

Registration number: 07657235

Lighthouse Harmonize Education Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017

Lighthouse Harmonize Education Trust

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Lighthouse Harmonize Education Trust

Reference and Administrative Details

Members

Elsie Hogan-Edem

Henry Keesz

Liverpool Lighthouse Limited, represented by Helen Hawley

Love and Joy Ministries Limited, represented by Tanidabi Omideyi

Modupe Omideyi

Estelle Springer

Governors

Stephen Philip Daley

Susan Boyle (resigned 26 September 2016)

Saffron Anouska Collister (resigned 20 March 2017)

Martin Flatman

Stephen Allen Harper

Jennifer Hicks

Eleanor Jones (resigned 31 December 2016)

Marie McConville

Modupe Victoria Emrica Omideyi, Chair

Laura Pasterfied (resigned 26 September 2016)

Rebecca Jane Ross-Williams

James Angus Osborne-White

Anthony Lawson (appointed 5 December 2016)

Senior Management Team

Stephen Philip Daley, Principal

Marie McConville, Vice Principal

Alan Paynter, Assistant Principal

Gerard Tiernan, Assistant Principal (SENCO)

Denise McNeil, Business Manager

Principal and Registered Office

7 Phillimore Road

Liverpool

L6 6DL

Lighthouse Harmonize Education Trust

Reference and Administrative Details (continued)

Company Registration Number

07657235

Auditors

Beever and Struthers
Chartered Accountants and Statutory Auditors
St Georges House
215-219 Chester Road
Manchester
M15 4JE

Bankers

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

Solicitors

Bates Wells & Braithwaite London LLP
Scandanavian House
2-6 Cannon Strett
London
EC4M 6YM

Lighthouse Harmonize Education Trust

Trustees' Report for the Year Ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 07657235.

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

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the 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.

Trustees' indemnities

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

Method of recruitment and appointment or election of Trustees

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 Trustees

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 that Free School is run in an efficient and professional manner. The Board has appointed three sub-committees: Quality of Education; Community, Communications and Marketing; Finance and Resources. The members of the Finance and Resources Committee also meet as the Audit and Pay Committees.

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).

Lighthouse Harmonize Education Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Connected organisations, including related party relationships

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

Objectives and activities

Objects and aims

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 86 on the school census in October 2016.

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 2016/17 demonstrated in all accepted definitions that Lighthouse Harmonize Education Trust provides charitable services that are of public benefit through the provision of secondary education, advice and support to other providers of such secondary education, and making 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.

Lighthouse Harmonize Education Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance

The school's capacity for 2016-17 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.

Harmonize Academy continues to provide outstanding alternative education with individualised learning pathways that aim to radically improve the achievement and life chances of our students. We strive to help every student on leaving us to progress to continuing education, training or employment.

We aimed to strengthen the focus on the core academic subjects, English, Maths and Science and improve levels of attainment across the curriculum. This included plans to develop the Urban Arts, and Sports and Enterprise base which we believe engages and develops confidence in our students and also prepares them for the world of work.

Furthermore, interventions to assist exam success and behaviour management support continued to be important strands of the Harmonize Academy experience.

During 2016-17, Harmonize Academy continued to develop its curriculum offer (GCSE PE, Cache Childcare qualifications) and enrichment activities, in particular, in arts and culture (Arts Award Bronze).

All students were base-lined on arrival. Their KS2 results in English and maths were considered and an aspirational target set for the end of KS4. Students were also tested for their current levels in English and Maths. GCSE forecast grades were changed to a baseline 9-1 target to reflect the new grading system. For students reaching the end of KS4 results were analysed against target to determine whether they had performed better, on or below target grade.

An improvement has been shown each year with more qualifications achieved (305 in 2015-16 and 362 qualifications this year) owing to the broader curriculum. 72.5% of students were entered for 5 GCSEs or equivalent which was similar to the previous year.

Activities

Mr Stephen Daley, the Principal gave the following account of activities throughout the year. From September 2016 the school's capacity remained at 104. We welcomed several new members of staff:

- Sam Lester- Teacher of English.
- Rebecca Evans, Tara Kinnin, Francis Mulrooney, Lotte Schol, Denise Vaughan - Teaching Assistants
- Abbie Powell - Apprentice Teaching Assistant

The school's curriculum offer was broadened in September with the introduction of GCSE Chemistry, GCSE Design Technology and GCSE Drama in addition to the core of English, Maths and Biology 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

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance (continued)

Exam Results 2017:

The G.C.S.E. results were the best in the school's history. The table below shows the continued year by year progress the school and students are making.

