Key Performance Indicators

Teaching, Management and Governance

Extracts from the most recent OFSTED (March 2014) are:

- Students make good progress from their individual starting points in both their personal development and in gaining academic skills;
- Teaching is skilfully matched to students' individual needs. Careful planning of learning helps students take the small steps needed to develop their communication and social skills;
- Students' behaviour is managed well. An in-depth analysis of the behaviour that inhibits students' learning enables staff to promote improvements, including through the use of frequent rewards;
- The Principal provides dynamic leadership, ensuring that the ambitious vision for the school, shared by governors, staff and parents, is becoming a reality;
- The Principal and the governing body draw effectively on professional support to make sure they have a realistic view of the quality and impact of the school's provision;
- Based on this, through considerable training and support for staff, leaders have established consistent approaches resulting in good teaching and achievement.

Financial management

Income KPI's	KPI	Benchmark*
GAG Income as a % of Total Revenue Income	45%	93 - 96%
Staffing KPI's		
Staff Costs as a % of Total Revenue Expenditure	80%	70 - 80%
Teaching Staff Costs as a % of Total Revenue Expenditure	64%	55 - 65%
Teaching Staff Costs as a % of Total Staff Costs	79%	> 80%
Staff Costs as a % of Total Revenue Income	84%	70 - 75%
Other Expenditure KPI's		
Total Revenue Expenditure as a % of Total Revenue Income	104%	93 - 96%
Balance Sheet KPI's		
Cash Balances as a % of Total Revenue Income	18%	> 10%
Current Assets to Current Liabilities	2.8 times	1.2 - 3.5 times

**The benchmark figures is taken from data used by Education Academy Trust in their 70+ academies*

Going Concern

The Academy's activities, together with the factors likely to affect its future development, performance and position are set out in the achievements review above. The financial position of the company, its cash flows and liquidity position are detailed in the financial statements on pages 16 to 31.

The directors believe that the Academy is well placed to manage its business risks successfully. The directors have a reasonable expectation based on the preparation of a five year budget forecast that the Academy has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial Review

During the period the majority of the Academy's operating income was obtained from the Department for Education (DfE) in the form of grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2017, total revenue income of £1,148,967 was in excess of revenue expenditure of £1,200,446. The excess of expenditure over income for the year was £51,479.

At 31 August 2017 the net book value of fixed assets was £2,946,501 and movements in intangible and tangible fixed assets are shown in notes 11 and 12 to the financial statements. The assets are to be used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy held fund balances at 31 August 2017 of £2,884,482 comprising a deficit of £97,523 restricted general funds, £2,946,501 of fixed asset funds and £35,504 unrestricted funds (see note 15). The deficit of £97,523 on restricted general funds is after a provision for the deficit on defined benefit pension schemes of £272,000.

Lighthouse School

Trustees' Report (continued)

Reserves Policy

Lighthouse School is currently dependent on ESFA GAG and LEA income to sustain its activities. This means that if there were a reduction in GAG and LEA funding, it is likely that the Lighthouse School would have financial difficulties in the medium and short term.

In these circumstances the main concerns of the board would be to ensure that:

- pupils are provided a safe and secure environment, and
- future expenditure, related to the academy's Development Plan's strategic aims and developments, can be met, and
- staff can continue working and delivering high quality teaching and learning.

In order to address this risk, the Lighthouse School Trustees have agreed to hold contingency reserves designed to meet the cyclical needs of renewal, growth and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DfE.

Operational Reserve

Funding has been secured until 2017-2018 on the current funding arrangement with the ESFA. From 2018 -2019 the academy will be subject to the lagged funding arrangement. Reductions in the number of pupil numbers would significantly reduce the level of funding, but with the volume of applications for limited spaces, this is not considered a risk. The main risk is considered to be loss of top-up premium from the local authority, and in order to ensure a buffer, trustees agree that a reserve of £50,000 should be held to protect the school.

The reserves should be built up from the unrestricted (earned) income.

Asset Reserve

In addition to the operational reserve to be built up from unrestricted income the academy will build up a reserve from restricted reserves for the following reasons:

- to fund replacement fixtures and fittings, and learning equipment.

