Company Registration No. 09671531 (England and Wales)

THE LIGHTHOUSE TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

Haines Watts
Chartered Accountants & Registered Auditors
Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT

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COMPANIES HOUSE

THE LIGHTHOUSE TRUST

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THE LIGHTHOUSE TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr D Dickinson Mr A Aldridge Mrs J Chadwick
Trustees	Miss S Ashley (Accounting officer) Mr D Dickinson (Chair of trustees) Mr A Aldridge Mrs J Chadwick Mrs M J Golinski (Resigned 29 June 2018) Ms L Kendrick Mr M McKay (Resigned 14 December 2017) Ms M Milner (Resigned 29 June 2018) Ms A Mountford (Resigned 14 December 2017) Mrs K Whitmore (Appointed 1 September 2017) Miss H Cooper (Appointed 4 July 2018) Miss S Craig (Appointed 14 December 2017) Miss E Ford (Appointed 4 July 2018) Mrs R Millington (Appointed 4 July 2018)
Senior management team	
- Miss S Ashley	Headteacher
- Mrs M Milner	Deputy headteacher (resigned 31 August 2018)
- Miss E Ford	Deputy headteacher
- Mr P Dale	Business & operations manager
- Mrs T Moller	Teacher/team leader (appointed 1 September 2018)
- Mrs S Rochester	Teacher/data manager
- Mrs J Shufflebotham	Teacher/team leader
- Miss S Sinnett	Teacher/team leader
Company registration number	09671531 (England and Wales)
Registered office	c/o New Ford Academy Brownley Road Smallthorne Stoke-on-Trent Staffordshire ST6 1PY
Independent auditor	Haines Watts Bridge House Ashley Road Hale Altrincham WA14 2UT
Bankers	Lloyds Bank PLC PO Box 1000 BX1 1LT
Solicitors	Slater & Gordon 58 Mosley Street Manchester M2 3HZ

THE LIGHTHOUSE TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, 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 476 in the school census on 14 October 2017.

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 £2,000,000 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.

Skills needed to enhance the board of trustee's skill set are identified through a Skills Audit. Any new trustee (governor) would be appointed based on an assessment of the member's skills. Recruitment is carried out using a range of methods including the Inspiring Governance website. Parent governors are nominated by parents of academy pupils. The trust members are entitled to appoint new trustees.

Policies and procedures adopted for the induction and training of trustees
Any new trustee receives an induction handbook and training from the Governor Support Unit. Any relevant further training is then identified for future development.

Organisational structure
The members and board of trustees make major decisions regarding the academy's direction, set policies, approve budgets, accounts and capital expenditure, make decisions on leadership staff and monitor accounts and education progress. They have devolved responsibility for day to day management of the academy and implementation of policies and procedures 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 head teacher is the accounting officer and the business & operations manager is the chief finance 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.

Trade union facility time
There were no relevant union officials during 2017/8 and consequently there was no time or pay bill spent on either facility time or any paid trade union activities.

Related parties and other connected charities and organisations
The Lighthouse Trust is not connected to any other charity or organisation.

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 2017-18 % Achieved expected & above	Academic year 2017-18 % Achieved High standard	Academic year 2017-18 Scaled Scores
End of Key Stage 2			
Reading (SATs)	86%	29%	106.6
Writing (TA)	86%	17%	n/a
Maths (SATs)	85%	33%	107.6
Grammar Punctuation & Spelling	91%	59%	111.1
Science (TA)	93%	n/a	n/a
Combined RWM (SATs)	78%	9%	n/a

In summary:

- Our 2018 results saw an increase in every area of attainment compared to 2017.
- The % achieving Reading, Writing, Maths, Grammar Punctuation & spelling and Science at the 'Expected standard' are key strengths in 2018.
- Our 2018 KS2 results for the percentage achieving the 'Expected' standard of Attainment was above National in Reading, Maths, Grammar, Punctuation & Spelling and for Combined Subjects.
- The FFT KS2 Dashboard 2018 Publication shows 2018 Results not only saw an increase in every area of attainment compared to 2017 but that all key areas are showing an a longer upward trend at 'Expected'.
- The FFT KS2 Dashboard 2018 Publication also indicates that provisionally our 2018 Resuls are for Reading in the top 26%, for Writing in the top 28%, for Maths in the top 31% & for Maths Scaled scores in the top 12%, for GPS in the top 15% & for GPS Scaled scores in the top 5% of schools Nationally.
- Our 2018 KS2 results for the percentage achieving the High Standard of Attainment was also above National in Reading, Grammar, Punctuation & Spelling, Maths and in line with National for Combined Subjects.