	Number of end of key stage 4 pupils	No of Quals	Percentage of pupils entered for 5+ GCSEs or equivalent ³	Percentage of pupils at the end of key stage 4 achieving						Average GCSE and equivalents 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 2016/2017	39	362	72.5	13.8	10.3	89.66	15	77.5	100	152.45
Harmonize Academy 2015/2016	39	305	76.3	13.8	13.8	55.17	32.76	63.79	100	124.87
Harmonize Academy 2014/2015	26	151	84.61	0.0	0.0	84.61	11.36	81.82	100	100.88
Harmonize Academy 2013/2014	19	97	68.42	21.05	10.53	47.37	25.00	70.00	100	95.53
Liverpool PRU Data 2014/2015	147		0.0	0.0	0.0	0.0	0.0	0.0	32.7	17.5
Knowsley PRU Data 2014/2015	17		0.0	0.0	0.0	0.0	0.0	35.3	88.2	51.0
Sutton PRU Data 2014/2015	26		19.2	x	x	19.2	x	15.4	73.1	75.3
Manchester PRU Data 2014/2015	118		28.0	5.9	2.5	25.4	4.2	43.2	72.9	88.1

Average no. of weeks at HA 2016/2017	2016/2017		2015/2016	
		50		46
GCSEs		Marking Scheme	Equivalents qualifications	
WJEC English Language		9 - 1	NCFE EL, L1, L2 Certs English	
Edexcel Maths (Foundation / Higher)		9 - 1	NCFE EL2 Cert Maths	
AQA Science Core		A* - G		
AQA Science Additional		A* - G		
AQA Biology		9 - 1		
AQA Chemistry		9 - 1		
AQA Performing Skills (double)		A* - G	NCFE L2 Cert Performance Skills NCFE L2 Cert Music Technology NCFE L2 Ext Cert Music Technology	
AQA Drama (June 2018)		9 - 1		
AQA Design Tech Short Course		A* - G		
AQA PE Short Course		A* - G		
AQA PE Full Course		A* - G		
			L1 NCFE V.Cert Food and Cookery L2 NCFE V.Cert Food and Cookery	
			NCFE L1 Award PSD NCFE L1 Cert PSD NCFE L1 Ext Cert PSD NCFE L1 Award Sexual Health Awareness NCFE L1 Award Mental Health Awareness	
			VTCT L1 Award Introduction to Hair & Beauty Sector VTCT L1 Cert Introduction to Hair & Beauty Sector VTCT L2 Award Hair & Beauty Skills VTCT L2 Ext Cert Hair & Beauty Skills	
			NCFE L1 Cert Photography NCFE L1 Ext Cert Photography	
			CACHE L1 Award Caring for Children CACHE L2 Cert Introducing Caring for Children and Young People CACHE L2 Award Babysitting CACHE L2 Award Preparation for the Responsibilities of Parenting	

Lighthouse Harmonize Education Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance (continued)

GCSEs	Marking Scheme	Equivalents qualifications
		LAMDA L2 Award Speaking and Listening Skills
		BHS EL Award Equestrian Skills
		Archbishop of York Young Leaders Award KS3 / KS4
		Arts Award
		Trinity: ESOL Grade 5
		Open Awards EL3 Award Skills for Further Learning & Employment

Partner Organisations:

- Addaction - Worked with individual students
- Blackburn House
- Capita Education Rewards Scheme
- 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 January attended by fifteen local employers and training providers
- Cultural Citizens Programme with Curious Minds - various cultural and restaurant trips as part of the Arts Award programme
- dot-art Schools Liverpool - art competition
- EBD Schools Football League- Football Tournaments
- Fagends - Addiction support
- Judo Education
- LACES- Looked after children, Liverpool
- Liverpool Dyslexia Society- Individual support for students 2 days per week
- Liverpool Lighthouse
- Liverpool Learning Partnership
- Liverpool Youth Service
- Merseyside Police
- New Schools Network - Filming
- RARE Dance & Performing Arts Studio
- Resonate- Liverpool's Music Hub- Enrichment Music lessons
- The Royal Court - Terriers Production
- Rowan Garth Nursing Home- Enrichment visits for Archbishop of York, Young Leaders Award
- University student placements - four student placements (3 from Hope and 1 from LJMU)
- University support.-1:1 English, maths, and science support delivered by local students weekly
- Young Everyman Playhouse

