

**LIGHTHOUSE HARMONIZE EDUCATION TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended**

**31st August 2015**

**COMPANY REGISTRATION NUMBER: 07657235**  
**(ENGLAND AND WALES)**

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

Year ended 31st August 2015

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# LIGHTHOUSE HARMONIZE EDUCATION TRUST

Reference and administrative  
Year ended 31st August 2015

<b>Members: at approval and who served during the year</b>	Elsie Hogan-Edem		
	Henry Keesz		
	Liverpool Lighthouse Limited (represented by Helen Hawley)		
	Love and Joy Ministries Ltd (represented by Tanidabi Omidoyi)		
	Modupe Omidoyi		
	Estelle Springer		
		<b>Date of appointment</b>	<b>Date of Resignation</b>
<b>Governors, Directors and Trustees: at approval and who served during the year</b>	Stephen Philip Daley	01/04/13	
	Susan Boyle	02/02/15	
	Saffron Anouska Colister	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	-
	Stephanie Jane Murphy	20/10/11	27/04/15
	Modupe Victoria Emrica Omidoyi (Chair)	03/06/11	-
	Laura Pasterfield	28/04/14	-
	Rebecca Jane Ross-Williams	23/05/12	-
	James Angus Osborne-White	23/06/14	-
<b>Senior Management Team:</b>			
Principal	Stephen Daley		
Vice Principal	Marie McConville		
Assistant Principal	Alan Paynter		
Assistant Principal (SENCO)	Gerard Tiernan		
Business Manager	Denise McNeil		
<b>Principal and Registered Office:</b>	7 Phillimore Road Liverpool L6 6DL		
<b>Company Registration Number:</b>	07657235 (England and Wales)		
<b>Website address:</b>	www.harmonizeacademy.org		
<b>Independent Auditor:</b>	Mitchell Charlesworth LLP Chartered Accountants 5 Temple Square Liverpool L2 5RH		
<b>Bankers:</b>	Royal Bank of Scotland plc 1 Dale Street Liverpool L2 2PP		
<b>Solicitors:</b>	Bates Wells & Braithwaite London LLP Scandinavian House 2-6 Cannon Street London EC4M 6YH		

# **LIGHTHOUSE HARMONIZE EDUCATION TRUST**

## **Governors' Report**

**Year ended 31st August 2015**

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The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2014 to 31st August 2015. 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 provides cover up to £1.5m (2014 £1.5m) on any one claim and the cost for the year ended 31st August 2015 was £848.

#### **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 2015

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### Objectives and strategies and activities

The Harmonize Academy aims to provide an outstanding alternative education for Key Stage 3 and 4 students across Merseyside underpinned by Christian values. The Free School will be a school with an inclusive community where everyone feels safe, valued and secure; where students achieve their potential both educationally and personally. This will be 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 2014/15 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 2014/15 was 72 comprising of 48 places commissioned from Liverpool City Council's Alternative Provision Team, for students that have been permanently excluded from school, and 24 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 2014 we welcomed several new members of staff:

- Gerard Tiernan - SENDCo and part of the leadership team.
- Vicky Baker - Maths teacher
- Lisa Bektas - Science teacher
- Sam Sullivan – Beauty teacher
- Jon Aboo, Kimberley Ball, Ellen Chamberlain, Chloe Elackman and Ellie Redgrave - Teaching Assistants

The school's curriculum offer was broadened in September with the introduction of Food Technology, Design Technology and Beauty in addition to the core of English, Maths and Science supplemented with Performing and Urban Arts 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.

#### Ofsted

In March the school was inspected by HMI Patrick Geraghty and was given the following rating:

- Overall Effectiveness: Outstanding
- Leadership and Management: Outstanding
- Behaviour and Safety of Pupils: Good
- Quality of teaching: Outstanding
- Achievement of Pupils: Outstanding

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Governors' Report

Year ended 31st August 2015

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### Strategic report (continued)

#### Achievements and performance (continued)

##### Ofsted (continued)

Highlights of the Report included the following comments:

- "Students make rapid progress in their learning and this is maintained throughout their time at the academy"
- "Pastoral care is outstanding and is strongly focused on tackling individual student needs"
- "The provision in performing arts is outstanding"
- "Governors bring expertise and vision to their duties and are a strength of the academy"
- "The quality of the cooperation between teachers and teaching assistants in enhancing student learning and progress is exemplary"
- "The Principal and his staff are passionate and highly skilled in establishing a learning community where students can build self-esteem and self-confidence"

The full report can be accessed via the school website at [www.harmonizeacademy.org](http://www.harmonizeacademy.org)

The recommendations from Ofsted were to further **enhance enrichment activities** to:

"broaden the curriculum in sport, improve library provision, develop oracy and listening skills and promote links with business and industry."