In these circumstances it has been calculated that reserves of £25,000 would be needed.

Principal Risks and Uncertainties

The Academy has undertaken work during the year to develop and embed a system of internal control, including financial, operational and risk management which is designed to protect the Academy's assets and reputation.

A risk register is maintained at the Academy and identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. Outlined below is a description of the principal risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

1. Funding

The Academy has considerable reliance on continued government funding through the ESFA and special needs 'top-up' funding from Local Authorities. In the year ended 31 August 2017 96% of the Academy's revenue funding was central and local government funded. It is envisaged the majority of income for the foreseeable future will be derived from public sources.

To mitigate this risk the academy will maintain and manage key relationships with the ESFA and local authorities, and will make every effort to ensure student numbers, the key driver of funding in the sector, will grow. In addition to ESFA funding the school is seeking community contributions to support the enrichment of the curriculum and the school's activities.

2. Minimise the risk of litigation against the Academy

Governors are aware of the need to ensure that the risks of litigation from employees, suppliers, parents, students and other stakeholders are minimised to prevent reputational damage and financial loss. Insurance cover remains a necessity for risk mitigation in this area.

3. Ensure on-going cash solvency

Management prepare detailed forecasts and implement internal controls to minimise the possibility of unexpected financial losses. Scrutiny of the financial information by Governors helps ensure due diligence in all areas of financial planning and cash management.

4. Academy premises

The Academy started the 2015-2016 year in the new premises. The risks and costs associated with the ownership of the building will need to be managed carefully.

Plans for Future Periods

The Lighthouse School will continue to offer a dedicated special education choice to parents of pupils with autism. The next 12 months will be focussed on establishing a strong combination of developing pupils' life skills and tailoring the curriculum to individual pupils' abilities and needs. As well as establishing the strong educational provision there will be a clear focus on recruitment using the evidenced progress being made by all pupils and the quality of the educational provision and resources.

Funds Held as Custodian Trustee for Others

There are no funds held on behalf of others.

Lighthouse School

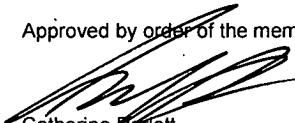
Trustees' Report (continued)

Auditors

In so far as the Trustees are aware:

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

Approved by order of the members of the governing body on 6 December 2017 and signed on its behalf by:



Catherine Barrett
Chair of Trustees

Lighthouse School

Governance Report

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that the Lighthouse 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 board of trustees has delegated the day-to-day responsibility to the Principal as accounting officer, for ensuring that financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Lighthouse School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdown 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 board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Actual	Out of a Possible
Darren Cooper	4	6
Rada Grkinic	5	6
Pauline Hilling-Smith	6	6
Michelle Hoole	6	6
Ian Hughes	1	1
Deborah Laycock	2	2
Angela Owen	5	6
Catherine Parlett	6	6
Geraint Pinches	1	5
Emma Sullivan	3	6
Suzanne Walker	2	4

The finance and resources committee is a sub-committee of the main board of trustees. Its purpose is to:

- Initial review and authorisation of the annual school budget;
- Regular monitoring of actual expenditure and income against budget;
- Ensuring that the school annual accounts are produced in accordance of the requirements of the Companies Act 2006 and the DfE and ESFA guidance issued to Academies;
- Authorising the award of contracts over £2,001;
- Authorising changes to the school personnel establishment;
- Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and controls. These reports must also be made available to the full Governing Body.

Attendance during the year at meetings of the Finance and Resources Committee was as follows:

Trustee	Meetings attended	Out of a possible
Darren Cooper	4	4
Catherine Parlett	4	4
Pauline Hilling-Smith	4	4
Geraint Pinches	0	4

Lighthouse School

Governance Report (continued)

Review of value for money

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

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

1. Improving educational outcomes.

We set high expectations for outcomes for our pupils. In the main, all children achieved higher than expected outcomes, with significant gains in language and communication.