VIP Visitors and Guest Facilitators:

- Mr. Brendan Doody, Assistant Director, Irish OFSTED
- Ms Anne Casey, Deputy Regional Schools Commissioner, DfE
- Ms Billie Clements, DJ
- Mr David Emmett, The Kings' Church, Manchester
- Ms Jenni Hicks, Governor
- Mr Richard Hinch, Principal Designate, Bishop Auckland College
- Ms Amy Hubbard, BBC Casting Director (Three students were selected for the final stage of auditions for BBC dramas)
- Lancaster Foundation, Ms Anna Lancaster and Mr Chris Richardson
- Professor Pillay, Hope University
- Mr Mark Rowan, Alumnus, RARE Dance & Performing Arts Studio

Lighthouse Harmonize Education Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance (continued)

Regular Individual Facilitators:

- Dr Andy Cornes - Psychologist
- Carla Ellington and Anthony Farrell - Choir Tutors
- James Reader - Frontrow Films (Harmonize TV) and Photography Tutor
- Lorraine Smith - Glofit Tutor
- Barry Welsh - Circus Skills Tutor

Education Visitors and Events 2016/2017

Regional:

- Alder Centre, Liverpool
- Broadgreen International School Mental Health Project, Liverpool
- Everton Nursery, Liverpool,
- St Silas CE Primary School, Liverpool
- Weatherhead High, Wirral

National:

- Ashby College, Ashby de la Zouch
- Bishop Auckland College, County Durham
- Bury Schools Alternative Provision Programme
- East Birmingham Network Academy, Birmingham
- EdStart Specialist Education Ltd, Salford
- The Fermain Academy, Macclesfield
- Harpurhey AP Centre, Manchester
- Manchester Secondary PRU
- Ministry of Justice Secure Schools, London
- Newcastle United Foundation AP Free school, Newcastle upon Tyne
- N-Gage, Manchester
- Oakfield Lodge School, AP, Crewe
- QPR in the Community, London Borough Brent
- Sheffield City Council Alternative Provision
- Spring Brook School, Oldham
- Campus Scoping Group
- Ysgol Rhydgor, Johnstown, Camarthenshire

Education Network Events

- Academies Show, Birmingham
- APT Providers Forums and Conference, Liverpool
- Education Estates Conference
- MAT discussions ongoing with Manchester Secondary PRU, Manchester City Council and the Kings' Church, Manchester.

The following schools placed students at Harmonize Academy during 2016-17:

Archbishop Blanch School, Bellerive FCJ Catholic College, Broadgreen International School, Enterprise South Liverpool Academy (now The Academy of St Nicholas), Finchwood Academy, Halewood Academy, The Hawthorne's Free School, Hillside High School, Holly Lodge Girls' College, Knowsley Park High School, Lord Derby Academy, Meadow Park School, Neston High School, New Heights High School, North Liverpool Academy, Ormiston Bolingbroke Academy, Ormiston Chadwick Academy, Prenton High School, St Edmond Arrowsmith Catholic Centre for Learning, 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, The Range High School, The Whitby High School, University CE Academy, Upton by Chester High School.

Lighthouse Harmonize Education Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance (continued)

The following Local Authorities placed students at Harmonize Academy during 2016-17:

Cheshire West & Chester LA, Halton LA, Knowsley HA, Liverpool City Council Alternative Provision Team, Liverpool SEN, London Borough Council Hackney, Virtual School Blackpool, Wirral LA.

Enrichment Trips and Activities

- Childcare trips with Life Choice Ltd (virtual babies hire); Baby and toddler show, Manchester
- Liverpool Empire, Liverpool Everyman and The Old Palace Theatres, Odeon Cinema, Gandy's Circus
- English GCSE Revision Conference, Manchester
- Food and Cookery Trips to local restaurants
- Knowsley Village Stables
- Liverpool Fashion Show
- Liverpool Lighthouse Christmas Service
- MerseySTEM: Bright Future Science Programme
- National Museums Liverpool
- Music and Photography trips to local locations
- Sports & Fitness: Aintree Golf Course, Airborne Academy, Anfield Boxing Club, Awesome Walls, Boccia, Chill Factive, Go-Karting, Handball, Hollywood Bowl, Ice-skating, Jubilee Sports Centre, Judo, Laserquest, Nerf, Paintballing, Pool, Table-tennis, Watersports, Velocity Trampoline Park, Volleyball, Zipworld.

