

LIGHTHOUSE HARMONIZE EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31st August 2016

COMPANY REGISTRATION NUMBER: 07657235
(ENGLAND AND WALES)

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Year ended 31st August 2016

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LIGHTHOUSE HARMONIZE EDUCATION TRUST

Reference and administrative
Year ended 31st August 2016

**Members:
at approval and who served during
the year**

Elsie Hogan-Edem
Henry Keesz
Liverpool Lighthouse Limited (represented by Helen Hawley)
Love and Joy Ministries Ltd (represented by Tanidabi Omideyi)
Modupe Omideyi
Estelle Springer

**Governors, Directors and Trustees:
at approval and who served during
the year**

	Date of appointment	Date of Resignation
Stephen Philip Daley	01/04/13	-
Susan Boyle	02/02/15	26/09/16
Saffron Anouska Collister	02/02/15	-
Martin Flatman	28/04/14	-
Stephen Allen Harper	12/06/12	-
Jennifer Hicks	11/04/12	-
Eleanor Jones	28/04/14	-
Marie McConville	29/05/14	-
Modupe Victoria Emrica Omideyi (Chair)	03/06/11	-
Laura Pasterfield	28/04/14	26/09/16
Rebecca Jane Ross-Williams	23/05/12	-
James Angus Osborne-White	23/06/14	-

Company Secretary:

Senior Management Team:

Principal	Stephen Daley
Vice Principal	Marie McConville
Assistant Principal	Alan Paynter
Assistant Principal (SENCO)	Gerard Tiernan
Business Manager	Denise McNeil

Company Name: Lighthouse Harmonize Education Trust

Principal and Registered Office: 7 Phillimore Road
Liverpool L6 6DL

Company Registration Number: 07657235 (England and Wales)

Website address: www.harmonizeacademy.org

Independent Auditor: Mitchell Charlesworth LLP
Chartered Accountants
5 Temple Square
Liverpool L2 5RH

Bankers: Royal Bank of Scotland plc
1 Dale Street
Liverpool L2 2PP

Solicitors: Bates Wells & Braithwaite London LLP
Scandinavian House
2-6 Cannon Street
London EC4M 6YH

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report

Year ended 31st August 2016

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2015 to 31st August 2016. The annual report serves the purposes both a trustees' report, and a directors' report under company law.

The trust operates an Alternative Provision (AP) free school for pupils aged 13 to 16 servicing the Merseyside area. From September 2015 it has a pupil capacity of 104 and had a head roll of 88 on the school census in October 2015.

Structure, governance and management

Constitution

The Free School 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 Free School trust.

The governors are the trustees of Lighthouse Harmonize Education Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Lighthouse Harmonize Education Trust.

Details of the governors 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 company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance is the EFA Risk Protection Arrangement (RPA) and provides unlimited cover for 2016 (£1.5 million in 2015) on any one claim and the cost for the year ended 31st August 2016 was £2,600.

Method of Recruitment and Appointment or Election of Governors

In accordance with the Articles of Association, the trust may appoint up to 9 governors. The Principal is an ex-officio governor. In addition staff and parent governors may be elected, and further governors may be co-opted. It is expected that the governing body will number between 12 and 14 persons.

Policies and Procedures Adopted for the Induction and Training of Governors

All new governors will undergo an induction. They will be given a tour of the Free School and the opportunity to meet with staff and students. Policies, procedures, minutes, accounts, budgets and other documents will be available to governors to enable them to undertake their role. Induction is informal and tailored specifically to the needs of the individual. Training will be provided in identified areas, and will depend on the needs and existing experience of the governing body.

Organisational structure

The board of governors and administrative details of the Free School are detailed on page 1. Since the Academy opened on 1st April 2013, full Governing Body meetings are held at least once a term to ensure the Free School is run in an efficient and professional manner. The board have appointed three sub-committees: Quality of Education; Community, Communications and Marketing; Finance and Resources (including responsibility for Audit and Pay matters).

Related parties and other connected charities and organisations

Love and Joy Ministries Ltd and Liverpool Lighthouse Limited are corporate members of Lighthouse Harmonize Education Trust.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report

Year ended 31st August 2016

Structure, governance and management (continued)

Arrangements for setting pay and remuneration of key management personnel

- In line with national pay scales STPCD (School Teachers' Pay and Conditions Document); and
- Recommendations by the STRB (School Teachers' Review Body).

Objectives, strategies and activities

Harmonize Academy aims to provide an outstanding alternative education for Key Stage 3 and 4 students across Merseyside underpinned by Christian values. Harmonize promotes an inclusive community where everyone feels safe, valued and secure; where students achieve their potential both educationally and personally. This is achieved through high quality teaching and learning in a caring, dynamic environment, where a variety of educational pathways exist to enable all students to achieve the academic success and the maturity of character which will enable them to succeed in adult life.

Public benefit

The governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims, planning strategy and future activities. Our activities in 2015/16 demonstrated in all accepted definitions that Lighthouse Harmonize Education Trust provides charitable services that are of public benefit through the preparation to provide secondary education and to make available the facilities and resources of the Academy for the local community and other charitable purposes. We continue to hold the delivery of public benefit as both central and fundamental to our core activities.

Strategic report

Achievements and performance

The school's capacity for 2015/16 was 104 comprising of 68 places commissioned from Liverpool City Council's Alternative Provision Team, for students that have been permanently excluded from school, and 36 places commissioned from schools across Merseyside for those pupils in danger of exclusion or for those students who cannot cope in a mainstream setting for a variety of reasons.

Activities

From September 2015 the school's capacity increased from 72 to 104. We welcomed several new members of staff:

- Liz Cunningham – Pastoral Manager/teacher of P.E.
- Wynn Ridge - Pastoral Manager/teacher of P.E
- Sheelagh Cloonan, Education Welfare Officer
- Lesley Blair, Rachel Killen and Gabrielle Lowery - Teaching Assistants
- Anna Grabowska – Administrative Assistant
- Donna O'Neill - Kitchen Assistant

The school's curriculum offer was broadened in September with the introduction of GCSE P.E, GCSE Design Technology and GCSE Performing Arts in addition to the core of English, Maths and Science supplemented with Performing and Urban Arts, Beauty, Food Tech and PSHE which underpins the school's ethos of 'A Vision for Life'.