- Our 2018 KS2 results for Average Scaled Scores show we are above National for Reading, Maths and Grammar, Punctuation & Spelling.
- *Our Scaled Scores in 2018 were higher than our 2016 & 2017 scores in all three areas.*
- Our 2018 KS2 Teacher Assessment for the percentage achieving the Expected standard of Attainment was above National and the City in Writing and Science.
- Our 2018 KS2 Teacher Assessment for the percentage achieving the High standard in Writing was also in line with National and above the city.

End of year assessment point	Academic year 2017-18 % Achieved expected & above
End of Key Stage 1	
Reading (TA)	72%
Writing (TA)	67%
Maths (TA)	77%
Science (TA)	85%
Combined RWM (TA)	67%
Combined RWM (SATs)	78%

In summary:

- Our 2018 KS1 results for the percentage achieving the 'Expected' standard of Attainment have improved against our 2017 data for Science, but we have haven't performed as well against last year's data in other areas.
- Our 2018 KS1 results for the percentage achieving the 'Expected' standard of Attainment are above National in Maths, Combined RWM and Science, but below National in Literacy and all aspects of Greater Depth.
- Our 2018 KS1 results for the percentage achieving the 'Expected' standard of Attainment are above the city in Writing, Maths, Combined RWM and Science, equal in Reading.

End of year assessment point	Academic year 2017-18 % Achieved expected & above
Phonics	
Year 1 Phonics Check	86%
Year 2 Phonics Accumulative	98%

In summary:

- In Year 1 our 2018 Results saw a 4-year trend increase in the % of All Pupils achieving the Expected standard in the Phonics screen.
- In Year 1 our 2018 Results for the Phonics Screen have improved for All Pupils and girls, with boys just slightly below their 2017 Results.
- In Year 1 our 2018 Results for the Phonics Screen are above National and the City for All Pupils and Girls.
- In Year 1 our 2018 Results for the Phonics Screen are above the City for Boys in the 2018 Phonics screen.
- In Year 2 our 2018 Results for the Phonics Screen have improved against our 2017 data for Accumulative Scores for All Pupils, Boys, Girls & Pupil Premium.
- In Year 2 our 2018 Results for the Phonics Screen are above the City for Accumulative Scores for All Pupils, Boys, Girls & Pupil Premium, with National yet to be published.
- In Year 2 our 2018 Results for the Phonics Screen have also improved against our 2017 data for Phonic Screen Retakes.
- In Year 2 our 2018 Results for the Phonics Screen are above National and the City for Phonic Screen Retakes.

End of year assessment point	Academic year 2017-18 % Achieved expected & above
End of Foundation Stage	
Reading (TA)	75%
Writing (TA)	70%
Number (TA)	80%
SSM (TA)	82%
Good Level Development (TA)	68%

In summary:

- Our Good Level of Development has improved to 68% which is pleasing and a 4-year upward trend.
- At the end of EYFS our 2018 Results are equal to 2017 in Reading & SSM at 'Expected'.
- At the end of EYFS our 2018 Results are above last year at 'Exceeding' in writing.
- At the end of EYFS our 2018 Results are above the City in reading, writing, Maths and GLD at 'Expected' in 2018 and for 'Exceeding' in writing.
- At the end of EYFS our 2018 Results are above National in Maths and in line with National in Literacy at 'Expected' in 2018.
- At the end of EYFS our 2018 Results in other areas of the Early Learing Goal at 'Expected' are above the City in COMM Listening & Attention, Undertsanding & Speaking, PHYS in Moving & Handling & Health Self Care, PSE in Self confidence, Managing Feelings & Behaviours & Making Relationships, UTW in People & Communities, World & Technology and EXP in EMM & Being Imaginative.
- At the end of EYFS our 2018 Results in other areas of the Early Learing Goal at 'Expected' are above National in COMM Listening & Attention & in line with Speaking, PHYS in Moving & Handling, PSE in Self confidence, Managing Feelings & Behaviours & Making Relationships, UTW in People & Communities, World & Technology and EXP in EMM & Being Imaginative.

