

THE LIGHTHOUSE TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017



Haines Watts
Chartered Accountants & Registered Auditors
Bridge House
157A Ashley Road
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THE LIGHTHOUSE TRUST

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THE LIGHTHOUSE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Miss S Ashley (Accounting officer)
Mr D Dickinson (Chair of trustees)
Mr A Aldridge
Mrs J Chadwick
Mrs M J Golinski
Ms L Kendrick
Mr M McKay
Mrs M Milner
Miss A J Mountford
Mrs K Whitmore (appointed 1 September 2017)

Members

Mr D Dickinson
Mr A Aldridge
Mrs J Chadwick

Senior management team

- Head teacher
- Deputy head teacher
- Assistant head teacher
- Assistant head teacher
- Business & operations manager
- Teacher/data manager
- Teacher/team manager
- Teacher/Team leader

Miss S Ashley
Mrs M Milner
Miss E Ford
Mr M McKay
Mr P Dale
Mrs S Rochester
Mrs J Shufflebotham
Miss S Sinnott

Company name

The Lighthouse Trust

Company registration number

09671531 (England and Wales)

Registered office

c/o New Ford Academy
Brownley Road
Smallthorne
Stoke-on-Trent
ST6 1PY

Independent auditor

Haines Watts, Bridge House, 157A Ashley Road, Hale,
Altrincham, WA14 2UT

Bankers

Lloyds Bank PLC, PO Box 1000, BX1 1LT

Solicitors

Slater & Gordon, 58 Moseley Street, Manchester, M2 3HZ

THE LIGHTHOUSE TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 4 to 11 serving a catchment area in Smallthorne and Sneyd Green. It has a pupil capacity of 480 and had a roll of 475 in the school census on 14 October 2016.

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 trustees of The Lighthouse Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year 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.

Trustees' indemnities

The insurance cover provided for trustees and officers is up to £1,000,000 on any one claim.

Method of recruitment and appointment or election of trustees

The academy trust should have the following trustees as set out in its articles of association and funding agreement:

- A minimum of 2 parent trustees (governors) who are elected by the trust.
- A minimum of 2 community trustees (governors) who are elected by the trust.

Any new trustee (governor) would be appointed based on an assessment of the member's skill set.

Policies and procedures adopted for the induction and training of trustees

The trustees (members) are responsible for setting general policy, adopting annual plan and budget, approving the statutory accounts, monitoring the academy by the use of budgets and other data, and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The trustees and board of trustees have devolved responsibility for day to day management of the academy to the head teacher and senior leadership team (SLT). Details of the SLT are included in the reference and administrative details on page 1. The SLT implement the policies ratified. The head teacher is the accounting officer.

Organisational structure

The trustees and board of trustees have devolved responsibility for day to day management of the academy to the head teacher and senior leadership team (SLT). Details of the SLT are included in the reference and administrative details on page 1. The SLT implement the policies ratified. The head teacher is the accounting officer.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting the pay of the academy's key management personnel is based upon clear performance management targets and pupil outcomes. Pay is benchmarked against other academies of a similar size and socio-demographics.

Related parties and other connected charities and organisations

The Lighthouse Trust is not connected to any other charity or organisation.

THE LIGHTHOUSE TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and activities

Objects and aims

The academy's objectives and aims are to advance for the public benefit of education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

Objectives, strategies and activities

The Lighthouse Trust is committed to ensuring that every child develops a love of learning and aims to be the best that they can be. The trust aims to build a community where children:

- Respect themselves and other people.
- Think for themselves and make sensible decisions.
- Have their own voice and know that they are listened to equally.
- Have the confidence and skills to communicate with others.
- Know how to cope when things go wrong.
- Are part of a community with the school at the centre.
- Have a positive outlook for the future.
- The trust aims to achieve this through its key values of:
Ambition, Respect, Empathy, Resilience, Self-Belief, Independence and Honesty.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. Examples of activities in which the academy has ensured charitable purposes for the public benefit include:

- holding events for the benefit of the local community (charity fundraising events, weekly parent and toddler group, fayres, use of the hall for local groups);
- subsidising school trips and visits; and
- providing a free academy sweatshirt for each new pupil.