Enrichment offers the students many choices including circus skills, dance, singing, music, music technology, cultural trips, horse riding, P.E, football, golf, table tennis, art, film club, catering, ten pin bowling and 1.1 English and Maths.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report

Year ended 31st August 2016

Strategic report (continued)

Achievements and performance (continued)

Over the past year we have worked successfully with the following organisations:

- **Addaction** – Worked with individual students
- **All Saints Liverpool** - Pastoral enrichment
- **Blackburn House**
- **Career Connect** - Individual Careers advice service offered in school to all year 11s to assist progression; and a very successful careers fair for years 10 and 11 held in school in April attended by 23 employers/ reps from FE sector
- **EBD Schools Football League**- Boys' and Girls' Football Tournaments
- **Fagends** – Addiction support
- **Frontline Church** – Sexual Health Awareness Training
- **LACES**- Looked after children
- **Liverpool Dyslexia Society**- Individual support for students 2 days per week
- **Liverpool John Moores Physics Outreach, "Mission to Mars"** Year 9
- **Liverpool Lighthouse**- Bright Park visit and workshops
- **Liverpool Learning Partnership**
- **Liverpool Young Runaways**- Individual pupil support
- **Liverpool Youth Service**
- **Merseyside Police**
- **One Vision Housing Trust** – Gang Culture Workshops
- **RARE Dance & Performing Arts Studio**
- **Resonate- Liverpool's Music Hub**- Enrichment Music lessons
- **Rowan Garth Nursing Home**- Enrichment visits for Archbishop of York, Young Leaders Award
- **University student placements** – four students given placements
- **University support**.-1:1 maths and English support delivered by local university students twice a week

VIP Visitors and Guest Facilitators

- **Mr Andy Burnham, MP and Mr Steve Rotheram, MP**
- **Melvin Burgess, Author and Anita Turner, Producer - CBBC**
- **David Campbell Soccer School**
- **Catherine Fox, Author**
- **Elliott Hanna, Actor and Dancer**
- **National Citizen Service – Year 11 workshop**
- **Levi Tafari, Poet**
- **Make-up artists (Beauty and Drama workshops)**
- **20 Stories High Community Theatre**

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report

Year ended 31st August 2016

Strategic report (continued)

Achievements and performance (continued)

Regular Individual Facilitators:

- Dr Andy Cornes – Psychologist
- Stephen Biswuna – Fitness Tutor
- Carla Ellington and Anthony Farrell – Choir Tutors
- Hayli Kincade – Singing Tutor
- Francis Mulrooney – DJ Tutor
- James Reader – Frontrow Films (Harmonize TV) and Photography Tutor
- Lorraine Smith – Glofit Tutor
- Barry Welsh – Circus Skills Tutor

Education Visitors and Events 2015/2016

Regional:

- Cheshire West & Wirral LA
- Everton Nursery, Liverpool,
- The Hawthorne's Free School, Merseyside
- Knowsley Park Secondary School, Merseyside
- Litherland High School, Merseyside
- Meadow Park School, Knowsley
- St Silas C of E Primary School, Liverpool

National:

- Ashby College, Ashby de la Zouch
- Bishop Auckland College, County Durham
- The Bridge Academy, Milton Keynes
- Bryn Tirion PRU, Shotton, Deeside
- Calderdale PRU, Halifax
- Coal Clough AP Academy, Blackburn
- East Birmingham Network Academy, Birmingham
- Ethos College, Huddersfield
- The Fermanin Academy, Macclesfield
- Hawes Side Academy, Blackpool
- The Heights Free School, Blackburn
- The Kings' Church, Manchester
- Kirklees area schools (12 attendees)
- Schools Partnership Trust, Yorkshire
- Solihull AP Free School, West Midlands

Education Network Events

- New Schools Network Forum, October 2015 – 18 delegates attended
- DfE: Alternative Provision and Special Free Schools Event, April 2016 – Mr Stephen Daley, Speaker
- APT Providers Forum, Liverpool

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report

Year ended 31st August 2016

Strategic report (continued)

Achievements and performance (continued)

The following schools have all placed students at Harmonize Academy:

Archbishop Blanch School, Bellerive FCJ Catholic College, Broadgreen International School, Calderstones School, Cardinal Heenan High School, Enterprise South Liverpool Academy, The Hawthorne's Free School, Hillside High School, Holly Lodge Girls' College, King David High School, Kirkby High School, King's Leadership Academy Liverpool, Knowsley Park High School, Lord Derby Academy, Maghull High School, New Heights High School, North Liverpool Academy, Ormiston Bolingbroke Academy, Ormiston Chadwick Academy, St Ambrose Barlow Catholic High School, St Edmond Arrowsmith Catholic Centre for Learning, The Academy of Saint Francis of Assisi, St John Bosco Arts College, St Julie's Catholic High School, St Margaret's C of E Academy.

The following Local Authorities have all placed students at Harmonize Academy:

Cheshire West & Chester Council, Liverpool City Council Alternative Provision Team, Liverpool SEN.