<u>Pupil Premium</u>
Pupil Premium Children performed better than the LA children with Pupil Premium at KS1 at Expected in Reading & Maths.

Pupil Premium Children performed better than the LA children with Pupil Premium and improved upon last year 2017 Results nearly all areas and measures at Key Stage 2.

<u>Overall</u>
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 broadly in line with National or better.

<u>Attendance</u>
Overall attendance has been consistent over the last 3 years at around 96%.

Our Absent Rate remains below the city as in the previous years and we expect to continue to be in line with National.

Our Persistently Absent Rate remains below the city and National as in the previous 3 years.

In 2017-18 we had one pupil with a fixed term exclusion compared to none in the previous two years, but this remains below the LA.

We had no permanent exclusions 2017-2018 as in the previous three year period.

Key performance indicators
At the End of Foundation Stage, our results for those achieving the Expected Standard in July 2018 are above the LA average in reading, writing, number and SSM and for those reaching a Good Level of Development. Provisional National Data indicates we are equal with National for those achieving the Expected Standard in Number and just below in the other areas of learning.

At end of Year 1 Phonics check, our results for those achieving the Expected Standard in July 2018 are above the LA Average and above National. 2018 results for Year 2 Accumulative Phonics are also above the LA and Provisional National Data.

At the End of Key Stage 1, our results for those achieving the Expected Standard in July 2018 are above the LA Average for Combined subjects, Writing and Maths. We are also equal to the LA in Reading. Provisional National Data indicates we are above National for those reaching the Expected standard in both Maths and Combined subjects, and just below in the other areas of learning of reading and writing.

At the End of Key Stage 2, our results for those achieving the Expected Standard in July 2018 are above the LA Average in Reading, Writing, Maths, Grammar Punctuation & Spelling, Science and Combined Subjects. We are also above National at the Expected standard in Reading, Writing, Maths, Grammar Punctuation & Spelling, Science and Combined Subjects.

Pupil Premium children performed better than the LA children with Pupil Premium at KS1 at Expected in Reading & Maths. Pupil Premium Children performed better than the LA children with Pupil Premium and improved upon last year 2017 Results nearly all areas and measures at Key Stage 2.

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 broadly in line with National or better.

Financial performance is monitored monthly by the chair of trustees and head teacher and termly by the Leadership & Management Committee through analysis of the Management accounts report (balance sheet and statement of accounts), cash flow statement and budget monitoring report.

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 2018 the expenditure of restricted general funds of £2,118,000 (excluding costs of £120,000 (relating to the LGPS) was covered by recurrent grant funding from the ESFA.

Expenditure has supported key objectives through the improvement of facilities and resources including improvements to outdoor learning facilities, staff development and training and Maths and Guided Reading resources.

The financial statements show net income of £149,000 for the period.

The financial statements show a net movement in funds of £306,000 for the period. This includes actuarial gains on the defined benefit pension scheme of £157,000 and introduction of the land value of £449,000 on conversion. Excluding these amounts, the financial statements show net expenditure of £300,000 for the period.

The total reserves carried forward as at 31 August 2018 (excluding the pension reserve) were £6,770,000, made up of restricted fixed asset funds £6,657,000 and unrestricted funds £113,000.

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 £100,000. This is to provide sufficient working capital to cover 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 £113,000.

Total funds as at 31 August 2018 were £6,267,000, made up of restricted fixed asset funds £6,657,000, unrestricted funds £113,000 and pension deficit (£503,000).

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.

These are managed through monthly monitoring of financial reports (including cash flow reports and expenditure against budget) by the chair of trustees and head teacher and termly by the Leadership & Management Governors' Committee.

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 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.

Fundraising

Fundraising is carried out each year by the PTFA group of volunteers through a variety of events. The PTFA contribute towards the cost of activities, special projects and outings that will benefit the pupils. The following principles ensure probity and effectiveness:

- Trustees monitor the PTFA account and the planned activities to ensure the academy's values are upheld and that good relationships with donors and the public are kept.
- The PTFA is managed by the business & operations manager and other staff and all volunteers are made aware of the academy expectations and standards of practice.
- The same risk principles are applied to the PTFA fundraising that are applied to the academy to ensure that risk of loss and fraud is reduced.
- Trustees ensure that all fundraising follows the appropriate laws and regulations.
- The income and expenditure of the PTFA group is openly relayed to all stakeholders to ensure accountability.

