

Company Registration Number: 07591868 (England and Wales)

Lighthouse School
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2019



Lighthouse School

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Lighthouse School

Reference and Administrative Details

Members

Rada Grkinic
Caroline Mitchell
Catherine Parlett
Katherine Webber

Governors

Darren Cooper*
Matthew Cryer
Rada Grkinic
Pauline Hilling-Smith
Michelle Hoole
Ian Hughes*
Deborah Laycock
Catherine Parlett* (Chair of Trustees)
Emma Sullivan (Principal and Accounting Officer)*
Robert Tuck

Resigned 3 October 2018

Resigned 3 October 2019

Appointed 3 October 2018

* members of the Finance and Resources Committee

Senior Management Team

Emma Sullivan
Michelle Hoole
Daniel Sitkin
Diane Kitching
Katherine Atkinson

Principal
Assistant Principal
Assistant Principal
Assistant Principal
School Business Manager

Principal and Registered Office

Lighthouse School
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 Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the period 1 September 2018 to 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law. The 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 Governors 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.

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.

Governors' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers through its membership of the Department of Education's Risk Protection Arrangement.

Method of Recruitment and Appointment or Election of Governors

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 Governors

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 Trust has been awarded ESFA funds to assist with the placement of students as interns at major employers in the area, e.g. John Lewis Partnership, KPMG, and Yorkshire Water. A further focus of activity has been a vision based around destination learning and have 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.

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 a 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.

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.

Lighthouse School

Trustees' Report (continued)

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. Governors have, as a result, agreed to increase numbers for students on roll. The school building is in the fourth year of delivery and remains a positive environment. Maintenance costs have been reasonably low, although there has been an increase in financial investment in improvements and maintenance due to growth and wear and tear. All areas designed are fully utilised and it continues to create a calm and inspiring place to learn. Space is starting to become an issue to accommodate the growth in students and associated staff members. IT infrastructure has again had some additional investment to support a growing community of staff and students in school, this will need more investment in the future.

The school continues to broaden and deepen the curriculum and provision at the school. The school has invested in an online student progress tracking system to enable parents, teachers and the senior team to view student progress and ensure timely action to support student achievement.

The number of qualifications offered has been widened and carefully selected to meet the talents and interests of the students. We have examination status for a number of exam boards and a range of GCSEs are on offer including English and Maths. All students were successful in their examinations in June 2019 which has supported their next steps into college, volunteering and employment.

Leadership and Management has been reshaped to include a Principal and two Vice Principals.

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 developed a clear strategy in how we embed our destination led ethos every day through the four cornerstones of the school. The four cornerstones are Curriculum, Speech and Language, Wellbeing and Skills and Experiences (Life/Work).

The school's 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 a range of events, training programmes and social media platforms. The school invested in becoming a National Autistic Society Teenlife provider. The school has run three Teenlife 6 week parental support programmes for free to support families and students with life outside of school which has been highly successful.

In October 2017 the school received an OFSTED Section 5 inspection which rated the school as Good.

The strengths of the school were identified as follows:

- Your school is clearly putting its motto, "inspiring bright futures", into practice.
- Since the previous inspection, leaders have developed a robust assessment process to track pupils' progress.
- Leaders have created a positive climate throughout the school so pupils enjoy learning and being creative.
- Since the last inspection, teaching has improved so that pupils make rapid and sustained progress.
- Leaders are ambitious and expect the very best in pastoral support and outcomes for pupils.
- Senior leaders and governors have ensured that all safeguarding arrangements are fit for purpose and that records are detailed and of high quality.
- Leaders and governors are proud of the school and the improvements made since the last inspection.
- Staff talk confidently about the four "cornerstones" of the provision being: well-being, speech and language development, the curriculum, and skills and experiences on offer, with long-term destinations being the thread to pull them together.
- Pupils are well prepared for their next steps because they have clear goals, supported by careers guidance, appropriate accreditation outcomes and a range of experiences to support their personal development.
- The communication and sensory needs of pupils are properly assessed and, as a result, all staff know how to adapt lessons appropriately.

Lighthouse School

Trustees' Report (continued)

- The staff provide a wealth of support to pupils throughout the school day, both in terms of curriculum and well-being.
- Training for staff is rigorous and bespoke to the needs of the pupils

The areas for improvement were to:

- Further strengthen the quality of teaching, learning and assessment so that it is consistently strong in all subjects, especially science and mathematics
- Identify the impact that planned improvements should have and clarify what success will look like, so that developments can be evaluated effectively.