Exam Results 2015

The G.C.S.E. results were the best in the school's history as the table below shows:

	Number of end of key stage 4 pupils	No of Quals	Percentage of pupils entered for 5+ GCSEs or equivalent ^a	Percentage of pupils at the end of key stage 4 achieving						Average GCSE and equivalent's point score per pupil at the end of key stage 4
				5+ GCSE at A*-C or equivalent	5+ A*-C including English and mathematics GCSEs	5+ GCSE at A*-G or equivalent	Level 2 English and mathematics skills	Level 1 English and mathematics skills	A pass in any qualification	
Harmonize Academy 2015/2016	38	305	76.3	13.8	13.8	55.17	32.76	63.79	100.00	124.68
Harmonize Academy 2014/2015	26	151	84.61	0.0	0.0	84.61	11.36	81.82	100	100.85
Harmonize Academy 2013/2014	19	97	68.42	21.05	10.53	47.37	25.00	70.00	100	95.53
Liverpool 2014/2015	147		0.0	0.0	0.0	0.0	0.0	0.0	32.7	17.5
Knowsley 2014/2015	17		0.0	0.0	0.0	0.0	0.0	35.3	88.2	51.0
Sefton 2014/2015	26		19.2	x	x	19.2	x	15.4	73.1	75.9
Manchester 2014/2015	118		28.0	5.9	2.5	25.4	4.2	43.2	72.9	88.1

	2015/2016	
English yr 11	12 (A*-C)	19 (D-G)
Maths yr 11	7 (A*-C)	18 (D-G)

	2014/2015	
English yr 11	4 (A*-C)	18 (D-G)
Maths yr 11	1 (A*-C)	18 (D-G)

	2013/2014	
English yr 11	2 (A*-C)	4 (D-G)
Maths yr 11	3 (A*-C)	9 (D-G)

	2015/2016	
English yr 10	1 (A*-C)	15 (D-G)
Maths yr 10	4 (A*-C)	4 (D-G)

	2014/2015	
English yr 10	4 (A*-C)	3 (D-G)
Maths yr 10	0 (A*-C)	6 (D-G)

	2013/2014	
English yr 10	0	0
Maths yr 10	0	0

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report

Year ended 31st August 2016

Strategic report (continued)

Achievements and performance (continued)

Progress

English Progress Year 11 (33 Students) – Externally assessed

- Whole cohort 1.30 levels of progress on average annually
- SEN 0.36 levels of progress on average annually
- FSM 1.04 levels of progress on average annually
- PP 1.38 levels of progress on average annually
- Non PP 1.11 levels of progress on average annually
- LAC 1.02 levels of progress on average annually
- YOT 0.98 levels of progress on average annually
- 25 students above expected levels of progress
- 11 students made 3 or more levels of progress
- 16 students reached or exceeded their target grade
- 11 students achieved grade C or above

Maths Progress Year 11 (36 students) – Externally assessed

- Whole cohort 0.44 levels of progress on average annually
- SEN -0.47 levels of progress on average annually
- FSM 0.10 levels of progress on average annually
- PP 0.23 levels of progress on average annually
- Non PP 0.81 levels of progress on average annually
- LAC 0.05 levels of progress on average annually
- YOT -0.53 levels of progress on average annually
- 13 students above expected levels of progress
- 5 students made 3 or more levels of progress
- 3 students reached or exceeded their target grade
- 7 students achieved grade C or above

English Progress Year 10 (33 students) – Mixture of external and teacher assessed

- Whole cohort 3.45 levels of progress on average annually
- SEN 8.45 levels of progress on average annually
- FSM 3.07 levels of progress on average annually
- PP 3.57 levels of progress on average annually
- Non PP 3.35 levels of progress on average annually
- LAC 4.34 levels of progress on average annually
- YOT 1.65 levels of progress on average annually
- 29 students above expected levels of progress
- 6 students made 3 or more levels of progress
- 11 students reached or exceeded their target grade
- 6 students achieved a grade C or above

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report
Year ended 31st August 2016

Strategic report (continued)

Achievements and performance (continued)

Maths Progress Year 10 (33 students) – mixture of external and teacher assessed

- Whole cohort 1.13 levels of progress on average annually
- SEN 2.71 levels of progress on average annually
- FSM 1.77 levels of progress on average annually
- PP 1.59 levels of progress on average annually
- Non PP 0.75 levels of progress on average annually
- LAC 0.79 levels of progress on average annually
- YOT 0.00 levels of progress on average annually
- 19 students above expected levels of progress
- 4 students made 3 or more levels of progress
- 6 students reached or exceeded their target grade
- 5 students achieved a grade C or above.

Sporting Achievements:

The football team had their most successful season ever and won both the League and the Cup.

Multi Academy Trust Status:

The Steering Group has worked throughout the year at looking at different avenues for Harmonize to grow. We have explored a KS3 Provision, approached Wirral and Cheshire West to see if an AP Free School would be a viable proposition and finally approached Manchester to see if they would support an application from Harmonize to set up an AP free school. After several positive meetings with representatives of Manchester Headteachers, LA personnel in charge of AP and the Headteacher of the Manchester PRU, I can report that we will be applying to set up Harmonize Academy Manchester in the next wave of free school applications in March 2017 with the prospect of opening the new school in September 2018. This will of course mean that we will become a small MAT and the next eighteen months will be extremely busy but I am sure that the setting up of the new school will bring many great opportunities for the staff and governors to create a second outstanding AP Academy.

The governors would like to take this opportunity to thank all staff, teaching and non-teaching, LCC APT team and all the schools who have commissioned places, for their support over the past three and a half years which has enabled the school to flourish and more importantly make a significant difference to the life chances of the students in our care.

Key performance indicators

- Ofsted rating
- Exam results
- Academic progress
- Increase of school capacity

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report Year ended 31st August 2016

Strategic report (continued)

Key performance indicators (continued)

Serious incidents

The governors confirm that they are conversant with the requirements to report serious incidents to the Charity Commission and will use the appropriate channels to report such incidents should they occur.

Equal opportunities policy

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

The Academy will ensure that it complies with Disability Discrimination Act requirements.

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the Academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The Trust's main income is received from the Education Funding Agency (EFA). This revenue funding is called the general annual grant (GAG) and is received on a monthly basis. This is topped up by income from Liverpool City Council places allocated to provide alternative provision for pupils that have been permanently excluded. Also, we commission places from schools across Merseyside for those pupils in danger of exclusion or for those who cannot cope with mainstream education for a variety of reasons. These schools are invoiced on an individual basis per term.