##### Partnerships

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

- **Addaction** – Worked with individual students
- **All Saints Liverpool** - Pastoral enrichment
- **Career Connect** - Individual Careers advice for each student and we held a very successful careers fair for years 10 and 11 in school in January.
- **Alter Ego Theatre Company**- Chelsea's Choice CSE play
- **EBD Schools Football League**- Harmonize won the Joe Burns Shield and finished second in the league
- **Everyman & Playhouse Theatre**- The Academy was awarded £10,000 by Awards for All to run an eighteen weekend arts project in partnership with the Liverpool Everyman and Playhouse theatres.
- **Kensington Community Learning Centre**- EAL Support
- **LACES**- Looked after children
- **Liverpool Dyslexia Centre**- Individual support for students 2 days per week
- **Liverpool Hope University** - Drama Workshops
- **Liverpool Lighthouse**- ESOL qualification
- **Liverpool Young Runaways**- Individual pupil support
- **Liverpool Youth Service**
- **Merseyside Police**
- **Resonate- Liverpool's Music Hub**- Enrichment Music lessons
- **Rowan Garth Nursing Home**- Enrichment visits by students for Archbishop of York, Young Leaders Award
- **Team Up Cabinet Initiative**-1:1 maths and English Support delivered by university students twice a week

##### Individuals

- **Hayli Kincade** – Singing Tutor
- **Dr Andy Cornes** - Psychologist
- **Phil Garrett** – Artist and Sculptor -Mural
- **James Reader** – Frontrow Films (Harmonize TV)
- **Barry Welsh** – Circus Skills Tutor
- **Jennifer Ellison** – Acting master class Merseyside story

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Governors' Report

Year ended 31st August 2015

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### 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, Clifford Holroyde Specialist SEN College, Ernest Cookson School, Formby High School, The Hawthorne's Free School, Hillside High School, Holly Lodge Girls' College, Litherland High School, Lord Derby Academy, Maghull High School, New Heights High School, North Liverpool Academy, Ormiston Bolingbroke Academy, Ormiston Chadwick Academy, Rainford High Technology College, St Ambrose Barlow Catholic High School, The Academy of Saint Francis of Assisi, St Hilda's CE High School, St John Bosco Arts College, St Julie's Catholic High School, St Michael's CE High School, Savio Salesian College, University Academy.

##### Enrichment Trips and Activities

- Aintree Golf Course
- Alton Towers
- Chill Factre
- Echo Arena
- Hollywood Bowl
- Ice skating
- Indoor Super Go-Karting
- Knowsley Village Stables
- Lifestyles Peter Lloyd Centre
- National Museums Liverpool
- Mersey Ferry
- Radio City Tower
- West Wirral Riding Centre

##### Exam Results 2015

- 26 Year 11 students graduated from Harmonize Academy in June 2015
- 151 qualifications were achieved by year 11 students with an additional 19 YLA qualifications
- 84.61% of students achieved 5 or more A\*- G GCSEs or equivalent - an increase of 37%
- 65.38% of students achieved 5 or more A\*- G GCSEs or equivalent including English and Maths - an increase of 7.5%
- The average GCSE and equivalent point score = 101 - an increase of 11 points

These exam results compare exceptionally well with results locally and nationally for students attending alternative provision. All year 11 students who left the academy went into education, employment or training.

Six year 10 students were entered for English and Maths achieving 4 Cs, a D and an E in English and 5 Ds and an E in Maths. 92 qualifications were achieved by year 10 students overall. These are excellent results which will be built upon next year.

##### Progress

Nationally the expected progress in any subject is 0.6 levels. Against this background progress has been tracked for the following groups:

- Whole cohort
- SEN- pupils with Special Educational Needs
- FSM-pupils entitled to Free School Meals
- PP- Pupils that attract additional funding through Pupil premium
- Non PP
- EAL- pupils for whom English is an additional language
- YOT- Pupils working with the Youth Offending Team

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Governors' Report Year ended 31st August 2015

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### Strategic report (continued)

#### Achievements and performance (continued)

##### English Progress Year 11

• Whole cohort	2.12 levels of progress on average annually
• SEN	2.40 levels of progress on average annually
• FSM & PP	1.51 levels of progress on average annually
• Non PP	2.59 levels of progress on average annually
• EAL	-0.58 levels of progress on average annually
• LAC	3.69 levels of progress on average annually
• YOT	3.60 levels of progress on average annually