A key focus for the school in 2018-19 was improvement in Teaching and Learning with a new Teaching and Learning policy launched and utilized throughout the year. The school now has a rigorous quality assurance system and a vibrant teaching and learning group, which has strengthened the quality of teaching and learning across the school. The students have also benefited from some key teaching appointments which has improved student learning of core subjects. A whole school approach to reviewing school's operational practice supported the creation of the School Development Plan, which clearly addressed the required improvements and the success factors to measure impact. The School Development plan was supported by the Trustees with clear actions for leadership and governance and the plan had a demonstrable impact in all areas of the school.

Close monitoring of the school's finance is required due to the complexities of SEN student funding and the different requirements and working methodologies of 4 local authorities that school is required to work with. School finances are an improving picture due to growth in student numbers, additional exceptional funding requests, fundraising and successful grant applications.

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

Financial management

Based on the data used to complete the 2018-2019 school resource management self-assessment tool the analysis illustrates that the school is operating broadly in line with similar schools. Where its operating costs are outside of similar schools it reflects the school objectives to provide a supportive and safe environment for students to develop and learn. Education support staff are the backbone of the teaching and learning at the Lighthouse School. Led by professional teaching staff the support staff deliver the individual learning programmes for students while caring for their physical and emotional needs. Administrative staff underpin the compliance environment to ensure the school is a safe environment for the students

A. Spending as a percentage of total expenditure		
Spend on teaching staff as a percentage of total expenditure	26.6%	Lowest 10% of similar schools
Spend on supply staff as a percentage of total expenditure	3.4%	Broadly in line with similar schools
Spend on education support staff as a percentage of total expenditure	41.8%	Highest 10% of similar schools
Spend on administrative and clerical staff as a percentage of total expenditure	11.2%	Highest 10% of similar schools
Spend on other staff costs as a percentage of total expenditure	1.4%	Broadly in line with similar schools
Spend on premises (including staff costs) as a percentage of total expenditure	5.5%	Broadly in line with similar schools
Spend on teaching resources as a percentage of total expenditure	2.3%	Broadly in line with similar schools
Spend on energy as a percentage of total expenditure	1.3%	Broadly in line with similar schools
B. Reserves / balances as a percentage of total income		
In-year balance as a percentage of total income	23.3%	Low risk
Revenue reserve as a percentage of total income	19.5%	Low risk
C. School characteristics		
Average teacher cost (£)	£54,406	Broadly in line with similar schools
Senior leaders as a percentage of workforce	0.5%	Broadly in line with similar schools
Pupil to teacher ratio	7.3	Broadly in line with similar schools
Pupil to adult ratio	1.6	Broadly in line with similar schools

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 17 to 33.

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.

Lighthouse School

Trustees' Report (continued)

Financial Review

During the year the majority of the Academy's operating income was obtained from the Department for Education (DfE) and LEA in the form of grants, the use of which is restricted to particular purposes. The grants received from the DfE and LEA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2019, total revenue income of £1,693,773 was in excess of revenue expenditure of £1,685,057. The excess of income over expenditure for the year was £8,716.

At 31 August 2019 the carrying amount of fixed assets was £2,793,901 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 2019 of £2,449,515 comprising a deficit of £423,459 on restricted general funds, £2,793,901 of fixed asset funds and £79,073 unrestricted funds (see note 15). The deficit of £423,459 on restricted general funds is after a provision for the deficit on defined benefit pension schemes of £743,000.

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 31 August 2020 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 funding level, 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 2019 95% 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.

Lighthouse School

Trustees' Report (continued)

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.

Fundraising

During the financial period the school received donations from a number of charities and other organisations. These totalled £32,890 in 2018/19 (2017/2018 £2,500). The school received a single donation of £20,000 from the Foyle Foundation to equip a Apple computer suite. As in the previous year donations (£4,733) came from the PTA who held fundraising events on a regular basis. A large donation (£4,312) was made by Cash for Kids to sponsor a school "Enterprise Challenge". The school also received a donation of £1,021 from the Rotary Club.

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.