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.

Key objectives for the future include:
- creating a family hub of staff and resources to support the emotional wellbeing of parents, families and children;
- improve reading across the academy; and
- improve the quality of teaching, learning and assessment.

The senior leadership team (SLT) are ensuring staff are developed and financial support has been allocated in the budget to support these objectives. The progress will be monitored by the SLT.

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 12 December 2018 and signed on its behalf by:

....
Mr D Dickinson
Chair of trustees

THE LIGHTHOUSE TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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 head teacher, 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 (Accounting officer)	10	10
Mr D Dickinson (Chair of trustees)	11	12
Mr A Aldridge	3	7
Mrs J Chadwick	11	12
Miss H Cooper (appointed 4 July 2018)	1	1
Miss S Craig (appointed 14 December 2017)	2	3
Miss E Ford (appointed 4 July 2018)	1	1
Mrs M J Golinski (resigned 29 June 2018)	1	1
Ms L Kendrick	4	6
Mr M McKay (resigned 14 December 2017)	1	1
Mrs R Millington (appointed 4 July 2018)	1	1
Mrs M Milner (resigned 29 June 2018)	3	4
Miss A J Mountford (resigned 14 December 2017)	0	1
Mrs K Whitmore (appointed 1 September 2017)	11	12

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:

- collaborative purchasing with other local schools;
- sharing training events with other schools;
- allowing community groups to use the facilities during evenings;
- carrying out 'in-house' training for staff; and
- cost savings through removing the use of single-use plastic.

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

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 2017 to 31 August 2018 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 asset register and carrying out physical checks on equipment.
- 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 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 12 December 2018 and signed on its behalf by:

....	....
Miss S Ashley	**Mr D Dickinson**
Accounting officer	**Chair of trustees**

THE LIGHTHOUSE TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of The Lighthouse Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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

S Ashley.
....

Miss S Ashley
Accounting officer

Date: 12 December 2018

THE LIGHTHOUSE TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who 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 & 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 2017* to 2018;
- 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 members of the board of trustees on 12 December 2018 and signed on its behalf by:

....

Mr D Dickinson
Chair of trustees

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of The Lighthouse Trust for the year ended 31 August 2018 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 2017 to 2018 issued by the Education & 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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2017 to 2018.

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.

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 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 accounts

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.

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

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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 2006. 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 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Haines Watts
....

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: 11/1/19..........

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

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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 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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Haines Watts

Haines Watts
Reporting Accountant

Dated: 11.1.19

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 2018

	Notes	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2018 £000	Total 2017 £000
Income and endowments from:						
Donations and capital grants	3	3	-	9	12	10
Donations - transfer from local authority on conversion		-	-	449	449	6,143
Charitable activities:						
- Funding for educational operations	4	-	2,139	-	2,139	2,230
Other trading activities	5	172	-	-	172	167
Total		175	2,139	458	2,772	8,550
Expenditure on:						
Charitable activities:						
- Educational operations	7	196	2,238	189	2,623	2,643
Total	6	196	2,238	189	2,623	2,643
Net income/(expenditure)		(21)	(99)	269	149	5,907
Transfers between funds	15	-	(46)	46	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	21	-	157	-	157	54
Net movement in funds		(21)	12	315	306	5,961
Reconciliation of funds						
Total funds brought forward		134	(515)	6,342	5,961	-
Total funds carried forward		113	(503)	6,657	6,267	5,961

THE LIGHTHOUSE TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	**11**		6,657		6,342
Current assets					
Debtors	**12**	71		50	
Cash at bank and in hand		154		187	
		225		237	
Current liabilities					
Creditors: amounts falling due within one year	**13**	(112)		(78)	
Net current assets			113		159
Net assets excluding pension liability			6,770		6,501
Defined benefit pension scheme liability	**21**		(503)		(540)
Net assets			6,267		5,961
Funds of the academy trust:					
Restricted funds	**15**				
- Fixed asset funds			6,657		6,342
- Restricted income funds			-		25
- Pension reserve			(503)		(540)
Total restricted funds			6,154		5,827
Unrestricted income funds	**15**		113		134
Total funds			6,267		5,961

The accounts were approved by the trustees and authorised for issue on 12 December 2018 and are signed on their behalf by:

....
Mr D Dickinson
Chair of trustees

Company Number 09671531

THE LIGHTHOUSE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Cash flows from operating activities					
Net cash provided by operating activities	**19**		462		96
Cash funds transferred on conversion			-		102
			462		198
Cash flows from investing activities					
Capital grants from DfE Group		9		9	
Purchase of tangible fixed assets		(504)		(20)	
Net cash used in investing activities			(495)		(11)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(33)		187
Cash and cash equivalents at beginning of the year			187		-
Cash and cash equivalents at end of the year			154		187

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 2017 to 2018 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

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.