##### Maths Progress Year 11

• Whole cohort	1.00 levels of progress on average annually
• SEN	0.81 levels of progress on average annually
• FSM & PP	1.13 levels of progress on average annually
• NON PP	0.89 levels of progress on average annually
• EAL	1.65 levels of progress on average annually
• LAC	0.71 levels of progress on average annually
• YOT	1.18 levels of progress on average annually

##### English Progress Year 10

• Whole cohort	5.13 levels of progress on average annually
• SEN	2.90 levels of progress on average annually
• FSM	6.06 levels of progress on average annually
• PP	5.65 levels of progress on average annually
• NON PP	8.48 levels of progress on average annually
• EAL	7.60 levels of progress on average annually
• LAC	7.22 levels of progress on average annually
• YOT	6.04 levels of progress on average annually

##### Maths Progress Year 10

• Whole cohort	2.59 levels of progress on average annually
• SEN	1.45 levels of progress on average annually
• FSM	3.42 levels of progress on average annually
• PP	2.84 levels of progress on average annually
• NON PP	8.48 levels of progress on average annually
• EAL	3.80 levels of progress on average annually
• LAC	2.38 levels of progress on average annually
• YOT	1.69 levels of progress on average annually

The Board would like to take this opportunity to thank the staff, teaching and non-teaching, LCC APT team and all the schools who have commissioned places, for their support over the past two 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 2015

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### Strategic report (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 - 48 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.

#### 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.

The funding receivable for the development of the school and all associated capital works are intended to fully cover the costs, and therefore the level of reserves is not currently a significant issue.

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 school does not yet have a Reserves Policy and the level of unrestricted reserves is just £3. Non teaching staff are members of the Local Government Pension Scheme. The academy's share of the deficit on the scheme is £22,000 which has had a negative impact on the overall reserves position.

#### 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

Lighthouse Harmonize Education Trust will take a robust approach to managing risk and will maintain a Risk Register to assess its activities and operational risks.

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

**Governors' Report**  
**Year ended 31st August 2015**

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## **Strategic report (continued)**

### **Plans for future periods**

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

### **Governors' statements on disclosure of information to the auditors**

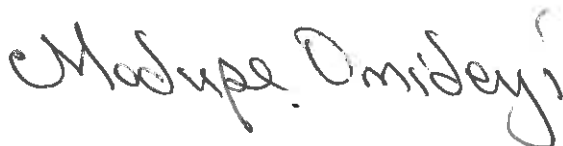
In so far as the governors are aware:-

- 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.

Governors' report, incorporating a strategic report was approved by order of the members of the Governing Body, as the company's directors, on 30th November 2015 and signed on behalf by:



**M Omideyi**  
**Chairman of Board of Governors**

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Governance Statement

Year ended 31st August 2015

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### 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 5 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	5	5
Stephen Daley	5	5
Stephanie Murphy	1	3
Stephen Harper	4	5
Rebecca Ross Williams	4	5
Jennifer Hicks	3	5
Martin Flatman	5	5
Eleanor Jones	4	5
Laura Pasterfield	3	5
James Angus Osborne-White	3	5
Marie McConville	5	5
Susan Boyle	2	3
Saffron Collister	1	3

For details of governors appointments and resignations see page 1.

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.

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Governance Statement

Year ended 31st August 2015

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

#### Key Terms of Reference (continued)

- 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.

Attendance at meetings in the year was as follows:-

Governor	Meetings attended	Out of a possible
Modupe Omidoyi	5	7
Stephen Harper	7	7
Stephen Daley	7	7
James Angus Osborne-White	6	7
Martin Flatman	1	1
Saffron Collister	1	2

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Governance Statement

Year ended 31st August 2015

### 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	4
Stephen Daley	4	4
Stephanie Murphy	2	4
Martin Flatman	4	4
Marie McConville	4	4
Susan Boyle	0	1

### 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.

Attendance at meetings in the year was as follows:-

Governor	Meetings attended	Out of a possible
Modupe Omidoyi	3	4
Stephen Daley	4	4
Rebecca Ross-Williams	2	4
Jennifer Hicks	2	4
Eleanor Jones	3	4
Laura Pasterfield	3	4
Martin Flatman	4	4

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

# **LIGHTHOUSE HARMONIZE EDUCATION TRUST**

## **Governance Statement**

**Year ended 31st August 2015**

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### **Review of Value for Money**

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year see <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 2014 to 31st August 2015 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 2014 to 31st August 2015 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.

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.