Strategic report

Achievements and performance

End of year assessment point	Academic year 2016-17 % Achieved expected & above
<u>End of Foundation Stage</u>	
Reading	75%
Writing	75%
Number	88%
SSM	82%
Good Level Development	65%
Year 1 Phonics Check	82%
<u>End of Key Stage 1</u>	
Reading	78%
Writing	73%
Maths	77%
Science	82%
Combined RWM	72%
<u>End of Key Stage 2</u>	
Reading	70%
Writing	76%
Maths	63%
Grammar Punctuation & Spelling	86%
Science	86%
Combined RWM	53%

THE LIGHTHOUSE TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key performance indicators

At the End of Foundation Stage, our results for those achieving the Expected Standard in July 2017 are above the LA Average in reading, writing, number and SSM, with National data not yet published.

At end of Year 1 Phonics check, our results for those achieving the Expected Standard in July 2017 are above the LA Average and equal to National.

At the End of Key Stage 1, our results for those achieving the Expected Standard in July 2017 are above the LA Average in all areas and are above National for Expected standard in reading, writing, maths & these subjects combined.

At the End of Key Stage 2, our results for those achieving the Expected Standard in July 2017 are above the LA Average in reading, writing and grammar and above National at the Expected standard in grammar and in line with National at the Expected standard in writing.

Analysis of achievement data for pupil attainment and progress demonstrates that the board of trustees has utilised its financial resources, including the Pupil Premium Grant, to ensure that pupils achieve well and make progress at least in line with National or better.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes.

During the period ended 31 August 2017 total expenditure of £2,195,000 was covered by recurrent grant funding from the ESFA. The excess of income over expenditure totalled £36,000 for the period

Reserves policy

The trustees review the reserve levels of the academy annually. The review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of reserves. The trustees have determined that the usual appropriate level of free reserves should be equivalent to approximately £150,000. This is to provide sufficient working capital to cover one month's staff salary and unexpected emergencies. The academy's current level of free reserves (total funds less the amount held in fixed assets restricted fund but excluding the pension reserve) is £134,000.

Investment policy

The academy will look to invest any surplus funds it has in short term deposits which, whilst not generating substantial returns, do ensure that the academy can gain easy access to its funds and minimise its exposure to any losses.

Principal risks and uncertainties

The main risks to which The Lighthouse Trust is exposed relate mainly to:

- Changes in government legislation and funding.
- Reduction in pupil numbers.
- Potential of reduced funding and cash flow.

Financial and risk management objectives and policies

Trustees examine the financial health every term, reviewing performance against budgets and overall expenditure by means of regular update reports at full trustees' meetings. The trustees also regularly review cash flow to ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

THE LIGHTHOUSE TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees recognise that the defined benefit scheme deficit (Local Government Pension Scheme) represents a significant potential liability. However, as the trustees consider that the academy is able to meet its known annual contribution commitments for the unforeseeable future, the risk from this liability is minimised.

Plans for future periods

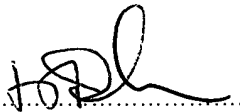
The board of trustees continually reviews and plans for work to improve the facilities available to provide enhanced opportunities for its pupils, staff and the community.

Auditor

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.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 14.12.17 and signed on its behalf by:



Mr D Dickinson
Chair of trustees

THE LIGHTHOUSE TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Lighthouse Trust 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 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 Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows (numbers also include sub-committees):

Trustee	Meetings attended	Out of a possible
Miss S Ashley (Head teacher/accounting officer)	6	6
Mr D Dickinson (Chair of trustees)	6	6
Mr A Aldridge	6	6
Mrs J Chadwick	6	9
Mrs M J Golinski	2	6
Ms L Kendrick	3	6
Mr M McKay	4	6
Mrs M Milner	6	6
Miss A J Mountford	1	6
Mrs K Whitmore	0	6

The trustees (governors) regularly review the range of skills available in their membership, regularly attend training and identify personal development opportunities. The trust intends to complete self-evaluation exercises on an annual basis.

Review of value for money

As accounting officer the head teacher 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 academy 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:

- commencing the academy's own Care Club (before and after school provision); and
- increasing the use of its facilities by allowing community groups to use the hall during evenings.