2. Financial governance and oversight

The Academy benefit from a Governors' Finance committee with members including a consultant Academy Finance Manager with many years' experience, two governors who are qualified accountants and a Business Manager who is a qualified banker, part qualified accountant and has recently qualified in the Certificate in School Business Management. The committee review key financial policies, systems and procedures, including the use of tenders. Our consultant produces comprehensive monthly management accounts which are submitted to the committee and governing body.

The Academy received support throughout the year from its External Auditors on compliance and accounting practices.

The Trustees approved the budget and are mindful of the need to balance expenditure against income to ensure the Academy Trust remains a 'going concern'.

3. Better Purchasing

- Fitness for purpose; the trust reappraised and renegotiated a number of services and contracts this year to obtain quality and effectiveness for the least cost, for example; a licence with an online recruitment agency was negotiated at a lower price this year than last; training for the accounting package and budgeting software was provided by our consultant at a reduced cost; and a consultancy contract was ended early when the service provided was deemed to be poor quality.
- Benchmarking; the monthly accounts compare key financial performance indicators for the Academy to those of other Academy trusts to demonstrate that the Trust provides good value for money.
- Options appraisal; financial regulations and a scheme of delegation are in place and are adhered to. Three quotes are required for purchases between £1,000 and £9,999. In practice comparisons are made for most purchases to ensure the lowest price is obtained for comparable quality. For example the School tendered for a number of supplies and services in readiness for the move to the new premises. A minimum of 3 quotes were obtained for supplies and services and these were analysed and the quote providing the best value for money in each case was selected. Examples of these include; refuse collection, school meals catering, security and IT support services. For larger contracts such as the cleaning contract, the school utilised the services of the Crescent Purchasing Consortium.
- Economies of Scale; the school subscribed to a number of services operated by Leeds City Council to reduce costs, for example a service level agreement for Health and safety which provided us with a comprehensive suite of Health and safety policies, access to specialist advice and reduced delegate rates on training courses such as Team Teach.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Lighthouse School for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the Academy Trust 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 on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

Lighthouse School

Governance Report (continued)

The Risk and Control Framework

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

- budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- setting targets to measure financial and other performance;
- delegation of authority and segregation of duties;
- identification and management of risks.

The school employed the services of an internal audit firm during May 2017. The auditors visit the school during July 2017 and carried out a responsible officer examination of the financial records. A report of the findings will be considered by the governors and the recommendations implemented. A copy of the report was passed to the external auditors.

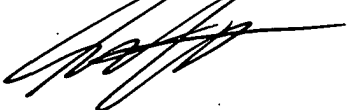
Review of Effectiveness

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

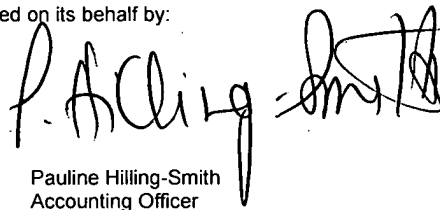
- the work of the peer reviewer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the governing body on 6 December 2017 and signed on its behalf by:



Catherine Parlett
Chair of Trustees



Pauline Hilling-Smith
Accounting Officer


Lighthouse School

Statement of Regularity, Propriety and Compliance

As accounting officer of The Lighthouse School, I have considered my responsibility to notify the Academy Trust Governing Body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016-2017.

I confirm that I and the Academy Trust governing body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016-2017.

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


Pauline Hilling-Smith
Accounting officer

6 December 2017

Lighthouse School

Statement of Trustees' Responsibilities

The trustees (who act as governors of The Lighthouse School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

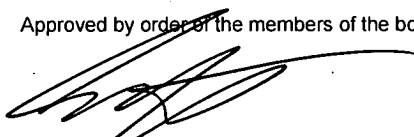
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 6 December 2017 and signed on its behalf by:



Catherine Parlett
Trustee

Lighthouse School

Independent Auditor's Report to the Members of The Lighthouse School

Opinion

We have audited the financial statements of The Lighthouse School for the year ended 31 August 2017, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017, 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 2016 to 2017 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Lighthouse School

Independent Auditor's Report to the Members of The Lighthouse School

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 auditor's 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Alistair Russell FCA
For and on behalf of
Gibson Booth Chartered Accountants
and Statutory Auditors
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