The Academy's deficit for 2016 is £43,628 (2015 £75,317) after depreciation and amortisation charges of £99,147 (2015 £97,096).

After accounting for the actuarial loss on the local government pension scheme the net movement in funds for the year is a negative £117,628 (2015 £75,317).

Reserves policy

The governors review the reserve levels of the Free School annually. This review considers the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

Once the school is more fully established, the governors would like to develop income streams that would enable the trust to build up reserves to act as a buffer against any changes in funding.

The academy does not yet have a Reserves Policy and the level of unrestricted reserves is just £11. Support staff are members of the Local Government Pension Scheme. The academy's share of the deficit on the scheme is £114,000 (2015 £22,000) which has had a negative impact on the overall reserves position. The plan to reduce the deficit is to increase employer contributions over the next 3 years plus an additional contribution of £3,300 and review at the end of the 3 year period.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report

Year ended 31st August 2016

Investment policy

The governors have yet to devise a formal investment policy, due to not considering one to be necessary given that the only cash investments are the funds held within bank accounts.

Principal risks and uncertainties

- Strategic and Reputational Risks
- Operational Risks
- Compliance Risks
- Financial Risks

Lighthouse Harmonize Education Trust takes a robust approach to managing risk and maintains a Risk Register to assess its activities and operational risks.

Plans for future periods

No events have taken place post balance sheet date that are out of the ordinary or that affect the Academy's financial status as at that date.

Governors' statements on disclosure of information to the auditors

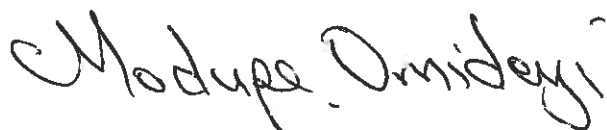
In so far as the governors are aware:-

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

Auditor

The auditor is willing to continue in office and a resolution to appoint Mitchell Charlesworth LLP will be proposed at the annual general meeting subject to the Board's intention to put the services out to tender as a matter of good practice since the current contract has been in place for a number of years.

Governors' report, incorporating a strategic report was approved by order of the members of the Governing Body, as the company's directors, on 5th December 2016 and signed on behalf by:



M Omidoyi
Chairman of Board of Governors

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement

Year ended 31st August 2016

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Lighthouse Harmonize Education 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 governing body 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 Lighthouse Harmonize Education Trust and the Secretary of State for Education. The Principal is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

The maximum term of office for any governor (Head and Accounts Officer) is four years but they are eligible for re-election. A Parent Governor will cease to hold office if they no longer have a child registered as a pupil at the Academy. A Staff Governor will cease to hold office if they are no longer employed by the Academy.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The governing body has formally met 3 times in this period. Attendance during the period at meetings of the governing body was as follows:

	Meeting attended	Out of a possible
Modupe Omideyi	3	3
Stephen Daley	3	3
Stephen Harper	3	3
Rebecca Ross Williams	3	3
Jennifer Hicks	3	3
Martin Flatman	3	3
Eleanor Jones	3	3
Laura Pasterfield	1	3
James Angus Osborne-White	2	3
Marie McConville	3	3
Susan Boyle	2	3
Saffron Collister	3	3

For details of governors appointments and resignations see page 1.

The annual governance review has been postponed because our plans to apply to set up a MAT will necessitate a total restructure of the Board to meet with MAT requirements. A major review will take place before the end of March 2017. However, a review of governors' skills and training needs is currently taking place.

Challenges which the Board faces include:

1. A skills-based approach is always used to recruit governors with relevant skills and expertise;
2. Retention of governors has been challenging this year due to personal circumstances (eg. marriage, career change) and a number of governors have moved on. We are faced with the challenge of replacing them which is a challenge especially in light of the national shortage of governors. We seek new governors through the NGA's Inspiring Governance Service;
3. It has been a challenge identifying parent governors who are able to make a commitment.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement

Year ended 31st August 2016

Governance (continued)

There are a number of sub-committees of the Governing Body, set up to monitor the activities of the Free School and these are set out as follows:-

Finance and Resources Committee (including responsibility for Audit and Pay matters)

Key Terms of Reference

- To assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.
- To consider the academy's indicative funding, notified annually by the DFE, and to assess its implications for the academy, in consultation with the Principal, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.
- To consider and recommend acceptance/non-acceptance of the academy's budget, at the start of each financial year.
- To contribute to the formulation of the academy's development plan, through the consideration of financial priorities and proposals, in consultation with the Principal, with the stated and agreed aims and objectives of the academy.
- To monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the DFE, drawing any matters of concern to the attention of the governing body.
- To monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement.
- To draft and keep under review the staffing structure in consultation with the Principal and the Quality of Education Committee.
- To establish a Salary Policy for all categories of staff and to be responsible for its administration and review.
- To oversee the appointment procedure for all staff.
- To establish and review a Performance Management policy for all staff*.
- To advise the Governing Body on priorities, including Health and Safety, for the maintenance and development of the school's premises.
- To oversee arrangements for repairs and maintenance.
- To make recommendations to the Governing Body on premises-related expenditure.
- To establish and keep under review a Building Development Plan.
- To advise the Governors on the adequacy and effectiveness of the School's whole system of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money).
- To advise the Governors on the appointment, re-appointment, dismissal and remuneration of the financial statements auditor or the internal audit service (if applicable).
- To advise the Governors on Responsible Officer work reports on control issues including the management letters of the financial statements auditor and management's responses to these.
- To monitor, within an agreed timescale, the implementation of agreed recommendations relating to Responsible Officer work reports and the financial statements auditor's management letter.
- To ensure that all allegations of fraud and irregularity are properly followed up.