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 Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

THE LIGHTHOUSE TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Capacity to handle risk

The board of trustees 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 board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

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:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint Haines Watts as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Reviewing the academy's website and ensuring it complied with the requirements of the DfE and the Academies Financial Handbook.
- Checking that the bank was reconciled and authorised.
- Reviewing the trial balance and bank statements for material and/or unusual items.
- Regularity and propriety – checking of all invoices (purchase order, non-purchase order, charge card and petty cash) for one month. Checking charge cards have supporting receipts for all transactions for one month.
- Checking that controls over expenditure are operating as documented and effectively.
- Reviewing the register of pecuniary interests.
- Reviewing the statutory records for members of the trust and check the minimum number required per the Articles of Association is adhered to. Where new members have been appointed, checking that appropriate documentation has been signed with regards to the guarantee.
- Reviewing pupil premium information reported on the academy's website – checking template covers DfE requirements, agreeing income to remittances & expenditure to invoices.

On a quarterly basis, the auditor reports to the board of trustees, through the Leadership & Management Governors' Committee, on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

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 internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

THE LIGHTHOUSE TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Leadership and Management Governors' Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 14.12.17 and signed on its behalf by:


Miss S Ashley
Accounting officer


Mr D Dickinson
Chair of trustees

THE LIGHTHOUSE TRUST

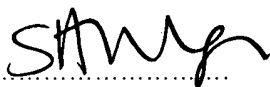
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of The Lighthouse Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Miss S Ashley
Accounting officer

Date: 14.12.17

THE LIGHTHOUSE TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for The Lighthouse Trust and are also the directors of The Lighthouse Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued 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 accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 14/12/17 and signed on its behalf by:



Mr D Dickinson
Chair of trustees

THE LIGHTHOUSE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LIGHTHOUSE TRUST

FOR THE YEAR ENDED 31 AUGUST 2017

Opinion

We have audited the accounts of The Lighthouse Trust for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

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 accounts' 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 accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

THE LIGHTHOUSE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LIGHTHOUSE TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 charitable company, 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 accounts 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 accounts.

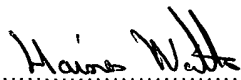
A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE LIGHTHOUSE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LIGHTHOUSE TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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



John Whittick BSc FCA (Senior Statutory Auditor)

for and on behalf of Haines Watts

Chartered Accountants

Statutory Auditor

Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Dated: 14/4/17

THE LIGHTHOUSE TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE LIGHTHOUSE TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2017

In accordance with the terms of our engagement letter dated 21 December 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lighthouse Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Lighthouse Trust's funding agreement with the Secretary of State for Education dated 30 August 2016 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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 LIGHTHOUSE TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE LIGHTHOUSE TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

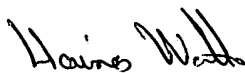
FOR THE YEAR ENDED 31 AUGUST 2017

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

Conclusion

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



Haines Watts
Reporting Accountant

Dated: 14/07

THE LIGHTHOUSE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2017 £000
Income and endowments from:					
Donations and capital grants	3	-	1	9	10
Donations - transfer from local authority on conversion	23	102	(470)	6,511	6,143
Charitable activities:					
- Funding for educational operations	4	-	2,230	-	2,230
Other trading activities	5	167	-	-	167
Total income and endowments		<u>269</u>	<u>1,761</u>	<u>6,520</u>	<u>8,550</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	135	2,319	189	2,643
Total expenditure	6	<u>135</u>	<u>2,319</u>	<u>189</u>	<u>2,643</u>
Net income/(expenditure)		134	(558)	6,331	5,907
Transfers between funds		-	(11)	11	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	17	-	54	-	54
Net movement in funds		134	(515)	6,342	5,961
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		<u>134</u>	<u>(515)</u>	<u>6,342</u>	<u>5,961</u>

THE LIGHTHOUSE TRUST

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £000	£000
Fixed assets			
Tangible assets	11		6,342
Current assets			
Debtors	12	50	
Cash at bank and in hand		187	
		<u>237</u>	
Current liabilities			
Creditors: amounts falling due within one year	13	(78)	
		<u></u>	
Net current assets			159
Net assets excluding pension liability			6,501
Defined benefit pension liability	17		(540)
			<u></u>
Net assets			5,961
			<u></u>
Funds of the academy trust:			
Restricted funds	15		
- Fixed asset funds			6,342
- Restricted income funds			25
- Pension reserve			(540)
			<u></u>
Total restricted funds			5,827
Unrestricted income funds	15		134
			<u></u>
Total funds			5,961
			<u></u>

The accounts were approved by the board of trustees and authorised for issue on 14.12.17 and are signed on its behalf by:


 Mr D Dickinson
 Chair of trustees

Company Number 09671531

THE LIGHTHOUSE TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £000	£000
Cash flows from operating activities			
Net cash provided by operating activities	18		96
Cash funds transferred on conversion			102
			<u>198</u>
Cash flows from investing activities			
Capital grants from DfE and ESFA		9	
Payments to acquire tangible fixed assets		(20)	
		<u></u>	(11)
Change in cash and cash equivalents in the reporting period			<u>187</u>
Cash and cash equivalents at 1 September 2016			-
Cash and cash equivalents at 31 August 2017			<u><u>187</u></u>

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 accounts 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 accounts.