ART Russell

7/12/17

Lighthouse School

Independent Reporting Accountant's Assurance Report on Regularity to The Lighthouse School and the Education Funding Agency (continued)

In accordance with the terms of our engagement letter dated October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lighthouse School during the period from 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Lighthouse School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements The Lighthouse School's funding agreement with the Secretary of State for Education dated 11 July 2013 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. 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 period 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- an initial risk assessment, the result of which were used to tailor a specific work programme to ensure sufficient appropriate evidence could be obtained to support the conclusion; and
- a review of the academy trust's accounting and internal control procedures; and
- consideration and review of the evidence supporting the accounting officer's statement on regularity, propriety and compliance.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the year no independent checking of financial controls, systems, transactions and risks was carried out as required by the Academies Financial Handbook 2016-17.

Gibson Booth Chartered Accountants
New Court
Abbey Road North
Shepley
Huddersfield
HD8 8BJ

Gibson Booth

7/12/17

Lighthouse School

Statement of Financial Activities for the year ended 31 August 2017 (including Income and Expenditure Account)

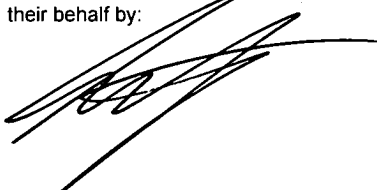
		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	Note	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	21,356	-	5,350	26,706	60,052
Charitable activities:						
Funding for the academy trust's						
educational operations	3	-	1,108,101	-	1,108,101	904,060
Other trading activities	4	18,937	-	-	18,937	29,445
Investments	5	573	-	-	573	375
Total		<u>40,866</u>	<u>1,108,101</u>	<u>5,350</u>	<u>1,154,317</u>	<u>993,932</u>
Expenditure on:						
Raising funds	6	19,528	-	-	19,528	26,710
Charitable activities:						
Academy trust educational operations	7	-	1,180,918	100,260	1,281,178	1,091,595
Total		<u>19,528</u>	<u>1,180,918</u>	<u>100,260</u>	<u>1,300,706</u>	<u>1,118,305</u>
Net income / (expenditure)		21,338	(72,817)	(94,910)	(146,389)	(124,373)
Transfers between funds	15	(19,000)	4,679	14,321	-	-
Other recognised losses:						
Actuarial losses on defined benefit pension schemes		-	(1,000)	-	(1,000)	(114,000)
Net movement in funds		<u>2,338</u>	<u>(69,138)</u>	<u>(80,589)</u>	<u>(147,389)</u>	<u>(238,373)</u>
Reconciliation of funds						
Total funds brought forward		33,166	(28,385)	3,027,090	3,031,871	3,270,244
Total funds carried forward		<u>35,504</u>	<u>(97,523)</u>	<u>2,946,501</u>	<u>2,884,482</u>	<u>3,031,871</u>

Lighthouse School

Balance Sheet as at 31 August 2017

		31 August 2017	31 August 2016
	Note	£	£
Fixed assets			
Intangible assets	11	-	-
Tangible assets	12	2,946,501	3,027,090
		<u>2,946,501</u>	<u>3,027,090</u>
Current assets			
Debtors	13	121,527	101,214
Cash at bank and in hand		206,771	200,943
		<u>328,298</u>	<u>302,157</u>
Creditors: Amounts falling due within one year	14	(118,317)	(129,376)
Net current assets		<u>209,981</u>	<u>172,781</u>
Net assets excluding pension liability		<u>3,156,482</u>	<u>3,199,871</u>
Defined benefit pension scheme liability	20	(272,000)	(168,000)
Total assets		<u>2,884,482</u>	<u>3,031,871</u>
Funds of the academy trust:			
Restricted funds			
General Funds	15	174,477	139,615
Fixed asset Reserve	15	2,946,501	3,027,090
Pension reserve	15	(272,000)	(168,000)
Total restricted funds		<u>2,848,978</u>	<u>2,998,705</u>
Unrestricted funds			
General Funds	15	35,504	33,166
Total unrestricted funds		<u>35,504</u>	<u>33,166</u>
Total funds		<u>2,884,482</u>	<u>3,031,871</u>