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.

Transfer of assets on conversion
Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. Income equal to the net assets transferred on conversion is recognised within donations and capital grant income.

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 Accounting policies

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.

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

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 of services it must provide.

1.7 Leased assets

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.

<u>Financial assets</u>

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.

1 Accounting policies

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.

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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 Accounting policies

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 2018 the agreement had a further 7 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.

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.

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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	9	9	9
Other donations	3	-	3	1
	3	9	12	10

The income from donations and capital grants was £12,000 (2017: £10,000) of which £3,000 was unrestricted (2017: £-), £- was restricted (2017: £1,000) and £9,000 was restricted fixed assets (2017: £9,000).

4 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
DfE / ESFA grants				
General annual grant (GAG)	-	1,612	1,612	1,656
Start up grants	-	-	-	25
Other DfE group grants	-	253	253	228
	-	1,865	1,865	1,909
Other government grants				
Local authority grants	-	274	274	321
Total funding	-	2,139	2,139	2,230

The income from funding for educational operations was £2,139,000 (2017: £2,230,000) of which £2,139,000 was restricted (2017: £2,230,000).

The academy trust received £274,000 from the local authority in the year, being £74,000 high needs funding, £8,000 pupil premium funding, £43,000 pupil growth funding, and £149,000 early years funding.

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 2018 £000	Total 2017 £000
Hire of facilities	1	-	1	1
Catering income	45	-	45	46
Other income	126	-	126	120
	172	-	172	167

The income from other trading activities was £172,000 (2017: £167,000) of which £172,000 was unrestricted (2017: £167,000).

6 Expenditure

	Staff costs £000	Non Pay Expenditure Premises £000	Other £000	Total 2018 £000	Total 2017 £000
Academy's educational operations					
- Direct costs	1,410	170	83	1,663	1,112
- Allocated support costs	498	212	250	960	1,531
	1,908	382	333	2,623	2,643

Net income/(expenditure) for the year includes:	**2018 £000**	**2017 £000**
Fees payable to auditor for audit services	6	7
Operating lease rentals	5	5
Depreciation of tangible fixed assets	189	189
Net interest on defined benefit pension liability	15	11

7 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
Direct costs				
Educational operations	196	1,467	1,663	1,112
Support costs				
Educational operations	-	960	960	1,531
	196	2,427	2,623	2,643

The expenditure on educational operations was £2,623,000 (2017: £2,643,000) of which £196,000 was unrestricted (2017: £135,000), £2,238,000 was restricted (2017: £2,319,000) and £189,000 was restricted fixed assets (2017: £189,000).

Analysis of costs	**2018 £000**	**2017 £000**
Direct costs		
Teaching and educational support staff costs	1,397	913
Staff development	13	12
Depreciation	170	114
Technology costs	7	13
Educational supplies and services	50	31
Educational consultancy	12	-
Other direct costs	14	29
	1,663	1,112

7 Charitable activities

Support costs	**2018**	**2017**
	£000	**£000**
Support staff costs	498	954
Depreciation	19	75
Maintenance of premises and equipment	115	147
Cleaning	39	33
Rent, rates and other occupancy costs	5	5
Insurance	34	23
Security and transport	-	1
Catering	124	121
Interest on defined benefit pension scheme	15	11
Other support costs	96	127
Governance costs	15	34
	960	1,531

Maintenance of premises includes PFI charges totalling £92,000. These amounts are paid to the local authority, are index linked and the Academy is committed to these payments until 2025.