1.3 Income

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

Grants receivable

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 period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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.

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.

1.5 Tangible fixed assets and depreciation

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. Where there are specific conditions attached to the funding that require the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

Leasehold land & buildings	50 years straight line
Leasehold improvements	50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line

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.

1.6 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.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged on a straight line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 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.

1.10 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 and the assets are held separately from those of the academy trust.

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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 17, 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 are 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.

1.11 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 funders where the asset acquired or created is held for a specific purpose.

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

1.12 PFI arrangements

The academy has a PFI arrangement in place which covers maintenance and facility management arrangements. Payments are accounted for in the period to which they relate. The academy buildings were built under a PFI agreement, as at 31 August 2017 the agreement had a further 8 years to run. The local authority will continue to pay the unitary charge to the PFI provider under the pre-existing PFI contract. In turn, the academy trust will continue to pay the local authority but there may be a shortfall, known as an affordability gap, which fluctuates based on the number of pupils attending the school in any given academic year. The local authority will fund the affordability gap until the contract expires.

1.13 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method. The assets and liabilities transferred on conversion from the local authority to the academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out by The Lighthouse Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 23.

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 Critical accounting estimates and areas of judgement

Accounting 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.

Disclose the key assumptions concerning the future, other key sources of estimation uncertainty at the reporting date, and the nature and carrying amount at the end of the reporting period of assets and liabilities. The main example that would apply to academy trusts is the estimates used in the valuing the local government pension scheme. As an example;

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000
Capital grants	-	9	9
Other donations	-	1	1
	<hr/>	<hr/>	<hr/>
	-	10	10
	<hr/>	<hr/>	<hr/>

The income from donations and capital grants was £10,000 of which £1,000 was restricted general funds and £9,000 was restricted fixed assets.

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

4 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000
DfE / ESFA grants			
General annual grant (GAG)	-	1,656	1,656
Start up grants	-	25	25
Other DfE / ESFA grants	-	228	228
	-	1,909	1,909
Other government grants			
Local authority grants	-	321	321
Total funding	-	2,230	2,230

The income from funding for educational operations was £2,230,000 of which £2,230,000 was restricted.

The academy trust received £321,000 from the local authority in the year, being £79,000 High Needs funding, £54,000 pupil premium, £5,000 capital grant, £29,000 universal free school meals and £154,000 early years.

There were no unfulfilled conditions or other contingencies relating to grants in the year.

5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000
Hire of facilities (can modify)	1	-	1
Catering income	46	-	46
Other income	120	-	120
	167	-	167

The income from other trading activities was £167,000 of which £167,000 was unrestricted.

6 Expenditure

	Staff costs £000	Premises & equipment £000	Other costs £000	Total 2017 £000
Academy's educational operations				
- Direct costs	925	114	73	1,112
- Allocated support costs	954	283	294	1,531
	1,879	397	367	2,643

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure

Net income/(expenditure) for the year includes:	2017 £000
Fees payable to auditor for audit services	7
Operating lease rentals	5
Depreciation of tangible fixed assets	189
Net interest on defined benefit pension liability	11
	<u> </u>

7 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000
Direct costs - educational operations	135	977	1,112
Support costs - educational operations	-	1,531	1,531
	<u>135</u>	<u>2,508</u>	<u>2,643</u>

Analysis of costs **2017 £000**

Direct costs

Teaching and educational support staff costs	913
Staff development	12
Depreciation and amortisation	114
Technology costs	13
Educational supplies and services	31
Other direct costs	29
	<u>1,112</u>

Support costs

Support staff costs	954
Depreciation and amortisation	75
Maintenance of premises and equipment	147
Cleaning	33
Rent and rates	5
Insurance	23
Security and transport	1
Catering	121
Interest on pension deficit	11
Other support costs	127
Governance costs	34
	<u>1,531</u>

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Charitable activities

The expenditure on educational operations was £2,643,000 of which £135,000 was unrestricted, £2,319,000 was restricted and £189,000 was restricted fixed assets.