The financial statements on pages 16 to 31 were approved by the trustees, and authorised for issue on 6.12.17 and are signed on their behalf by:



Catherine Parlett
Chair of Governors

Lighthouse School

Statement of Cash Flows for the year ended 31 August 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	17	19,576	(175,509)
Cash flows from investing activities			
Interest received		573	375
Purchase of tangible fixed assets		(19,671)	(62,950)
Capital grants from DfE/ESFA		5,350	4,979
Donated fixed assets		-	53,350
		<u>(13,748)</u>	<u>(4,246)</u>
Change in cash and cash equivalents in the reporting period		<u>5,828</u>	<u>(179,755)</u>
Cash and cash equivalents at 1 September 2016		200,943	380,698
Cash and cash equivalents at the 31 August 2017		<u>206,771</u>	<u>200,943</u>

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2017

1 Statement of Accounting Policies

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

Basis of Preparation

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Lighthouse School meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Incoming Resources

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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

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

Other income

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

Donated goods, facilities and services

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on Raising Funds

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

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

Statement of Accounting Policies (continued)

Charitable activities

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

Intangible fixed assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows:

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

Tangible Fixed Assets

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

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

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

Freehold Land & Buildings	2% straight line
Furniture & equipment	20% straight line
IT equipment	25% straight line
Motor Vehicles	25% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

Statement of Accounting Policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 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 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.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education and other funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pensions 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 2017. 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.

The annual amortisation and depreciation charge for intangible and tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. See note 11 and 12 for the carrying amount of the intangible and tangible assets, and accounting policies for the amortisation and depreciation rates used for each class of assets.

Critical areas of judgement

No significant judgements have been made in the process of applying the entity's accounting policies.

Lighthouse School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

2 Donations and capital grants

	Unrestricted Funds	Restricted Funds	Total 2017
	£	£	£
Devolved capital grants	-	5,350	5,350
Donations	21,356	-	21,356
	<u>21,356</u>	<u>5,350</u>	<u>26,706</u>

	Unrestricted Funds	Restricted Funds	Total 2016
	£	£	£
Devolved capital grants	-	4,979	4,979
Donated fixed assets	-	53,350	53,350
Donations	1,723	-	1,723
	<u>1,723</u>	<u>58,329</u>	<u>60,052</u>

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2017
	£	£	£
DfE / ESFA grants			
General Annual Grant (GAG)	-	516,891	516,891
Start Up Grants	-	5,000	5,000
Pupil Premium	-	14,114	14,114
Other DfE/ESFA grants	-	4,000	4,000
	<u>-</u>	<u>540,005</u>	<u>540,005</u>
Other Government grants			
Local authority grants	-	568,096	568,096
	<u>-</u>	<u>1,108,101</u>	<u>1,108,101</u>

	Unrestricted Funds	Restricted Funds	Total 2016
	£	£	£
DfE / ESFA grants			
General Annual Grant (GAG)	-	430,097	430,097
Start Up Grants	-	14,403	14,403
Pupil Premium	-	9,817	9,817
Other DfE/ESFA grants	-	3,500	3,500
	<u>-</u>	<u>457,817</u>	<u>457,817</u>
Other Government grants			
Local authority grants	-	446,243	446,243
	<u>-</u>	<u>904,060</u>	<u>904,060</u>

Lighthouse School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

4 Other trading activities

	Unrestricted Funds	Restricted Funds	Total 2017
	£	£	£
Trips and meal income	10,922	-	10,922
Staff recharges	908	-	908
Other income	7,107	-	7,107
	18,937	-	18,937

	Unrestricted Funds	Restricted Funds	Total 2016
	£	£	£
Trips and meal income	7,354	-	7,354
Staff recharges	9,145	-	9,145
Other income	12,946	-	12,946
	29,445	-	29,445

5 Investment income

	Unrestricted Funds	Restricted Funds	Total 2017
	£	£	£
Bank interest	573	-	573
	573	-	573

	Unrestricted Funds	Restricted Funds	Total 2016
	£	£	£
Bank interest	375	-	375
	375	-	375