All matters arising during the year are fully documented in the minutes.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement

Year ended 31st August 2016

Finance and Resources Committee (including responsibility for Audit and Pay matters)

Key Terms of Reference (continued)

Attendance at meetings in the year was as follows:-

Governor	Meetings attended	Out of a possible
Modupe Omidoyi	7	7
Stephen Harper	7	7
Stephen Daley	7	7
James Angus Osborne-White	7	7
Martin Flatman	1	1
Saffron Collister	1	3

Quality of Education Committee

Key Terms of Reference

- To consider and advise the governing body on standards and other matters relating to the school's curriculum, including statutory requirements and the School's Curriculum Policy.
- To consider curricular issues which have implications for Finance and HR decisions and to make recommendations to the relevant committee or the Governing Body.
- To consider and monitor progress against the School Development Plan.
- To keep informed of the current statutory requirements relevant to the school's curriculum offer.
- To approve and monitor the school's systems for assessment and tracking of pupils.
- To receive and discuss the results of all examinations and key assessments in school, including academic, vocational, social and emotional development plus statistics regarding Value-added, PANDA and Pupil Referenced Data.
- To receive and discuss reports on the provision of Special and Additional Educational Needs.
- To maintain an overview of all education-related school policies and review these on a regular basis.

All matters arising during the year are fully documented in the minutes.

Attendance at meetings in the year was as follows:-

Governor	Meetings attended	Out of a possible
Modupe Omidoyi	3	3
Stephen Daley	3	3
Martin Flatman	3	3
Marie McConville	3	3
Susan Boyle	0	3

Community, Communications & Marketing Committee

Key Terms of Reference

- To develop, review and ensure good communication with all stakeholders and interested parties; including pupils, parents, staff, governors, ex-pupils, PTA, prospective pupils, parents and referring organisations.
- To monitor and oversee the school's work in the community; to secure and build on constructive links with the wider community including local schools, voluntary groups, elected representatives (local and national), businesses and other relevant agencies.
- To promote the best interests of the school through the provision of best quality information to diverse audiences through a range of media.
- To support the Principal in communicating with stakeholders and the media in the event of a significant incident.
- To monitor and review annually all policies allocated to the Committee, making recommendations to the Governing Body.

All matters arising during the year are fully documented in the minutes.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement

Year ended 31st August 2016

Community, Communications & Marketing Committee (continued)

Key Terms of Reference (continued)

Attendance at meetings in the year was as follows:-

Governor	Meetings attended	Out of a possible
Modupe Omidoyi	3	3
Stephen Daley	3	3
Martin Flatman	3	3
Rebecca Ross-Williams	1	3
Jennifer Hicks	0	3
Eleanor Jones	3	3
Laura Pasterfield	3	3

In addition the Free School has ad hoc Committees covering disciplinary and dismissal hearings and appeal hearings in respect of staff.

Review of Value for Money

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

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

- As members of the Crescent Purchasing Consortium, this helps us to achieve value for money with our purchasing requirements particularly in tendering for larger contracts.
- Our catering contract is with a local 'not for profit' school meals company, providing good quality nutritional meals using local produce and suppliers and ensuring compliance with food hygiene and health and safety legislation.
- The lease of a minibus over a two year period has proved invaluable in transporting students on enrichment activities including trips to local sports venues. This has proved much more cost effective than regular hire arrangements.

A full Value for Money Statement can be found at <http://www.harmonizeacademy.org/Value-for-Money>

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 Lighthouse Harmonize Education Trust for the period from 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements. The governors recognise however that this process needs to be formalised so that review by the governing body can become more effective.

This process is regularly reviewed by the board of governors.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement

Year ended 31st August 2016

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 governing body.
- Regular reviews by the Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Setting targets to measure financial and other performance.
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties.
- Identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mitchell Charlesworth LLP, the external auditor to perform additional checks. The reviewer's role includes giving advice on financial matters and performing a range of checks on the education trust's financial systems. These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

On a quarterly basis, the auditor reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

These additional checks have principally covered the income, purchases and payroll cycles to ensure that these are operating in accordance with guidelines produced by the EFA and in accordance with the Trust's own financial regulations.

The number of matters reported during the year has reduced significantly as a result of systems bedding in and with the benefit of an additional resource within the finance team.

Review of effectiveness

As Accounting Officer, S P Daley has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

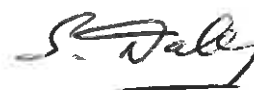
- The work of the Responsible Officer.
- The work of the external auditor.
- The financial management and governance self-assessment process.
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the order of the members of the governing body on 5th December 2016 and signed on its behalf by:



M Omidayi
Chair of Board of Governors



S Daley
Accounting Officer

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Statement of Regularity, Propriety and Compliance Year ended 31st August 2016

As Accounting Officer of Lighthouse Harmonize Education Trust I have considered my responsibility to notify the Trust's governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA 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 2015.

I confirm that I and the academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



S Daley
Accounting Officer

5th December 2016

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Statement of Governors' Responsibilities Year ended 31st August 2016

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016
- 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 financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the governing body on 5th December 2016 and signed on its behalf by:



M Omidayi
Chair of Board of Governors

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditor's Report on the Financial Statements to the Members of Lighthouse Harmonize Education Trust

We have audited the financial statements of Lighthouse Harmonize Education Trust for the year ended 31st August 2016 which comprises the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2015/16 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 17, the governors (who are also the directors of the free school for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the free school trust's affairs as at 31st August 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2015/16 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditor's Report on the Financial Statements to the Members of Lighthouse Harmonize Education Trust (continued)

Opinion on other matter prescribed by the free school's funding agreement with the Secretary of State for Education

In our opinion grants made by the EFA have been applied for the purposes intended.

Matters on which we are required to report by exception

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

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

5 Temple Square
Temple Street
Liverpool
L2 5RH



PHILIP GRIFFITHS FCA
Senior Statutory Auditor
For and on behalf of
MITCHELL CHARLESWORTH LLP
Chartered Accountants
Statutory Auditor

5th December 2016

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

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

In accordance with the terms of our engagement letter dated 5th November 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015/16, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lighthouse Harmonize Education Trust during the period 1st September 2015 to 31st August 2016 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 Harmonize Education Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Lighthouse Harmonize Education Trust and EFA 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 Harmonize Education Trust and EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Lighthouse Harmonize Education Trust's funding agreement with the Secretary of State dated 31st March 2016 and the Academies Financial Handbook, extant from 1st September 2013, 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 2015/16. 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 2015 to 31 August 2016 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 2015/16 issued by EFA. 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 free school trust's income and expenditure.