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 27 November 2019 and signed on its behalf by:



Catherine Parlett
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 5 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	3	5
Matthew Cryer	5	5
Rada Grknic	3	5
Pauline Hilling-Smith	0	1
Michelle Hoole	3	5
Ian Hughes	4	5
Deborah Laycock	3	5
Catherine Parlett	5	5
Emma Sullivan	5	5
Robert Tuck	3	5

Oversight of funds

The Trustees meet a minimum of 4 times per financial period where they consider the financial health and performance of the school against the approved budget. These reports are presented to Trust Board by the Chair (a qualified ACA accountant) of the Finance, Resources and Building subcommittee. The subcommittee considers in detail the latest monthly management accounts, variances to budget and considers requests to action expenditure not previously approved by the Trustees and the related financial impact. In addition the school business manager produces each month management accounts that are distributed to the Trust Chair, Chair of the Finance, Resources and Building subcommittee and the Principal/Accounting Officer who are able to raise queries and follow up on any matters raised in the report.

The Finance and Resources Committee is a sub-committee of the main board of trustees. Its purpose is:

- 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 with the requirements of the Companies Act 2006 and the DfE and ESFA guidance issued to Academies;
- Authorising the award of contracts over £5,000;
- Authorising changes to the school personnel establishment;
- Reviewing the reports 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	3	3
Catherine Parlett	3	3
Emma Sullivan	1	3
Ian Hughes	3	3

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 2018 to 31 August 2019 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 2019 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 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.

Lighthouse School

Governance Report (continued)

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Gibson Booth, the external auditor, to perform additional checks. This role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

The external auditors report to the board of trustees, through the Finance and Resources committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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 external auditor, including the additional checks performed and reports provided;
- 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 27 November 2019 and signed on its behalf by:



Catherine Parlett
Chair of Trustees



Emma Sullivan
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 2018.

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 2018.

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

A handwritten signature in black ink, consisting of a stylized 'E' followed by a long horizontal line.

Emma Sullivan
Accounting officer

27 November 2019

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:

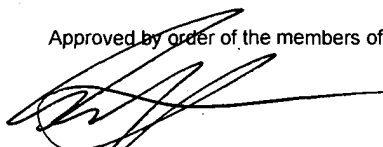
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 27 November 2019 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 (the 'academy trust') for the year ended 31 August 2019, 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 2018 to 2019 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 academy trust's affairs as at 31 August 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education 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 (continued)

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
- 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.

Use of our report

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.

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

28/11/19

Lighthouse School

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

In accordance with the terms of our engagement letter dated 20 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lighthouse School during the period from 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by 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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

28/11/19

Lighthouse School

Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

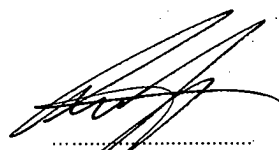
		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	Note	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	12,980	-	33,620	46,600	8,066
Charitable activities:						
Funding for the academy trust's educational operations	3	-	1,609,253	-	1,609,253	1,340,904
Other trading activities	4	70,938	-	-	70,938	33,701
Investments	5	602	-	-	602	437
Total		<u>84,520</u>	<u>1,609,253</u>	<u>33,620</u>	<u>1,727,393</u>	<u>1,383,108</u>
Expenditure on:						
Raising funds	6	52,064	-	-	52,064	25,437
Charitable activities:						
Academy trust educational operations	7	-	1,632,993	101,952	1,734,945	1,500,022
Total		<u>52,064</u>	<u>1,632,993</u>	<u>101,952</u>	<u>1,787,009</u>	<u>1,525,459</u>
Net income / (expenditure)		32,456	(23,740)	(68,332)	(59,616)	(142,351)
Transfers between funds	15	-	(6,449)	6,449	-	-
Other recognised gains and losses:						
Actuarial (losses)/gains on defined benefit pension schemes		-	(303,000)	-	(303,000)	70,000
Net movement in funds		<u>32,456</u>	<u>(333,189)</u>	<u>(61,883)</u>	<u>(362,616)</u>	<u>(72,351)</u>
Reconciliation of funds						
Total funds brought forward		46,617	(90,270)	2,855,784	2,812,131	2,884,482
Total funds carried forward		<u>79,073</u>	<u>(423,459)</u>	<u>2,793,901</u>	<u>2,449,515</u>	<u>2,812,131</u>