Maintenance of premises includes PFI charges totalling £100,000. These amounts are paid to the local authority, are index linked and the academy is committed to these payments until 2025.

8 Staff costs

	2017 £000
Wages and salaries	1,371
Social security costs	117
Operating costs of defined benefit pension schemes	358
Staff costs	1,846
Supply staff costs	21
Staff development and other staff costs	12
Total staff expenditure	1,879

Staff numbers

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

	2017 Number
Teachers	15
Administration and support	52
Management	8
	75

Higher paid staff

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

	2017 Number
£60,001 - £70,000	1

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 total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust were £438,745.

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Trustees' remuneration and expenses

The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

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

S Ashley (Head teacher and trustee)
Remuneration: £60,001 - £65,000
Employer's pension contributions: £10,001 - £15,000

M Milner (Staff trustee)
Remuneration: £55,001 - £60,000
Employer's pension contributions: £5,001 - £9,500

M McKay (Staff trustee)
Remuneration: £40,001 - £45,000
Employer's pension contributions: £5,001 - £10,000

I Kendrick (Staff trustee)
Remuneration: £15,501 - £20,000
Employer's pension contributions: £1 - £5,000

J Mountford (Staff trustee)
Remuneration: £20,001 - £25,000
Employer's pension contributions: £1 - £5,000

During the year, no expenses were reimbursed to trustees.

10 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £761. The cost of this insurance is included in the total insurance cost.

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Tangible fixed assets

	Leasehold land & buildings £000	Leasehold improvements £000	Computer equipment £000	Fixtures, fittings & equipment £000	Total £000
Cost					
At 1 September 2016	-	-	-	-	-
Transfer on conversion	-	-	60	197	257
Additions	6,254	4	11	4	6,273
	<u>6,254</u>	<u>4</u>	<u>11</u>	<u>4</u>	<u>6,273</u>
At 31 August 2017	6,254	4	71	201	6,530
	<u>6,254</u>	<u>4</u>	<u>71</u>	<u>201</u>	<u>6,530</u>
Depreciation					
At 1 September 2016	-	-	-	-	-
Charge for the year	125	-	23	40	188
	<u>125</u>	<u>-</u>	<u>23</u>	<u>40</u>	<u>188</u>
At 31 August 2017	125	-	23	40	188
	<u>125</u>	<u>-</u>	<u>23</u>	<u>40</u>	<u>188</u>
Net book value					
At 31 August 2017	6,129	4	48	161	6,342
	<u>6,129</u>	<u>4</u>	<u>48</u>	<u>161</u>	<u>6,342</u>

Land and buildings have been included at their net book value transferred from the local authority. The land remains under the local authority's ownership and the buildings are under a 125 year lease under which peppercorn rent is payable.

12 Debtors

	2017 £000
VAT recoverable	17
Prepayments and accrued income	33
	<u>50</u>

13 Creditors: amounts falling due within one year

	2017 £000
Trade creditors	3
Other taxation and social security	28
Accruals and deferred income	47
	<u>78</u>

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

14	Deferred income	2017
		£000
	Deferred income is included within:	
	Creditors due within one year	34

At the balance sheet date, the academy trust was holding £33,904 received in advance for Universal Infant Free School Meals grant.

15	Funds			Gains, losses and transfers	Balance at 31 August 2017
		Income	Expenditure	£000	£000
		£000	£000		
	Restricted general funds				
	General Annual Grant	1,656	(1,636)	(20)	-
	Start up grants	25	(25)	-	-
	Other DfE / ESFA grants	228	(212)	9	25
	Other government grants	321	(321)	-	-
	Other restricted funds	1	(1)	-	-
		<u>2,231</u>	<u>(2,195)</u>	<u>(11)</u>	<u>25</u>
	Funds excluding pensions	2,231	(2,195)	(11)	25
	Pension reserve	(470)	(124)	54	(540)
		<u>1,761</u>	<u>(2,319)</u>	<u>43</u>	<u>(515)</u>
	Restricted fixed asset funds				
	Transferred on conversion	6,511	(188)	-	6,323
	DfE / ESFA capital grants	9	-	(9)	-
	Capital expenditure from GAG	-	(1)	20	19
		<u>6,520</u>	<u>(189)</u>	<u>11</u>	<u>6,342</u>
	Total restricted funds	<u>8,281</u>	<u>(2,508)</u>	<u>54</u>	<u>5,827</u>
	Unrestricted funds				
	General funds	269	(135)	-	134
	Total funds	<u>8,550</u>	<u>(2,643)</u>	<u>54</u>	<u>5,961</u>

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15 Funds

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

Restricted general funds are those that have been designated restricted by the grant provider in meeting the objects of the academy.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objectives of the academy.