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Governance Statement

Year ended 31st August 2015

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### Performance of Responsible Officer

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.

### 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:

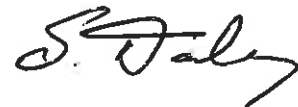
- The work of the Responsible Officer.
- The work of the external auditor.
- The financial management and governance self-assessment process.
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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 30th November 2015 and signed on its behalf by:



**M Omideyi**  
Chair of Board of Governors



**S Daley**  
Accounting Officer

# **LIGHTHOUSE HARMONIZE EDUCATION TRUST**

## **Statement of Regularity, Propriety and Compliance Year ended 31st August 2015**

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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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

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**

30th November 2015



# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Statement of Governors' Responsibilities Year ended 31st August 2015

---

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 2005;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 30th November 2015 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

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We have audited the financial statements of Lighthouse Harmonize Education Trust for the year ended 31st August 2015 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 2014/15 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 15, 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 2015, 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 2014/15 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)

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### 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.



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

5 Temple Square  
Temple Street  
Liverpool  
L2 5RH

30th November 2015

# 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**

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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 2014 to 2015, 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 2014 to 31st August 2015 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 2015 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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

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### 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 2014 to 31st August 2015 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

30th November 2015

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Statement of Financial Activities

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

Year ended 31st August 2015

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £	Total 2014 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	-	-	-	-	1,469,000
Investment income	3	3	-	-	3	-
<i>Incoming resources from charitable activities</i>						
Funding for the Free School trusts educational operations	4	-	1,232,301	10,363	1,242,664	900,959
<b>Total incoming resources</b>		3	1,232,301	10,363	1,242,667	2,369,959
<b>Resources expended</b>						
<i>Charitable activities:</i>						
Free School trusts educational operations	5	-	1,221,218	90,495	1,311,713	901,882
<i>Governance costs</i>	6	-	5,271	-	5,271	6,675
<b>Total resources expended</b>		-	1,226,489	90,495	1,316,984	908,557
<b>Net incoming/(outgoing) resources before transfers</b>		3	5,812	(80,132)	(74,317)	1,461,402
Gross transfers between funds		1,920	(1,920)	-	-	-
<b>Net income/(expenditure) for the year</b>		1,923	3,892	(80,132)	(74,317)	1,461,402
<b>Other recognised gains and losses</b>						
Actuarial (losses) on defined benefit pension scheme	18	-	(1,000)	-	(1,000)	(6,000)
<b>Net movement in funds</b>		1,923	2,892	(80,132)	(75,317)	1,455,402
<b>Reconciliation of funds</b>						
Total funds brought forward at 1st September 2014		(1,920)	(11,000)	2,543,636	2,530,716	1,075,314
<b>Total funds carried forward at 31st August 2015</b>		3	(8,108)	2,463,504	2,455,399	2,530,716

All of the Free Schools activities derive from continuing operations during the above two financial periods.

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Balance Sheet

As at 31st August 2015

	Note	2015	2014
		£	£
<b>Fixed assets</b>			
Tangible assets	10	2,485,598	2,549,699
<b>Current assets</b>			
Debtors	11	21,977	45,479
Cash at bank and in hand		29,762	4,172
		51,739	49,651
<b>Creditors: Amounts falling due within one year</b>	12	(59,938)	(57,634)
<b>Net current (liabilities)</b>		(8,199)	(7,983)
<b>Total assets less current liabilities</b>		2,477,399	2,541,716
Pension scheme liability	18	(22,000)	(11,000)
<b>Net assets including pension liability</b>		2,455,399	2,530,716
<b>Funds of the free school trust</b>			
<b>Restricted funds</b>			
Fixed asset fund		2,463,504	2,543,636
General fund		13,892	
Pension reserve		(22,000)	(11,000)
<b>Total restricted funds</b>	13	2,455,396	2,532,636
<b>Unrestricted income funds</b>			
General fund		3	(1,920)
<b>Total funds</b>	14	2,455,399	2,530,716

The financial statements on pages 20 to 35 were approved by the governors, and authorised for issue on 30th November 2015 and signed on their behalf by:

*M Omidayi*

M Omidayi

Company Limited by Guarantee  
Registration Number: 07657235

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Cash Flow Statement

Year ended 31st August 2015

	2015 £	2014 £
<b>Net cash inflow from operating activities</b>		
Net movement in funds	(75,317)	1,455,402
Depreciation	97,097	90,197
Decrease in debtors	23,502	357,770
Increase/(decrease) in creditors	2,304	(358,766)
Change in pension scheme liability	11,000	11,000
<b>Net cash inflow from operating activities</b>	<b>58,586</b>	<b>1,555,603</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(32,996)	(1,608,708)
<b>Increase/(decrease) in cash in the year</b>	<b>25,590</b>	<b>(53,105)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
Net funds at 31st August 2014	4,172	57,277
Net funds at 31st August 2015	29,762	4,172
<b>Note to cash flow statement</b>	<b>At 1st</b>	<b>At 31st</b>
<b>Analysis of changes in net funds</b>	<b>September 2014</b>	<b>August 2015</b>
	<b>£</b>	<b>£</b>
Cash in hand and at bank	4,172	29,762



# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

---

### 1. Statement of Accounting Policies

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently except where noted, is set out below.

#### **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 the approval of the financial statements (based on forecasts and cash flow information in addition to pupil numbers and EFA funding estimates).

#### **Incoming resources**

All incoming resources are recognised when the free school trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance on the restricted general fund.

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

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or completion of the service.

- **Donated services and gifts in kind**

The value of donated services and gifts in kind 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.

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

---

### 1. Statement of Accounting Policies (continued)

#### Resources expended

Expenditure is recognised in the period in which a liability is incurred and is classified under headings that aggregate all costs relating to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Charitable activities**

These are costs incurred on the free school trust's educational operations.

- **Governance costs**

These include the costs attributable to the free school trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meeting and reimbursed expenses.

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

#### 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

### 1. Statement of Accounting Policies (continued)

#### Pensions benefits (continued)

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

The 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 quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the year until vesting occurs. The expecting return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### 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.

2. Voluntary income	Unrestricted Funds £	Restricted Funds £	Total 2015 £	Total 2014 £
Donated Fixed Assets	-	-	-	1,469,000

Donated Fixed Assets income in the previous year relates to the provision of a 125 year lease by Liverpool City Council in relation to the premises used by the free school. The Open Market Value, as provided by Mouchel Education property consultants was £1,469,000.

3. Investment income	Unrestricted Funds £	Restricted Funds £	Total 2015 £	Total 2014 £
Bank interest receivable	3	-	3	-

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

4. Funding for the Academy's Educational Operations		Unrestricted Funds £	Restricted Funds £	2015 £	2014 £
DfE/EFA revenue grants		-	-	-	-
General Annual Grant (GAG)		-	576,000	576,000	384,000
EFA Capital Grants		-	10,363	10,363	132,250
Other DfE/EFA grants		-	159,039	159,039	116,194
		-	745,402	745,402	632,444
Other Government grants					
Local Authority Grants		-	487,262	487,262	268,515
Other grants					
Awards for All		-	10,000	10,000	-
		-	1,242,664	1,242,664	900,959
5. Resources Expended		Non Pay Expenditure			
	Staff Costs £	Premises £	Other Costs £	Total 2015 £	Total 2014 £
Free School's educational operations					
Direct costs	715,235	-	192,705	907,940	569,189
Allocated support costs	148,224	172,504	83,045	403,773	332,693
	863,459	172,504	275,750	1,311,713	901,882
Governance costs including allocated support costs	-	-	5,271	5,271	6,675
	863,459	172,504	281,021	1,316,984	908,557
Incoming/outgoing resources for the year includes:-				2015 £	2014 £
Depreciation of tangible fixed assets				97,096	90,197
Fees payable to auditor - Audit				4,600	4,250
- Other services				2,750	-
Operating leases					
- office equipment				1,942	1,942

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

5. Resources Expended (continued)	Unrestricted	Restricted	Total	Total
	Funds	Funds	2015	2014
Charitable Activities	£	£	£	£
<b>Direct costs - educational operations</b>				
Teaching and educational support staff costs	-	744,418	744,418	477,542
Educational supplies	-	32,170	32,170	18,585
Examination fees	-	15,798	15,798	5,917
School trips/activities	-	94,974	94,974	32,432
Staff recruitment and training	-	11,654	11,654	10,952
Other direct costs	-	-	-	12,925
Insurance	-	8,926	8,926	10,836
		907,940	907,940	569,189
<b>Support costs - educational operations</b>				
Support staff	-	148,224	148,224	140,550
Depreciation	-	97,096	97,096	90,197
Technology costs	-	21,518	21,518	8,982
Maintenance of premises and equipment	-	39,913	39,913	25,193
Occupancy costs	-	4,617	4,617	7,392
Heat and light	-	14,174	14,174	4,018
Catering	-	18,148	18,148	27,859
Bank interest and charges	-	44	44	32
Net finance cost on pension scheme	-	2,000	2,000	1,000
Professional fees	-	33,759	33,759	11,684
Other costs	-	24,280	24,280	15,786
	-	403,773	403,773	332,693
<b>Total direct and support costs</b>	-	1,311,713	1,311,713	901,882
6. Governance Costs	Unrestricted	Restricted	2015	2014
	Funds	Funds	£	£
	£	£		
Legal and professional fees	-	-	-	2,425
Auditors' remuneration - audit of financial statements	-	4,600	4,600	4,250
Trustees' reimbursed expenses - travel	-	671	671	-
	-	5,271	5,271	6,675