Lighthouse School

Balance Sheet as at 31 August 2019

		31 August 2019	31 August 2018
	Note	£	£
Fixed assets			
Intangible assets	11	-	-
Tangible assets	12	2,793,901	2,855,784
		<u>2,793,901</u>	<u>2,855,784</u>
Current assets			
Debtors	13	49,063	17,298
Cash at bank and in hand		470,188	329,381
		<u>519,251</u>	<u>346,679</u>
Creditors: Amounts falling due within one year	14	(120,637)	(73,332)
Net current assets		<u>398,614</u>	<u>273,347</u>
Net assets excluding pension liability		<u>3,192,515</u>	<u>3,129,131</u>
Defined benefit pension scheme liability	20	(743,000)	(317,000)
Total net assets		<u><u>2,449,515</u></u>	<u><u>2,812,131</u></u>
Funds of the academy trust:			
Restricted funds			
General Funds	15	319,541	226,730
Fixed asset Reserve	15	2,793,901	2,855,784
Pension reserve	15	(743,000)	(317,000)
Total restricted funds		<u>2,370,442</u>	<u>2,765,514</u>
Unrestricted income funds	15	79,073	46,617
Total funds		<u><u>2,449,515</u></u>	<u><u>2,812,131</u></u>

The financial statements on pages 16 to 32 were approved by the trustees, and authorised for issue on 27 November 2019 and are signed on their behalf by:



 Catherine Parlett
 Chair of Governors

Lighthouse School

Statement of Cash Flows for the year ended 31 August 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	17	<u>166,564</u>	<u>124,279</u>
Cash flows from investing activities			
Interest received		602	437
Purchase of tangible fixed assets		(40,069)	(7,760)
Capital grants from DfE/ESFA		<u>13,710</u>	<u>5,654</u>
		<u>(25,757)</u>	<u>(1,669)</u>
Change in cash and cash equivalents in the reporting period		140,807	122,610
Cash and cash equivalents at 1 September 2018		329,381	206,771
Cash and cash equivalents at the 31 August 2019		<u><u>470,188</u></u>	<u><u>329,381</u></u>

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2019

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 2018 to 2019 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 2019

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 & fixtures	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 2019

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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 2019 (continued)

2 Donations and capital grants

	Unrestricted Funds	Restricted Funds	Total 2019
	£	£	£
Devolved capital grants	-	13,710	13,710
Donations	12,980	19,910	32,890
	<u>12,980</u>	<u>33,620</u>	<u>46,600</u>
	Unrestricted Funds	Restricted Funds	Total 2018
	£	£	£
Devolved capital grants	-	5,654	5,654
Donations	2,412	-	2,412
	<u>2,412</u>	<u>5,654</u>	<u>8,066</u>

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2019
	£	£	£
DfE / ESFA grants			
General Annual Grant (GAG)	-	676,251	676,251
Pupil Premium	-	14,804	14,804
Other DfE/ESFA grants	-	6,427	6,427
	<u>-</u>	<u>697,482</u>	<u>697,482</u>
Other Government grants			
Local authority grants	-	911,771	911,771
	<u>-</u>	<u>1,609,253</u>	<u>1,609,253</u>
	Unrestricted Funds	Restricted Funds	Total 2018
	£	£	£
DfE / ESFA grants			
General Annual Grant (GAG)	-	583,547	583,547
Pupil Premium	-	14,625	14,625
Other DfE/ESFA grants	-	3,500	3,500
	<u>-</u>	<u>601,672</u>	<u>601,672</u>
Other Government grants			
Local authority grants	-	739,232	739,232
	<u>-</u>	<u>1,340,904</u>	<u>1,340,904</u>

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2019

4 Other trading activities

	Unrestricted Funds	Restricted Funds	Total 2019
	£	£	£
Trips and meal income	15,789	-	15,789
Staff recharges	35,617	-	35,617
Other income	19,532	-	19,532
	<u>70,938</u>	<u>-</u>	<u>70,938</u>

	Unrestricted Funds	Restricted Funds	Total 2018
	£	£	£
Trips and meal income	13,701	-	13,701
Staff recharges	15,114	-	15,114
Other income	4,886	-	4,886
	<u>33,701</u>	<u>-</u>	<u>33,701</u>

5 Investment income

	Unrestricted Funds	Restricted Funds	Total 2019
	£	£	£
Bank interest	602	-	602
	<u>602</u>	<u>-</u>	<u>602</u>

	Unrestricted Funds	Restricted Funds	Total 2018
	£	£	£
Bank interest	437	-	437
	<u>437</u>	<u>-</u>	<u>437</u>