The work undertaken to draw our conclusion includes:-

- Reviewing the activities to ensure they are in keeping with the charitable objectives and framework.
- Reviewing declarations of interest and seeking further representations.
- Reviewing the control environment and considering potential weaknesses.
- Reviewing minutes of various committees, management accounts and holding discussions with key personnel.

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

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

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 1st September 2015 to 31st August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



5 Temple Square
Temple Street
Liverpool
L2 5RH

MITCHELL CHARLESWORTH LLP
Chartered Accountants
Reporting Accountant

5th December 2016

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Statement of Financial Activities (Including Income and Expenditure Account) Year ended 31st August 2016


	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Income from:						
Donations and capital grants	2	-	-	-	-	10,363
Charitable activities:						
Funding for the Free School trust's educational operations	3	-	1,678,956	-	1,678,956	1,232,301
Investments	4	8	-	-	8	3
Total		8	1,678,956	-	1,678,964	1,242,667
Expenditure on:						
Charitable activities:						
Free School trust's educational operations	5	-	1,722,592	-	1,722,592	1,317,984
Total		-	1,722,592	-	1,722,592	1,317,984
Net income/(expenditure)		8	(43,636)	-	(43,628)	(75,317)
Transfers between funds		-	67,301	(67,301)	-	-
Other recognised gains/(losses)						
Actuarial (losses) on defined benefit pension scheme	19	-	(74,000)	-	(74,000)	-
Net movement in funds		8	(50,335)	(67,301)	(117,628)	(75,317)
Reconciliation of funds						
Total funds brought forward at 1st September 2015		3	(8,108)	2,463,504	2,455,399	2,530,716
Total funds carried forward at 31st August 2016		11	(58,443)	2,396,203	2,337,771	2,455,399

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Balance Sheet As at 31st August 2016

	Note	2016	2015
		£	£
Fixed assets			
Intangible assets	10	5,653	9,421
Tangible assets	11	2,390,550	2,476,177
		2,396,203	2,485,598
Current assets			
Debtors	12	11,712	21,977
Cash at bank and in hand		93,127	29,762
		104,839	51,739
Liabilities			
Creditors: Amounts falling due within one year	13	(49,271)	(59,938)
Net current assets/(liabilities)		55,568	(8,199)
Total assets less current liabilities		2,451,771	2,477,399
Defined benefit pension scheme liability	19	(114,000)	(22,000)
Total net assets		2,337,771	2,455,399
Funds of the free school trust:			
Restricted funds			
Fixed asset fund		2,396,203	2,463,504
Restricted income fund		55,557	13,892
Pension reserve		(114,000)	(22,000)
Total restricted funds	14	2,337,760	2,455,396
Unrestricted income funds	14	11	3
Total funds	15	2,337,771	2,455,399

The financial statements on pages 22 to 39 were approved by the governors, and authorised for issue on 5th December 2016 and signed on their behalf by:



M Omidayi

Company Limited by Guarantee
Registration Number: 07657235

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Cash Flow Statement

Year ended 31st August 2016

		2016 £	2015 £
Cash flows from operating activities	Notes		
Net cash provided by operating activities	21	73,118	58,586
Cash flows from investing activities			
Purchase of tangible fixed assets		(9,753)	(32,996)
Change in cash and cash equivalents in the reporting period		63,365	25,590
Cash and cash equivalent at 1st September 2015		29,762	4,172
Cash and cash equivalent at 31st August 2016		93,127	29,762

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2016

1. Statement of Accounting Policies

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

Basis of preparation

The financial statements of the free school 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of Lighthouse Harmonize Education Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Lighthouse Harmonize Education Trust for the year ended 31st August 2015 were prepared in accordance with previous Generally Accepted Accounting practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 22.

Going concern

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

Incoming resources

All incoming resources are recognised when the free school 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. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements

Year ended 31st August 2016

1. Statement of Accounting Policies (continued)

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) 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 free school has provided the goods or services.

- **Donated goods, facilities and services**

The value of donated goods, facilities and services provided to the free school trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the free school trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind is a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with free school trust's policies.

Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £250 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the free school trust's depreciation policy. 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 land	Not depreciated
Leasehold buildings	2% straight line
Leasehold improvements	2% straight line
Computer equipment and software	20 - 33% straight line
Furniture and fittings	5 - 10% straight line

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2016

1. Statement of Accounting Policies (continued)

Liabilities

Liabilities are recognised when 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 free school 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.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

Rentals under operating leases are written off as charged over the year of the lease.

Taxation

The free school 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 free school trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11 Chapter 3 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.

Pensions benefits

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

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

The LGPS is a funded scheme and the assets are held separately from those of the free school 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 gains and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Actuarial gains and losses are recognised immediately in other gains and losses. 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 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.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2016

1. Statement of Accounting Policies (continued)

Pensions benefits

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The free school 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 have been a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 31st March 2013 has been used by the actuary in valuing the pensions liability at 31st August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Donations and Capital Grants