Lighthouse School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

6 Expenditure

	Non Pay Expenditure			Total
	Staff Costs	Premises	Other	2017
	£	£	£	£
Expenditure on raising funds	908	-	18,620	19,528
Academy's educational operations:				
Direct costs	764,237	-	143,447	907,684
Allocated support costs	197,422	62,972	113,100	373,494
	<u>962,567</u>	<u>62,972</u>	<u>275,167</u>	<u>1,300,706</u>

	Non Pay Expenditure			Total
	Staff Costs	Premises	Other	2016
	£	£	£	£
Expenditure on raising funds	9,145	-	17,565	26,710
Academy's educational operations:				
Direct costs	729,206	-	133,842	863,048
Allocated support costs	108,710	49,729	70,108	228,547
	<u>847,061</u>	<u>49,729</u>	<u>221,515</u>	<u>1,118,305</u>

Net income/(expenditure) for the period includes:

	2017	2016
	£	£
Operating lease rentals	2,039	2,039
Fees payable to auditor:		
Audit	4,000	3,500
Other services	<u>900</u>	<u>750</u>

7 Charitable Activities

	Total	Total
	2017	2016
	£	£
Direct costs – educational operations	907,684	863,048
Support costs – educational operations	<u>373,494</u>	<u>228,547</u>
	<u>1,281,178</u>	<u>1,091,595</u>

Analysis of support costs

	Total	Total
	2017	2016
	£	£
Support staff costs	197,422	108,710
Depreciation	12,979	11,805
Technology costs	13,653	11,893
Premises costs	62,972	49,729
Other support costs	81,568	42,160
Governance costs	<u>4,900</u>	<u>4,250</u>
Total support costs	<u>373,494</u>	<u>228,547</u>

Lighthouse School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2017 £	Total 2016 £
Wages and salaries	692,092	655,566
Social security costs	47,652	42,065
Operating costs of defined benefit pension schemes	177,909	98,450
	<u>917,653</u>	<u>796,081</u>
Non-contracted staff	44,914	40,980
Staff restructuring costs	-	10,000
	<u>962,567</u>	<u>847,061</u>
Staff restructuring costs comprise:		
Severance payments	-	10,000
	<u>962,567</u>	<u>10,000</u>

b. Non statutory/ non-contractual staff severance payments

Included in staff restructuring costs are non statutory/ non-contractual severance payments totalling £nil (2016 - £10,000).

c. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	2017 No.	2016 No.
Teachers	8	8
Administration and support	36	29
Management	1	1
	<u>45</u>	<u>38</u>

d. Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	-	1

e. Key management staff

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The amounts of employee benefits (including employer pension contributions) received by the key management personnel for their services to the academy trust was £177,157 (2016 - £130,246)

Lighthouse School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

9 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. Staff trustees only receive remuneration in respect of services they provide undertaking the roles of staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

	Salaries	Employer's pension costs
L Greatrex (resigned 31 August 2016)	£nil (2016: £60,000 - £65,000)	£nil (2016 £5,000 - £10,000)
M Hoole (appointed 24 September 2015)	£35,000 - £40,000 (2016: £35,000 - £40,000)	£5,000 - £10,000 (2016: £nil)
P Hilling-Smith (appointed 1 September 2016)	£15,000 - £20,000 (2016: £nil)	£nil (2016: £nil)

During the year ended 31 August 2017, expenses incurred by trustees on curriculum materials, office expenses and travel expenses totalling £nil (2016 - £421) were reimbursed to 0 trustees (2016 - 2).

Other related party transactions involving the trustees are set out in note 21.

10 Governors Insurance

The Governors Liability section of the RPA will indemnify Governors, members of the governing body or board of governors of the Academy; Employees of the Academy acting in a managerial capacity and any employee named as a co-defendant in a claim made against a Governor.