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2019

6 Expenditure

	Non Pay Expenditure			Total
	Staff Costs	Premises	Other	2019
	£	£	£	£
Expenditure on raising funds	33,633	-	18,431	52,064
Academy's educational operations:				
Direct costs	1,132,585	-	135,749	1,268,334
Allocated support costs	294,886	73,736	97,989	466,611
	<u>1,461,104</u>	<u>73,736</u>	<u>252,169</u>	<u>1,787,009</u>

	Non Pay Expenditure			Total
	Staff Costs	Premises	Other	2018
	£	£	£	£
Expenditure on raising funds	7,887	-	17,550	25,437
Academy's educational operations:				
Direct costs	954,534	-	123,338	1,077,872
Allocated support costs	278,366	64,622	79,162	422,150
	<u>1,240,787</u>	<u>64,622</u>	<u>220,050</u>	<u>1,525,459</u>

Net income/(expenditure) for the period includes:

	2019	2018
	£	£
Operating lease rentals	2,039	2,039
Fees payable to auditor:		
Audit	4,150	4,000
Other services	<u>2,350</u>	<u>650</u>

7 Charitable Activities

	Total	Total
	2019	2018
	£	£
Direct costs – educational operations	1,268,334	1,077,872
Support costs – educational operations	<u>466,611</u>	<u>422,150</u>
	<u>1,734,945</u>	<u>1,500,022</u>

Analysis of support costs

	Total	Total
	2019	2018
	£	£
Support staff costs	294,886	278,366
Depreciation	12,796	11,835
Technology costs	22,763	14,769
Premises costs	73,736	64,622
Other support costs	54,943	44,992
Governance costs	<u>7,487</u>	<u>7,566</u>
Total support costs	<u>466,611</u>	<u>422,150</u>

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Notes to the Financial Statements for the period ended 31 August 2019

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2019 £	Total 2018 £
Wages and salaries	1,085,070	920,761
Social security costs	82,283	69,951
Operating costs of defined benefit pension schemes	237,151	213,055
	<u>1,404,504</u>	<u>1,203,767</u>
Non-contracted staff	56,600	25,634
Recharges	-	7,886
Staff restructuring costs	-	3,500
	<u>1,461,104</u>	<u>1,240,787</u>
Staff restructuring costs comprise:		
Severance payments	-	3,500
	<u>-</u>	<u>3,500</u>

b. Non statutory/ non-contractual staff severance payments

Included in staff restructuring costs are non statutory/ non-contractual severance payments totalling £nil (2018 - £3,500).

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	9	8
Administration and support	53	45
Management	5	2
	<u>67</u>	<u>55</u>

d. Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	1	-

e. Key management personnel

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 £256,640 (2018 - £288,938)

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Notes to the Financial Statements for the period ended 31 August 2019

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
E Sullivan	£60,000 - £65,000 (2018: £55,000 - £60,000)	£10,000 - £15,000 (2018: £5,000 - £10,000)
M Hoole	£45,000 - £50,000 (2018: £35,000 - £40,000)	£5,000 - £10,000 (2018: £5,000 - £10,000)
D Laycock	£nil - £5,000 (2018: £nil - £5,000)	£5,000 - £10,000 (2018: £nil - £5,000)
P Hilling-Smith	£nil - £5,000 (2018: £40,000 - £45,000)	£nil - £5,000 (2018: £5,000 - £10,000)

During the year ended 31 August 2019, no expenses were reimbursed to trustees (2018 - £nil).

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
Cost	£
At 1 September 2018 and 31 August 2019	6,080
Amortisation	
At 1 September 2018 and 31 August 2019	6,080
Carrying amount	
At 31 August 2019	-
At 31 August 2018	-

12 Tangible Fixed Assets

	Freehold Land & Buildings	Furniture & Fixtures	IT Equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2018	2,975,992	69,012	83,761	27,967	3,156,732
Additions	-	3,725	36,344	-	40,069
At 31 August 2019	2,975,992	72,737	120,105	27,967	3,196,801
Depreciation					
At 1 September 2018	178,394	41,235	62,091	19,228	300,948
Charged in year	59,520	12,796	22,644	6,992	101,952
At 31 August 2019	237,914	54,031	84,735	26,220	402,900
Carrying amount					
At 31 August 2019	2,738,078	18,706	35,370	1,747	2,793,901
At 31 August 2018	2,797,598	27,777	21,670	8,739	2,855,784

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Notes to the Financial Statements for the period ended 31 August 2019