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

7. Staff Costs	2015 £	2014 £
Staff costs during the year were:-		
Wages and salaries	753,934	503,394
Social security costs	52,699	39,786
Pension costs	56,846	34,002
	<u>863,459</u>	<u>577,182</u>
Educational support costs	29,183	40,910
	<u>892,662</u>	<u>618,092</u>

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015 No	2014 No
<b>Charitable Activities</b>		
Teachers and education support staff	22	13
Administration, management and support staff	15	3
	<u>37</u>	<u>16</u>

One employee received remuneration exceeding £60,000 within the year ended 31st August 2015. See note 7.

## 8. Related Party Transactions - Governors' Remuneration and Expenses

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, 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 - £70,001 - £75,000 (2014 £70,001 - £75,000)  
Employers' pension contributions - £10,001 - £15,000 (2014 £10,001 - £15,000)

Marie McConville (Vice Principal and Trustee)  
Remuneration - £45,001 - £50,000 (2014 £40,001 - £45,000)  
Employers' pension contributions - £5,001 - £10,000 (2014 £Nil)

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

Susan Boyle (Staff, Governor from February 2015)  
Remuneration - £20,001 - £25,000  
Employers' pension contributions - £Nil - £5,000

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

Other related party transactions involving the trustees are set out in note 18.

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

### 9. Governors' and officers' insurance

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 provides cover up to £1.5m (2014 £1.5m) on any one claim and the cost for the year ended 31st August 2015 was £848. The cost of this insurance is included in the total insurance cost.

10. Tangible Fixed Assets	Leasehold land & buildings £	Leasehold improvements £	Furniture & fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1st September 2014	1,469,000	813,758	232,649	128,564	2,643,971
Additions	-	11,779	8,097	13,120	32,996
	<u>1,469,000</u>	<u>825,537</u>	<u>240,746</u>	<u>141,684</u>	<u>2,676,967</u>
<b>Depreciation</b>					
At 1st September 2014	22,600	16,221	26,815	28,636	94,272
Charged in year	22,600	16,511	27,624	30,362	97,097
	<u>45,200</u>	<u>32,732</u>	<u>54,439</u>	<u>58,998</u>	<u>191,369</u>
<b>Net book value</b>					
At 31st August 2015	1,423,800	792,805	186,307	82,686	2,485,598
	<u>1,423,800</u>	<u>792,805</u>	<u>186,307</u>	<u>82,686</u>	<u>2,485,598</u>
At 31st August 2014	1,446,400	797,537	205,834	99,928	2,549,699
	<u>1,446,400</u>	<u>797,537</u>	<u>205,834</u>	<u>99,928</u>	<u>2,549,699</u>

11. Debtors	2015 £	2014 £
Trade debtors	2,213	1,176
VAT recoverable	4,424	27,379
Prepayments and accrued income	15,340	16,924
	<u>21,977</u>	<u>45,479</u>

12. Creditors: Amounts falling due within one year	2015 £	2014 £
Other creditors	15,832	13,069
Accruals and deferred income	44,106	44,565
	<u>59,938</u>	<u>57,634</u>

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

13. Funds	Balance at 1st September 2014 £	Incoming resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31st August 2015 £
<b>Restricted general funds</b>					
General Annual Grant (note i)	-	576,000	(576,000)	-	-
Other DfE/EFA Grants (note ii)	-	159,039	(159,039)	-	-
Local Authority Grants (note iii)	-	487,262	(471,450)	(1,920)	13,892
Other grants - Awards for All (note iv)	-	10,000	(10,000)	-	-
	-	1,232,301	(1,216,489)	(1,920)	13,892
<b>Restricted fixed asset funds</b>					
DfE/EFA Capital Grants (note v)	1,097,236	10,363	(67,895)	-	1,039,704
LCC lease	1,446,400	-	(22,600)	-	1,423,800
	2,543,636	10,363	(90,495)	-	2,463,504
Pension reserve	(11,000)	-	(10,000)	(1,000)	(22,000)
<b>Total restricted funds</b>	<b>2,532,636</b>	<b>1,242,664</b>	<b>(1,316,984)</b>	<b>(2,920)</b>	<b>2,455,396</b>
<b>Unrestricted funds</b>	<b>(1,920)</b>	<b>3</b>	<b>-</b>	<b>1,920</b>	<b>3</b>
<b>Total funds</b>	<b>2,530,716</b>	<b>1,242,667</b>	<b>(1,316,984)</b>	<b>(1,000)</b>	<b>2,455,399</b>