	Restricted Fixed Asset Funds	
	2016 £	2015 £
EFA Capital Grants		10,363

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2016

3. Funding for the Academy's Educational Operations				Restricted General Funds	
				2016	2015
				£	£
DfE/EFA Revenue Grants					-
General Annual Grant (GAG)				1,040,000	576,000
Other DfE/EFA Grants				119,622	159,039
				<u>1,159,622</u>	<u>735,039</u>
Other Government Grants					
Local Authority Grants				517,618	487,262
Other Grants					
Awards for All				-	10,000
Other income				1,716	-
				<u>1,716</u>	<u>10,000</u>
				<u>1,678,956</u>	<u>1,232,301</u>
4. Investment Income				Unrestricted Funds	
				Total 2016	Total 2015
				£	£
Bank interest receivable				8	3
5. Expenditure on Charitable Activities					
	Staff Costs	Non Pay Expenditure		Total 2016	Total 2015
	£	Premises £	Other £	£	£
Expenditure on raising funds					
Free School's educational operations					
Direct costs	995,785	-	256,566	1,252,351	907,940
Allocated support costs	240,134	51,011	179,096	470,241	410,044
	<u>1,235,919</u>	<u>51,011</u>	<u>435,662</u>	<u>1,722,592</u>	<u>1,317,984</u>
Net income/expenditure for the year includes:-				2016	2015
				£	£
Depreciation of tangible assets				95,380	93,328
Amortisation of intangible assets				3,768	3,769
Fees payable to auditor - Audit				4,700	4,600
- Other services				4,235	2,750
Operating leases					
- office equipment				1,942	1,942

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements

Year ended 31st August 2016

6. Charitable Activities	Restricted General Funds	
	Total 2016 £	Total 2015 £
Direct costs - educational operations	1,252,351	907,940
Support costs - educational operations	470,241	410,044
	<u>1,722,592</u>	<u>1,317,984</u>
Analysis of support costs	Restricted General Funds	
	Total 2016 £	Total 2015 £
Support staff costs	240,134	149,224
Depreciation of tangible assets	95,380	93,328
Amortisation of intangible assets	3,768	3,769
Technology costs	13,496	21,518
Premises costs	51,010	76,852
Other support costs	27,887	26,323
Governance costs	38,566	39,030
Total support costs	<u>470,241</u>	<u>410,044</u>
All support costs were in respect of educational operations.		
7. Staff		
a. Staff costs	2016 £	2015 £
Staff costs during the year were:-		
Wages and salaries	1,019,653	753,934
Social security costs	82,113	52,699
Operating costs of defined benefit pension schemes	94,509	56,846
	<u>1,196,275</u>	<u>863,459</u>
Educational support costs	39,644	29,183
	<u>1,235,919</u>	<u>892,662</u>

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2016

7. Staff (continued)

b. Staff numbers

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

	2016 No	2015 No
Charitable Activities		
Teachers	28	22
Administration and support staff	20	15
	<u>48</u>	<u>37</u>

c. Higher paid staff

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

	2016 No	2015 No
£60,000 - £70,000	1	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

d. Key management personnel

The key management personnel of the free school 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 free school trust was £303,328 (2015: £274,126).

8. Related Party Transactions - Governors' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the free school 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. Other trustees did not receive any payments, other than expenses and other benefits, from the academy trust in respect of their role as trustees.

The value of governors' remuneration was as follows:

Stephen Daley (Principal and Trustee)
Remuneration - £80,001 - £85,000 (2015 £70,001 - £75,000)
Employers' pension contributions paid - £10,001 - £15,000 (2015 £10,001 - £15,000)

Marie McConville (Vice Principal and Trustee)
Remuneration - £60,001 - £65,000 (2015 £40,001 - £45,000)
Employers' pension contributions paid - £5,001 - £10,000 (2015 £5,001 - £10,000)

Saffron Collister (Staff Governor from February 2015)
Remuneration - £15,001 - £20,000 (2015 £5,001 - £10,000)
Employers' pension contributions paid - £Nil - £5,000 (2015 £Nil - £5,000)

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements

Year ended 31st August 2016

8. Related Party Transactions - Governors' Remuneration and Expenses (continued)

Susan Boyle (Staff, Governor from February 2015)

Remuneration - £35,001 - £40,000 (2015 £20,001 - £25,000)

Employers' pension contributions paid - £5,001 - £10,000 (2015 £Nil - £5,000)

For governors appointed part way through the year, the figures reflect remuneration from the date of appointment as a governor.

During the period ended 31 August 2016, travel and subsistence expenses totalling £755 were reimbursed or paid directly to 2 governors (2015: £671 to 2 governors).

Other related party transactions involving the trustees are set out in note 20.

9. Governors' and officers' insurance

In accordance with normal commercial practice the free school has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on free school business. The insurance provides cover up to £1.5m (2015 £1.5m) on any one claim and the cost for the year ended 31st August 2016 was £848. The cost of this insurance is included in the total insurance cost.

10. Intangible fixed assets

	Computer Software £	Total £
Cost		
At 1st September 2015 and 31st August 2016	18,842	18,842
Depreciation		
At 1st September 2015	9,421	9,421
Charged in year	3,768	3,768
	13,189	13,189
Net book value		
At 31st August 2016	5,653	5,653
At 31st August 2015	9,421	9,421

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements

Year ended 31st August 2016

11. Tangible Fixed Assets	Leasehold land and buildings £	Leasehold improvements £	Furniture and fittings £	Computer equipment £	Total £
Cost					
At 1st September 2015	1,469,000	825,537	240,746	122,842	2,658,125
Additions		3,600		6,153	9,753
At 31st August 2016	1,469,000	829,137	240,746	128,995	2,667,878
Depreciation					
At 1st September 2015	45,200	32,732	54,439	49,577	181,948
Charged in year	22,600	16,511	27,624	28,645	95,380
At 31st August 2016	67,800	49,243	82,063	78,222	277,328
Net book value					
At 31st August 2016	1,401,200	779,894	158,683	50,773	2,390,550
At 31st August 2015	1,423,800	792,805	186,307	73,265	2,476,177
12. Debtors				2016 £	2015 £
Trade debtors				4,508	2,213
VAT recoverable				460	4,424
Prepayments and accrued income				6,744	15,340
				11,712	21,977
13. Creditors: Amounts falling due within one year				2016 £	2015 £
Accruals and deferred income				25,321	44,106
Other creditors				23,950	15,832
				49,271	59,938