Unrestricted funds are those which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees.

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

The transfer from General Annual Grant restricted general fund to restricted fixed asset funds is to meet the cost of fixed asset additions for which there was no specific capital funding in the year.

16 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2017 £000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	6,342	6,342
Current assets	-	237	-	237
Creditors falling due within one year	134	(212)	-	(78)
Defined benefit pension liability	-	(540)	-	(540)
	<u>134</u>	<u>(515)</u>	<u>6,342</u>	<u>5,961</u>

17 Pensions 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 Staffordshire County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Pensions and similar obligations

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

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

The employer's pension costs paid to the TPS in the period amounted to £118,000

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.5% for employers and 5.5 to 12.5% for employees.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 23) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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.

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Pensions and similar obligations

Total contributions made	2017 £000
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Employer's contributions	127
Employees' contributions	33

Total contributions	160
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Principal actuarial assumptions	2017 %
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Rate of increases in salaries	2.8
Rate of increase for pensions in payment	2.4
Discount rate	2.5

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

	2017 Years
Retiring today	
- Males	22.1
- Females	24.4
Retiring in 20 years	
- Males	24.1
- Females	26.4

Scheme liabilities would have been affected by changes in assumptions as follows:

Sensitivity analysis

Changes in assumptions at 31 August 2017	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	17%	149
0.5% increase in the Pension Increase Rate	14%	122
0.5% increase in the Salary Increase Rate	3%	24

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Pensions and similar obligations

The academy trust's share of the assets in the scheme

2017
Fair value
£000

Bonds	41
Cash	13
Equities	260
Property	27
	<hr/>
Total market value of assets	341
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Actual return on scheme assets - gain/(loss)	30
	<hr/>

Amounts recognised in the statement of financial activities

2017
£000

Current service cost	240
Interest income	(5)
Interest cost	16
	<hr/>
Total operating charge	251
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Changes in the present value of defined benefit obligations

2017
£000

Obligations acquired on conversion	621
Current service cost	240
Interest cost	16
Employee contributions	33
Actuarial gain	
	<hr/>
At 31 August 2017	881
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Changes in the fair value of the academy trust's share of scheme assets

2017
£000

Assets acquired on conversion	151
Interest income	5
Actuarial gain	25
Employer contributions	127
Employee contributions	33
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At 31 August 2017	341
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THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Reconciliation of net income to net cash flows from operating activities

	2017 £000
Net income/(expenditure) for the reporting period	5,907
Adjusted for:	
Net deficit/(surplus) transferred on conversion	(6,143)
Capital grants from DfE/ESFA and other capital income	(9)
Defined benefit pension costs less contributions payable	113
Defined benefit pension net finance	11
Depreciation of tangible fixed assets	189
(Increase) in debtors	(50)
Increase in creditors	78
Net cash provided by operating activities	96

19 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £000
Amounts due within one year	5
Amounts due in two and five years	10
	<u>15</u>

20 Capital commitments

	2017 £000
Expenditure contracted for but not provided in the accounts	<u>27</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 academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

No related party transaction took place in the period of account.

THE LIGHTHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

23 Conversion to an academy

On 1 September 2016 the New Ford Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Lighthouse Trust from the Stoke Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Net assets transferred:				2017 £000
Leasehold land and buildings				6,254
Other tangible fixed assets				257
Cash				102
LGPS pension surplus/(deficit)				(470)
				<u>6,143</u>
	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2017 £000
Funds surplus/(deficit) transferred:				
Fixed assets funds	-	-	6,511	6,511
LA budget funds	102	-	-	102
LGPS pension funds	-	(470)	-	(470)
	<u>102</u>	<u>(470)</u>	<u>6,511</u>	<u>6,143</u>

Land and buildings have been included at their net book value transferred from the local authority. The land remains under the local authority's ownership and the buildings are under a 125 year lease under which peppercorn rent is payable.