8 Staff

Staff costs

Staff costs during the year were:

	2018	**2017**
	£000	**£000**
Wages and salaries	1,379	1,371
Social security costs	115	117
Pension costs	344	358
Staff costs	1,838	1,846
Agency staff costs	57	21
Staff development and other staff costs	13	12
Total staff expenditure	1,908	1,879

Staff numbers

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

	2018	**2017**
	Number	**Number**
Teachers	14	15
Administration and support	53	52
Management	7	8
	74	75

8 Staff

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	1	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 was £391,502 (2017: £438,745).

9 Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal 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.

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

S Ashley (Headteacher and trustee)
Remuneration: £65,001 - £70,000 (2017: £60,001 - £65,000)
Employer's pension contributions: £10,001 - £15,000 (2017: £10,001 - £15,000)

M Milner (Staff trustee) (resigned as trustee 29/06/18)
Remuneration: £35,001 - £40,000 (2017: £55,001 - £60,000)
Employer's pension contributions: £5,001 - £10,000 (2017: £5,001 - £10,000)

M McKay (Staff trustee) (resigned as trustee 14/12/17)
Remuneration: £10,001 - £15,000 (2017: £40,001 - £45,000)
Employer's pension contributions: £nil - £5,000 (2017: £5,001 - £10,000)

L Kendrick (Staff trustee)
Remuneration: £15,001 - £20,000 (2017: £15,001 - £20,000)
Employer's pension contributions: £nil - £5,000 (2017: £nil - £5,000)

A Mountford (Staff trustee) (resigned as trustee 14/12/17)
Remuneration: £5,001 - £10,000 (2017: £20,001 - £25,000)
Employer's pension contributions: £nil - £5,000 (2017: £nil - £5,000)

E Ford (Staff trustee) (appointed as trustee 04/07/18)
Remuneration: £5,001 - £10,000
Employer's pension contributions: £nil - £5,000

H Cooper (Staff trustee) (appointed as trustee 04/07/18)
Remuneration: £nil - £5,000
Employer's pension contributions: £nil - £5,000

R Millington (Staff trustee) (appointed as trustee 04/07/18)
Remuneration: £nil - £5,000
Employer's pension contributions: £nil - £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 2018 was £13,615. The cost of this insurance is included in the total insurance cost.

11 Tangible fixed assets

	Leasehold land & buildings	Leasehold improvements	Computer equipment	Fixtures, fittings & equipment	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2017	6,254	4	72	201	6,531
Additions	449	50	-	5	504
At 31 August 2018	6,703	54	72	206	7,035
Depreciation					
At 1 September 2017	125	-	24	40	189
Charge for the year	125	-	24	40	189
At 31 August 2018	250	-	48	80	378
Net book value					
At 31 August 2018	6,453	54	24	126	6,657
At 31 August 2017	6,129	4	48	161	6,342

12 Debtors

	2018	2017
	£000	£000
VAT recoverable	22	17
Prepayments and accrued income	49	33
	71	50

13 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	13	3
Other taxation and social security	56	28
Accruals and deferred income	43	47
	112	78

14 Deferred income

	2018 £000	2017 £000
Deferred income is included within:		
Creditors due within one year	35	34
Deferred income at 1 September 2017	34	-
Released from previous years	(34)	-
Resources deferred in the year	35	34
Deferred income at 31 August 2018	35	34

At the balance sheet date, the academy trust was holding £35,179 (2017: £33,904) received in advance for Universal Infant Free School Meals.

15 Funds

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	-	1,612	(1,566)	(46)	-
Other DfE / ESFA grants	25	253	(278)	-	-
Other government grants	-	274	(274)	-	-
Pension reserve	(540)	-	(120)	157	(503)
	(515)	2,139	(2,238)	111	(503)
Restricted fixed asset funds					
Transfer on conversion	6,323	449	(184)	-	6,588
DfE group capital grants	-	9	-	-	9
Capital expenditure from GAG	19	-	(5)	46	60
	6,342	458	(189)	46	6,657
Total restricted funds	5,827	2,597	(2,427)	157	6,154
Unrestricted funds					
General funds	134	175	(196)	-	113
Total funds	5,961	2,772	(2,623)	157	6,267

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 2018.

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.