13 Debtors

	2019	2018
	£	£
Trade debtors	4,794	1,591
Prepayments and accrued income	34,447	12,822
VAT recoverable	9,822	2,885
	<u>49,063</u>	<u>17,298</u>

14 Creditors: Amounts Falling due within one year

	2019	2018
	£	£
Trade creditors	56,881	18,126
Taxation and social security	19,376	19,680
Other creditors	16,463	13,992
Accruals and deferred income	27,917	21,534
	<u>120,637</u>	<u>73,332</u>

	2019	2018
	£	£
Deferred income		
Deferred income at 1 September	-	-
Released from previous year	-	-
Deferred income at 31 August	<u>-</u>	<u>-</u>

15 Funds

	Balance at 1 September 2018	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2019
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	-	676,251	(350,261)	(6,449)	319,541
Start Up Grant	139,615	-	(139,615)	-	-
Local authority grants	87,115	911,771	(998,886)	-	-
Pupil Premium	-	14,804	(14,804)	-	-
Other DfE/ESFA grants	-	6,427	(6,427)	-	-
Pension reserve	(317,000)	-	(123,000)	(303,000)	(743,000)
	<u>(90,270)</u>	<u>1,609,253</u>	<u>(1,632,993)</u>	<u>(309,449)</u>	<u>(423,459)</u>
Restricted fixed asset funds					
DfE/ESFA	2,293,687	13,710	(63,273)	-	2,244,124
DfE/ESFA revenue funding	4,814	-	(1,992)	6,449	9,271
Capital expenditure from unrestricted funds	19,706	-	(10,285)	-	9,421
Voluntary Income	537,577	19,910	(26,402)	-	531,085
	<u>2,855,784</u>	<u>33,620</u>	<u>(101,952)</u>	<u>6,449</u>	<u>2,793,901</u>
Total restricted funds	<u>2,765,514</u>	<u>1,642,873</u>	<u>(1,734,945)</u>	<u>(303,000)</u>	<u>2,370,442</u>
Unrestricted funds					
General unrestricted funds	46,617	84,520	(52,064)	-	79,073
	<u>46,617</u>	<u>84,520</u>	<u>(52,064)</u>	<u>-</u>	<u>79,073</u>
Total funds	<u>2,812,131</u>	<u>1,727,393</u>	<u>(1,787,009)</u>	<u>(303,000)</u>	<u>2,449,515</u>

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2019

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 2019.

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 £6,449 into the fixed asset fund represents fixed assets purchased using voluntary income.

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

	Balance at 1 September 2017	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	22,687	583,547	(604,128)	(2,106)	-
Start Up Grant	139,615	-	-	-	139,615
Local authority grants	6,825	739,232	(658,942)	-	87,115
Pupil Premium	5,350	14,625	(19,975)	-	-
Other DfE/ESFA grants	-	3,500	(3,500)	-	-
Pension reserve	(272,000)	-	(115,000)	70,000	(317,000)
	<u>(97,523)</u>	<u>1,340,904</u>	<u>(1,401,545)</u>	<u>67,894</u>	<u>(90,270)</u>
Restricted fixed asset funds					
DfE/ESFA	2,350,850	5,654	(65,200)	-	2,291,304
DfE/ESFA revenue funding	3,915	-	(1,073)	2,106	4,948
Capital expenditure from unrestricted funds	31,491	-	(9,536)	-	21,955
Voluntary Income	560,245	-	(22,668)	-	537,577
	<u>2,946,501</u>	<u>5,654</u>	<u>(98,477)</u>	<u>2,106</u>	<u>2,855,784</u>
Total restricted funds	<u>2,848,978</u>	<u>1,346,558</u>	<u>(1,500,022)</u>	<u>70,000</u>	<u>2,765,514</u>
Unrestricted funds					
General unrestricted funds	35,504	36,550	(25,437)	-	46,617
	<u>35,504</u>	<u>36,550</u>	<u>(25,437)</u>	<u>-</u>	<u>46,617</u>
Total funds	<u>2,884,482</u>	<u>1,383,108</u>	<u>(1,525,459)</u>	<u>70,000</u>	<u>2,812,131</u>

16 Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	2,793,901	2,793,901
Current assets	79,073	440,178	-	519,251
Current liabilities	-	(120,637)	-	(120,637)
Pension scheme liability	-	(743,000)	-	(743,000)
Total net assets	<u>79,073</u>	<u>(423,459)</u>	<u>2,793,901</u>	<u>2,449,515</u>