11 Intangible Fixed Assets

	Computer Software £000
Cost	
At 1 September 2016 and 1 September 2017	6,080
Amortisation	
At 1 September 2016	6,080
Charged in year	-
At 31 August 2017	6,080
Carrying amount	
At 31 August 2016	-
At 31 August 2017	-

12 Tangible Fixed Assets

	Freehold Land & Buildings £	Furniture & Equipment £	IT Equipment £	Motor Vehicles £	Total £
Cost					
At 1 September 2016	2,972,052	64,521	64,761	27,967	3,129,301
Additions	-	671	19,000	-	19,671
At 31 August 2017	2,972,052	65,192	83,761	27,967	3,148,972
Depreciation					
At 1 September 2016	59,433	16,421	21,113	5,244	102,211
Charged in year	59,441	12,979	20,848	6,992	100,260
At 31 August 2017	118,874	29,400	41,961	12,236	202,471
Carrying amount					
At 31 August 2017	2,853,178	35,792	41,800	15,731	2,946,501
At 31 August 2016	2,912,619	48,100	43,648	22,723	3,027,090

Lighthouse School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

13 Debtors

	2017	2016
	£	£
Trade debtors	73,325	60,346
Prepayments and accrued income	11,058	21,547
VAT recoverable	37,144	19,321
	<u>121,527</u>	<u>101,214</u>

14 Creditors: Amounts Falling due within one year

	2017	2016
	£	£
Trade creditors	75,261	82,637
Taxation and social security	12,572	12,011
Other creditors	10,605	-
Accruals and deferred income	19,879	34,728
	<u>118,317</u>	<u>129,376</u>

	2017	2016
	£	£
Deferred income		
Deferred income at 1 September	7,658	333
Released from previous year	(7,658)	-
Resources deferred in the year	-	7,325
Deferred income at 31 August	<u>-</u>	<u>7,658</u>

15 Funds

	Balance at 1 September 2016	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2017
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	-	516,891	(493,533)	(671)	22,687
Start Up Grant	139,615	5,000	(5,000)	-	139,615
Local authority grants	-	568,096	(561,271)	-	6,825
Pupil Premium	-	14,114	(14,114)	-	-
Other DfE/ESFA grants	-	4,000	(4,000)	5,350	5,350
Pension reserve	(168,000)	-	(103,000)	(1,000)	(272,000)
	<u>(28,385)</u>	<u>1,108,101</u>	<u>(1,180,918)</u>	<u>3,679</u>	<u>(97,523)</u>
Restricted fixed asset funds					
DfE/ESFA	2,416,736	5,350	(65,886)	(5,350)	2,350,850
DfE/ESFA revenue funding	5,413	-	(2,169)	671	3,915
Capital expenditure from unrestricted funds	22,027	-	(9,536)	19,000	31,491
Voluntary Income	582,914	-	(22,669)	-	560,245
	<u>3,027,090</u>	<u>5,350</u>	<u>(100,260)</u>	<u>14,321</u>	<u>2,946,501</u>
Total restricted funds	<u>2,998,705</u>	<u>1,113,451</u>	<u>(1,281,178)</u>	<u>18,000</u>	<u>2,848,978</u>
Unrestricted funds					
General unrestricted funds	33,166	40,866	(19,528)	(19,000)	35,504
	<u>33,166</u>	<u>40,866</u>	<u>(19,528)</u>	<u>(19,000)</u>	<u>35,504</u>
Total funds	<u>3,031,871</u>	<u>1,154,317</u>	<u>(1,300,706)</u>	<u>(1,000)</u>	<u>2,884,482</u>

Lighthouse School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

15 Funds (continued)

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

The other restricted general funds relate to grants and other income receivable from the DfE, ESFA and other sources towards the operating activities of the academy trust.

The restricted fixed asset funds represent the net book values of donated fixed assets purchased out of income from other resources which are held for the continuing use of the academy.

The transfer of £19,000 into the fixed asset fund represents fixed assets purchased using Voluntary Income.