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2016

14. Funds	Balance at 1st September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31st August 2016 £
Restricted general funds					
General Annual Grant (note i)	-	1,040,000	(1,040,000)	-	-
Other DfE/EFA Grants (note ii)	-	119,622	(186,923)	67,301	-
Local Authority Grants (note iii)	13,892	517,618	(475,953)	-	55,557
Other income	-	1,716	(1,716)	-	-
Pension reserve	(22,000)	-	(18,000)	(74,000)	(114,000)
	(8,108)	1,678,956	1,722,592	(6,699)	(58,443)
Restricted fixed asset funds					
DfE/EFA Capital Grants (note iv)	1,039,704	-	-	(44,701)	995,003
LCC lease	1,423,800	-	-	(22,600)	1,401,200
	2,463,504	-	-	(67,301)	2,396,203
Total restricted funds	2,455,396	1,678,956	1,722,592	(74,000)	2,337,760
Total unrestricted funds	3	8	-	-	11
Total funds	2,455,399	1,678,964	1,722,592	(74,000)	2,337,771

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

Notes

- (i) General Annual Grant must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the free school was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2016.
- (ii) EFA Lead in Grant and other EFA grants. These have been received for specific purposes throughout the year and include pupil premium including summer school, 16-19 Bursary, and the lead in grant which was fully spent in the year.
- (iii) Local Authority Grants consist of various support grants received from Liverpool City Council and other schools, for which pupils have been transferred to LHET.
- (iv) EFA Capital Grant for the building renovation and infrastructure. Depreciation of assets capitalised is to be matched against this income in line with accounting policy.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2016

15. Analysis of Net Assets between Funds

Fund balances at 31st August 2016 are represented by:-

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Intangible fixed assets	-	-	5,653	5,653
Tangible fixed assets	-	-	2,390,550	2,390,550
Current assets	11	104,828	-	104,839
Current liabilities	-	(49,271)	-	(49,271)
Pension scheme liability	-	(114,000)	-	(114,000)
Total net assets	11	(58,443)	2,396,203	2,337,771

16. Capital Commitments

Contracted for, but not provided in the financial statements

2016 £	2015 £
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17. Commitments under operating leases

Operating leases

At 31st August 2016 the total of the free school trust's future minimum lease payments under non-cancellable operating leases was:-

	2016 £	2015 £
Amounts due within one year	1,764	1,942
Amounts due between one and five years	3,530	-
	5,294	1,942

18. Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

19. Pension and Similar Obligations

The free school'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 Merseyside Pension Fund. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

19. Pension and Similar Obligations (continued)

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 1st April 2014 by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1st January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31st 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 £176,000 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2016, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1st April 2019.

The pension costs paid to TPS in the period amounted to £37,184 (2015: 21,641).

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.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2016

19. Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2016 was £19,000, of which employer's contributions totalled £12,000 and employees' contributions totalled £7,000. The agreed contribution rates for future years are 14.9 per cent for employers and 11 per cent 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 18th July 2013.

	At 31st August 2016 %	At 31st August 2015 %
Rate of increase in salaries	3.4	3.7
Rate of increase in pensions in payment/inflation	2.0	2.2
Discount rate for scheme liabilities	2.2	4.0
Inflation assumption (CPI)	1.9	2.2

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

Retiring today

Males	22.5	22.4
Females	25.4	25.3

Retiring in 20 years

Males	24.9	24.8
Females	28.2	28.1

The free school's share of the assets and liabilities in the scheme and the expected rates of return were:-

	Fair value at 31st August 2016 £	Fair value at 31st August 2015 £
Equity instruments	41,000	21,000
Debt instruments	13,000	7,000
Property	6,000	3,000
Cash	3,000	1,000
Other	15,000	3,000
Total market value of assets	78,000	35,000

The actual return on scheme assets was £3,000 (2015: £1,000).

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2016

19. Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the Statement of Financial Activities	2016 £	2015 £
Current service cost (net of employee contributions)	37,000	21,000
Net interest cost	1,000	-
Administration expenses	1,000	21,000
Total operating charge	39,000	21,000

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

	2016 £	2015 £
At 1st September 2015	57,000	27,000
Current service cost	37,000	21,000
Interest on pension liabilities	3,000	2,000
Employee contributions	13,000	7,000
Remeasurement loss on assumptions	82,000	-
At 31st August 2016	192,000	57,000

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

	2016 £	2015 £
At 1st September 2015	35,000	16,000
Interest on plan assets	2,000	1,000
Remeasurements	8,000	-
Administration expenses	(1,000)	-
Employer contributions	21,000	12,000
Employee contributions	13,000	7,000
At 31st August 2016	78,000	35,000

20. Related Parties

Owing to the nature of the free school's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving the such organisations are conducted at arm's length and in accordance with the free school's financial regulations and normal procurement procedures.

Ms Modupe Omidéyi, a governor of the free school is also a trustee of Liverpool Lighthouse Limited, a registered charity. Liverpool Lighthouse Limited is also a member of the charitable company. During the year expenses totalling £2,994, (2015: £Nil) were reimbursed to Liverpool Lighthouse Limited.

Ms Modupe Omidéyi is also a trustee of Love & Joy Ministries Limited. During the year expenses totalling £60 (2015: £540) were incurred by the free school. There was no balance outstanding at the year end.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2016

21. Reconciliation of net income/(expenditure to net cash flow from operating activities	2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(117,628)	(75,317)
Adjusted for:		
Depreciation	99,148	97,097
(Decrease) in debtors	10,265	23,502
(Decrease) in creditors	(10,667)	2,304
Defined benefit pension scheme cost less contributions payable	92,000	11,000
Increase defined benefit pension scheme finance cost		
Net cash provided by operating activities	73,118	58,586

22. Explanation of Transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31st August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1st September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:-

Reconciliation of net income/(expenditure)	Notes	31st August 2015 £
Net income/(expenditure) previously reported under UK GAAP		74,317
Change in recognition of LGPS interest cost	(a)	1,000
Net movement in funds reported under FRS 102		75,317

(a) Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expenses. There has been no change in the defined benefit liability at either 1st September 2014 or 31st August 2015. The effect of the change has been to increase the debit to expense by £1,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.