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2019

16 Analysis of Net Assets between Funds (continued)

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

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	2,855,784	2,855,784
Current assets	46,617	300,062	-	346,679
Current liabilities	-	(73,332)	-	(73,332)
Pension scheme liability	-	(317,000)	-	(317,000)
Total net assets	<u>46,617</u>	<u>(90,270)</u>	<u>2,855,784</u>	<u>2,812,131</u>

17 Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net Expenditure	(59,616)	(142,351)
Capital grants from DfE (note 2)	(13,710)	(5,654)
Interest receivable (note 5)	(602)	(437)
Defined benefit pension scheme cost less contribution payable (note 20)	115,000	109,000
Defined benefit pension scheme finance cost	8,000	6,000
Depreciation (note 12)	101,952	98,477
Decrease/(increase) in debtors	(31,765)	104,229
Decrease in creditors	47,305	(44,985)
Net cash used in by Operating Activities	<u>166,564</u>	<u>124,279</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 2019 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2019 £	2018 £
Other		
Amounts due within one year	719	336
Amounts due between one and five years	2,518	-
	<u>3,237</u>	<u>336</u>

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2019

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' 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% 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 September 2019.

The pension costs paid to TPS in the period amounted to £52,253 (2018: £46,055).

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 period ended 31 August 2019

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 2019 was £114,000 (2018: £93,000), of which employer's contributions totalled £71,000 (2018: £58,000) and employees' contributions totalled £43,000 (2018: £35,000). The agreed contribution rates for future years are 17% for employers and between 5.5% and 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	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.25%	3.25%
Rate of increase for pensions in payment/inflation	2.00%	2.00%
Discount rate for scheme liabilities	1.90%	2.80%
Inflation assumption (CPI)	2.00%	2.00%

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 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.2	22.1
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	23.2	23.1
Females	27.2	27.1

Sensitivity analysis of defined benefit obligations

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 August 2019 is set below:

	At 31 August 2019 £	At 31 August 2018 £
Discount rate +0.1%	1,507,000	669,000
Discount rate -0.1%	1,625,000	722,000
Mortality assumption – 1 year increase	1,514,000	675,000
Mortality assumption – 1 year decrease	1,616,000	715,000
CPI rate +0.1%	1,582,000	714,000
CPI rate -0.1%	1,549,000	676,000

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

	Fair value at 31 August 2019	Fair value at 31 August 2018
		£
Equity instruments	638,000	282,000
Debt instruments	123,000	54,000
Property	36,000	16,000
Other	25,000	26,000
Total market value of assets	822,000	378,000
Present value of scheme liabilities		
-funded	(1,565,000)	(695,000)
Deficit in scheme	<u>(743,000)</u>	<u>(317,000)</u>

The actual return on scheme assets was £346,000 (2018: £27,000)

Lighthouse School

Notes to the Financial Statements for the period ended 31 August 2019

Amounts recognised in the statement of financial activities

	2019	2018
	£	£
Current service cost	186,000	167,000
Net interest cost	8,000	6,000
Total operating charge	<u>194,000</u>	<u>167,000</u>

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

	2019	2018
	£	£
At 1 September	695,000	533,000
Current service cost	186,000	167,000
Interest cost	20,000	14,000
Employee contributions	43,000	35,000
Actuarial (gain)/loss	637,000	(51,000)
Benefits paid	<u>(16,000)</u>	<u>(3,000)</u>
At 31 August	<u>1,565,000</u>	<u>695,000</u>

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

	2019	2018
	£	£
At 1 September	378,000	261,000
Interest income	12,000	8,000
Actuarial gain	334,000	19,000
Employer contributions	71,000	58,000
Employee contributions	43,000	35,000
Benefits paid	<u>(16,000)</u>	<u>(3,000)</u>
At 31 August	<u>822,000</u>	<u>378,000</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 and in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transaction took place in the financial year.

Expenditure related party transactions

Lighthouse Futures Trust, a charitable company with common trustees, recharged costs of £8,879 (2018: £5,576) to the academy trust during the year. A balance of £5,824 was outstanding at 31 August 2019 (2018: £nil). No profit was included in the recharges and the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

Income related party transactions

The academy trust recharged costs of £33,711 (2018: £15,114) to Lighthouse Futures Trust, a charitable company with common trustees, during the year. A balance of £3,731 was outstanding at 31 August 2019 (2018: £8,632).