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

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	-	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)	-	-
Pension reserve	-	(470)	(124)	54	(540)
	-	1,761	(2,319)	43	(515)
Restricted fixed asset funds					
Transfer on conversion	-	6,511	(188)	-	6,323
DfE group capital grants	-	9	-	(9)	-
Capital expenditure from GAG	-	-	(1)	20	19
	-	6,520	(189)	11	6,342
Total restricted funds	-	8,281	(2,508)	54	5,827
Unrestricted funds					
General funds	-	269	(135)	-	134
Total funds	-	8,550	(2,643)	54	5,961

15 Funds

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	-	3,268	(3,202)	(66)	-
Start up grants	-	25	(25)	-	-
Other DfE / ESFA grants	-	481	(490)	9	-
Other government grants	-	595	(595)	-	-
Other restricted funds	-	1	(1)	-	-
Pension reserve	-	(470)	(244)	211	(503)
	-	3,900	(4,557)	154	(503)
Restricted fixed asset funds					
Transfer on conversion	-	6,960	(372)	-	6,588
DfE group capital grants	-	18	-	(9)	9
Capital expenditure from GAG	-	-	(6)	66	60
	-	6,978	(378)	57	6,657
Total restricted funds	-	10,878	(4,935)	211	6,154
Unrestricted funds					
General funds	-	444	(331)	-	113
Total funds	-	11,322	(5,266)	211	6,267

16 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General £000	Restricted funds: Fixed asset £000	Total Funds £000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	6,657	6,657
Current assets	225	-	-	225
Creditors falling due within one year	(112)	-	-	(112)
Defined benefit pension liability	-	(503)	-	(503)
Total net assets	113	(503)	6,657	6,267

16 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total Funds £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)
Total net assets	134	(515)	6,342	5,961

17 Capital commitments

	2018 £000	2017 £000
Expenditure contracted for but not provided in the accounts	21	27

18 Commitments under operating leases

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

	2018 £000	2017 £000
Amounts due within one year	5	5
Amounts due in two and five years	5	10
	10	15

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

	2018 £000	2017 £000
Net income/(expenditure) for the reporting period	149	5,907
Adjusted for:		
Net deficit/(surplus) transferred on conversion	-	(6,143)
Capital grants from DfE/ESFA and other capital income	(9)	(9)
Defined benefit pension costs less contributions payable	105	113
Defined benefit pension net finance	15	11
Depreciation of tangible fixed assets	189	189
(Increase) in debtors	(21)	(50)
Increase in creditors	34	78
Net cash provided by operating activities	462	96

20 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.

21 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 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.

Contributions amounting to £27,489 were payable to the schemes as at 31 August 2018 (2017: £nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

21 Pension and similar obligations

The employer's pension costs paid to the TPS in the period amounted to £109,000 (2017: £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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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.

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.

Total contributions made	2018 £000	2017 £000
Employer's contributions	123	127
Employees' contributions	31	33
Total contributions	154	160

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.7	2.8
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	2.8	2.5

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

	2018 Years	2017 Years
Retiring today		
- Males	22.1	22.1
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.4	26.4

21 Pension and similar obligations

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Changes in assumptions at 31 August 2018	**Approximate increase to employer liability**	**Approximate monetary amount (£000)**
0.5% decrease in Real Discount Rate	17%	177
0.5% increase in the Pension Increase Rate	15%	153
0.5% increase in the Salary Increase Rate	2%	23

The academy trust's share of the assets in the scheme	**2018 Fair value £000**	**2017 Fair value £000**
Bonds	99	41
Cash	16	13
Equities	366	260
Property	42	27
Total market value of assets	523	341

The actual return on scheme assets was £28,000 (2017: £30,000).

Amount recognised in the statement of financial activities	**2018 £000**	**2017 £000**
Current service cost	213	240
Past service cost	15	-
Interest income	(10)	(5)
Interest cost	25	16
Total operating charge	243	251

Changes in the present value of defined benefit obligations	**2018 £000**	**2017 £000**
At 1 September 2017	881	-
Obligations acquired on conversion	-	621
Current service cost	213	240
Interest cost	25	16
Employee contributions	31	33
Actuarial gain	(139)	(29)
Past service cost	15	-
At 31 August 2018	1,026	881

21 Pension and similar obligations

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

	2018 £000	2017 £000
At 1 September 2017	341	-
Assets acquired on conversion	-	151
Interest income	10	5
Actuarial gain	18	25
Employer contributions	123	127
Employee contributions	31	33
At 31 August 2018	523	341

22 Related party transactions

Owing to the nature of the academy trust 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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