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 2015.
- (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) The Academy was awarded £10,000 by Awards for All to run an 18 Weekend Arts Project in partnership with Liverpool Everyman and Playhouse Theatres.
- (v) 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 2015

### 14. Analysis of Net Assets between Funds

Fund balances at 31st August 2015 are represented by:-

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	22,094	2,463,504	2,485,598
Current assets	3	51,736	-	51,739
Current liabilities	-	(59,938)	-	(59,938)
Pension scheme liability	-	(22,000)	-	(22,000)
<b>Total net assets</b>	<b>3</b>	<b>(8,108)</b>	<b>2,463,504</b>	<b>2,455,399</b>

### 15. Capital Commitments

Contracted for, but not provided in the financial statements

2015 £	2014 £
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### 16. Financial Commitments

#### Operating leases

At 31st August 2015 the free school trust had annual commitments under non-cancellable operating leases as follows:-

	2015 £	2014 £
<b>Other</b>		
Expiring within two and five years inclusive	1,942	1,940

### 17. 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.

### 18. Pension and Similar Obligations

The academy'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 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 of the LGPS 31 March 2013.

Contributions amounting to £Nil (2014: £Nil) were payable to the schemes at 31 August 2015 and are included within creditors.

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

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### 18. 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 2015, 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 (2014: 21,641).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions Website](#).

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 2015

### 18. 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 2015 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 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 2015 %	At 31st August 2014 %
Rate of increase in salaries	3.7	3.7
Rate of increase in pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	4.0	4.0
Inflation assumption (CPI)	2.2	2.2
Commutation of pensions to lump sums	50.0	50.0

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	22.4	22.3
Females	25.3	25.2

#### Retiring in 20 years

Males	24.8	24.7
Females	28.1	28.0

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

	Expected Return at 31st August 2015 %	Fair value at 31st August 2015 £	Expected Return at 31st August 2014 %	Fair value at 31st August 2014 £
Equities	6.5	21,000	7.0	10,000
Government Bonds	2.5	5,000	2.9	2,000
Other Bonds	3.6	2,000	0.0	-
Property	6.1	3,000	6.2	1,000
Cash	0.5	1,000	0.5	1,000
Other	6.5	3,000	7.0	2,000
Total market value of assets		35,000		16,000
Present value of scheme liabilities - Funded		(57,000)		(27,000)
(Deficit) in the scheme		(22,000)		(11,000)

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

### 18. Pension and Similar Obligations (continued)

#### Local Government Pension Scheme (continued)

Amounts recognised in the Statement of Financial Activities	2015 £	2014 £
Current service cost (net of employee contributions)	21,000	14,000
Total operating charge	21,000	14,000

#### Analysis of pension finance income/(costs)

	2015 £	2014 £
Expected return on pension scheme assets	1,000	-
Interest on pension liabilities	(2,000)	(1,000)
<b>Pension finance income/(costs)</b>	<b>(1,000)</b>	<b>(1,000)</b>

The actual return on scheme assets was £1,000 (2014 £1,000).

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities.

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS17 is a £7,000 loss (2014 £6,000 loss).

#### Analysis of the actuarial loss recognised in the Statement of Total Recognised Gains and Losses

	2015 £	2014 £
Experience gains and losses arising on the scheme liabilities	-	(6,000)
Experience gains and losses on the scheme assets	(1,000)	-
<b>Actuarial loss recognised in the Statement of Total Recognised Gains and Losses</b>	<b>(1,000)</b>	<b>(6,000)</b>

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

	2015 £	2014 £
<b>At 1st September 2014</b>	<b>27,000</b>	<b>-</b>
Current service cost	21,000	14,000
Interest cost	2,000	1,000
Employee contributions	7,000	6,000
Actuarial (gain)/loss	-	6,000
<b>At 31st August 2015</b>	<b>57,000</b>	<b>27,000</b>

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

	2015 £	2014 £
<b>At 1st September 2014</b>	<b>16,000</b>	<b>-</b>
Expected return on pension scheme assets	1,000	-
Employer contributions	12,000	10,000
Employee contributions	7,000	6,000
Actuarial gain/(loss) on assets	(1,000)	-
<b>At 31st August 2015</b>	<b>35,000</b>	<b>16,000</b>

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Notes to the Financial Statements Year ended 31st August 2015

### 18. Pension and Similar Obligations (continued)

#### Local Government Pension Scheme (continued)

The estimated value of employer contributions for the year ended 31st August 2016 is £12,000.