16 Analysis of Net Assets between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	2,946,501	2,946,501
Current assets	35,504	292,794	-	328,298
Current liabilities	-	(118,317)	-	(118,317)
Pension scheme liability	-	(272,000)	-	(272,000)
Total net assets	<u>35,504</u>	<u>(97,523)</u>	<u>2,946,501</u>	<u>2,884,482</u>

17 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2017 £	2016 £
Net Expenditure	(146,389)	(124,373)
Capital grants from DfE (note 2)	(5,350)	(4,979)
Voluntary Income (note 2)	-	(53,350)
Interest receivable (note 5)	(573)	(375)
FRS 17 Pension cost less contribution payable (note 20)	100,000	23,000
FRS17 Finance cost	3,000	-
Amortisation (note 11)	-	1,520
Depreciation charges (note 12)	100,260	92,787
(Increase)/decrease in debtors	(20,313)	370,778
Decrease in creditors	(11,059)	(480,517)
Net cash provided/(used in) by Operating Activities	<u>19,576</u>	<u>(175,509)</u>

18 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.

19 Financial Commitments

Operating leases

At 31 August 2017 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Other		
Amounts due within one year	2,039	2,039
Amounts due between one and five years	677	2,719
	<u>2,716</u>	<u>4,758</u>

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2017 (continued)

20 Pension and Similar Obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund (WYPF). Both are multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1% The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation 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 pension costs paid to TPS in the period amounted to £41,909 (2016: £42,450).

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

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

Lighthouse School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

20 Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £60,000 (2016: £53,000), of which employer's contributions totalled £36,000 (2016: £33,000) and employees' contributions totalled £24,000 (2016: £20,000). The agreed contribution rates for future years are 9.3% for employers and between 5.50% and 6.80% 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	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.15%	3.40%
Rate of increase for pensions in payment/inflation	1.90%	1.90%
Discount rate for scheme liabilities	2.50%	2.00%
Inflation assumption (CPI)	1.90%	1.90%

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.1	22.7
Females	23.0	25.6
<i>Retiring in 20 years</i>		
Males	25.2	24.9
Females	27.0	28.0

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis of defined benefit obligations		
Discount rate +0.1%	513,000	335,000
Discount rate -0.1%	554,000	356,000
Mortality assumption – 1 year increase	517,000	334,000
Mortality assumption – 1 year decrease	549,000	356,000
CPI rate +0.1%	548,000	351,000
CPI rate -0.1%	518,000	339,000

The academy's share of the assets in the scheme were:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equity instruments	201,000	134,000
Debt instruments	12,000	27,000
Property	9,000	8,000
Other	39,000	8,000
Total market value of assets	261,000	177,000
Present value of scheme liabilities		
-funded	(533,000)	(345,000)
Deficit in scheme	(272,000)	(168,000)

The actual return on scheme assets was £25,000 (2016 - £24,000)

Lighthouse School

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Amounts recognised in the statement of financial activities

	2017	2016
	£	£
Current service cost	136,000	5,600
Net interest cost	3,000	-
Total operating charge	<u>139,000</u>	<u>5,600</u>

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

	2017	2016
	£	£
At 1 September	345,000	134,000
Current service cost	136,000	56,000
Interest cost	7,000	5,000
Employee contributions	24,000	20,000
Actuarial gain	22,000	133,000
Benefits paid	(1,000)	(3,000)
At 31 August	<u>533,000</u>	<u>345,000</u>

Changes in the fair value of academy's share of scheme assets:

	2017	2016
	£	£
At 1 September	177,000	103,000
Interest income	4,000	5,000
Actuarial gain/(loss)	21,000	19,000
Employer contributions	36,000	33,000
Employee contributions	24,000	20,000
Benefits paid	(1,000)	(3,000)
At 31 August	<u>261,000</u>	<u>177,000</u>

21 Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

The following transactions and balances arose with Lighthouse Futures Trust, a charitable company with common trustees:

	2017	2016
	£	£
Fixed asset donations	-	38,383
Revenue donations	20,518	1,533
Other income	-	3,554
Staff recharges	908	9,145
Recharges	-	2,217
Premises costs	-	510
Accrued income	-	16,868
Accruals and deferred income	-	510
Trade debtor	20,241	-

D Laycock, a trustee, has been paid £2,250 (2016 - £nil) for safeguarding and consultancy services.

P Hilling-Smith, the Principal and a trustee, has been paid £25,310 (2016 - £nil) for providing the services of Principal from 1 September 2016 to 31 March 2017. From 1 April 2017 P Hilling-Smith was included on the academy trust payroll.