A five-year history of experience adjustments is as follows:

	2015 £	2014 £
Present value of defined benefit obligations	(57,000)	(27,000)
Fair value of share of scheme assets	35,000	16,000
Deficit in the scheme	(22,000)	(11,000)
	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>Experience adjustments on the scheme liabilities:</b>		
- Amount	-	6,000
- Percentage of scheme assets	0.0%	37.5%
Difference between expected and actual return on assets		
Total amount recognised in Statement of Total Recognised Gains and Losses:-		
- Amount	1,000	6,000
- Percentage of scheme assets	2.9%	37.5%

### 19. 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 Omideyi, 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, (2014: £Nil) were reimbursed to Liverpool Lighthouse Limited.

Ms Modupe Omideyi is also a trustee of Love & Joy Ministries Limited. During the year expenses totalling £60 (2014: £540) were incurred by the free school. There was no balance outstanding at the year end.

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Detailed Income and Expenditure Account Year ended 31st August 2015

*These pages do not form part of the statutory financial statements*

Income	2015 £	2014 £
<b>EFA Grants</b>		
GAG	576,000	384,000
EFA Lead in Grant	76,500	36,042
EFA Educational Services Grants	37,800	42,471
EFA Pupil Premium	25,245	24,300
EFA Allocation Protection	19,494	-
Insurance Grant	-	13,382
	<u>735,039</u>	<u>500,195</u>
<b>Other Grants</b>		
Awards 4 All	10,000	-
SEN	320,600	223,289
EFA Capital Grants	10,363	132,250
LEA Grants	166,662	45,225
	<u>507,625</u>	<u>400,764</u>
<b>Other Income</b>		
Donated assets	-	1,469,000
Bank interest receivable	3	-
	<u>3</u>	<u>1,469,000</u>
<b>Total Income</b>	<u>1,242,667</u>	<u>2,369,959</u>

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Detailed Income and Expenditure Account Year ended 31st August 2015

*These pages do not form part of the statutory financial statements*

Expenditure	2015 £	2014 £
<b>Staff and education consultant costs</b>		
Wages	753,914	503,394
National Insurance	52,699	39,786
Pension	56,846	34,002
Educational support	29,183	40,910
<b>Total staff and education consultant costs</b>	<b>892,642</b>	<b>618,092</b>
<b>Education supplies and services</b>		
Catering	18,148	27,859
Learning resources	32,170	18,585
Enrichment	94,974	43,415
Staff development	11,454	9,925
Exam fees	15,798	5,917
	<b>172,544</b>	<b>105,701</b>
<b>Maintenance of premises and equipment</b>		
Repairs and maintenance	39,913	25,193
<b>Other occupancy costs</b>		
Hire of office space	2,447	2,160
Telephone	2,002	4,135
Cleaning	168	695
Heat and light	14,174	4,018
	<b>18,791</b>	<b>11,008</b>
<b>Other supplies and services</b>		
Legal and professional fees	33,759	14,059
Auditor's remuneration	4,600	4,250
Bank interest and charges	44	32
Governors reimbursed expenses	671	-
	<b>39,074</b>	<b>18,341</b>
<b>Technology costs (not capitalised)</b>		
Computer equipment	18,154	4,691
Broadband	3,364	5,963
	<b>21,518</b>	<b>10,654</b>

# LIGHTHOUSE HARMONIZE EDUCATION TRUST

## Detailed Income and Expenditure Account Year ended 31st August 2015

*These pages do not form part of the statutory financial statements*

	2015 £	2014 £
<b>Other expenditure</b>		
Recruitment - advertising	200	1,028
General administration supplies	21,056	15,472
Travel expenses	3,223	1,485
Insurance	8,926	10,386
Net finance cost on pension scheme	2,000	1,000
	<u>35,405</u>	<u>29,371</u>
Depreciation	97,097	90,197
	<u>1,316,984</u>	<u>908,557</u>
<b>Total expenditure</b>		
	<u>1,316,984</u>	<u>908,557</u>
<b>(Deficit)/surplus for the year</b>	<u>(74,317)</u>	<u>1,461,402</u>