Harmonize Productions:

- Beauty: Make-up showcase
- Performing Arts: Hood Brothers
- Music: Singing and Band showcases

Continuous Professional Development:

- NPQH (Vice-Principal)
- Arts & Culture Coach Training (Performing Arts)
- Cert Ed (Maths and Performing Arts)
- Designated Safeguarding Lead Training and development of Safeguarding Team
- Euro Space Centre Visit (Science)
- Mentoring Student Teachers (Maths)
- Middle Leadership Course (Maths)
- MAT Training (Governing Body and SLT)
- PGCE (PSD and Food)
- WJEC GCSE English Lang: Preparing to teach One Year Courses (English)

Multi Academy Trust Status:

The drive to open Harmonize 2 in Manchester was progressing well with the school being included in Manchester Education Authority's 10 year plan. Unfortunately, the March application deadline was not met due to the period of purdah pre the General Election. The election result severely weakened the government's free school plans and as yet no new wave of free school applications has been announced, so at present all plans are on hold awaiting direction from the DfE.

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

Lighthouse Harmonize Education Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Key performance indicators

- Ofsted rating: Harmonize Academy was rated outstanding by Ofsted in March 2015.
- Exam results: An improvement has been shown each year with more qualifications achieved (305 in 2015-16 and 362 qualifications this year) owing to a broader curriculum including more options such as sport and PE, photography and childcare. The school continues to achieve a 100% pass rate for each year 11 student achieving at least one qualification. The individual student Point Score has increased each year - 152.45 in 2016-17.
- Academic progress: 74% of students made better than expected progress in English and 51% made better than expected progress in Maths. Overall, 90% of students made at least one level of progress per subject per year.
- Maintain school capacity: The academy's projected capacity for September 2017 was 104 students. There were 102 students recorded on the spring 2017 census and 104 on the summer 2017 census.

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 overall deficit for 2017 is £142,345 (2016 £43,628) after depreciation and amortisation charges of £105,497 (2016 £99,147).

After accounting for the actuarial loss on the local government pension scheme the net movement in funds for the year is a negative £192,345 (2016 £117,628).

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 unrestrictive reserves is just £17. It is expected that a Reserves Policy will be developed in line with the Financial Strategy that is to be completed in 2017 - 2018. Support staff are members of the Local Government Pension Scheme. The academy's share of the deficit on the scheme in 2016 was £114,000 which has a negative impact on the overall reserves position. A plan was implemented to reduce the deficit – this comprised increasing employer contributions over a period of three years, making an additional contribution of £3,300 and carrying out a review at the end of the 3 year period. This plan has been followed. The academy's share of the deficit in the scheme in 2017 is £205,000. .

Lighthouse Harmonize Education Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

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 takes a robust approach to managing risk and maintains a Risk Register to assess its activities and operational risks. This is reviewed by the governors on a termly basis.

The risk register assessment is a 'live' document which continually identifies risks and where necessary, agrees and puts in place measures of control and mitigation to manage risk. The Trust's strategic plan makes clear that it is unable to mitigate risks outside of its control such as, adverse economic events.

The principal risks are:

- Strategic and Reputational Risks: a lack of strategic direction resulting in a loss of reputation and lack of demand for the Trust's services;
- Operational Risks: security of assets is compromised resulting in loss;
- Financial Risks: inadequate financial controls resulting in poor financial management;
- Compliance Risks: failure to comply with legislation or regulations resulting in loss of academy status.

The Academy Trust has put in place controls:

- adherence to a cycle of planning agreed by the GB;
- reviewed security arrangements, is logging its assets in a fixed asset register and has ensured it has adequate insurance cover;
- has documented its authorised policies and procedures and an annual review of these is carried out
- financial reports are linked to the Trust's strategic plan and include accurate projections produced on a termly basis by staff with the required skills and competencies;
- has identified key legal and regulatory requirements and allocated responsibility for key compliance procedures, obtaining compliance reports from regulators where appropriate.

Support staff are members of the Local Government Pension Scheme. The academy's share of the deficit on the scheme in 2016 was £114,000. A plan was implemented to reduce the deficit which comprised increasing employer contributions over a period of three years, making an additional contribution of £3,300 and carrying out a review at the end of the 3 year period.

Risk Management

The governors have assessed the major risks to which the Trust is exposed, in particular those related to the strategic planning, operation, finances and reputation of the Trust as well as compliance with legal and regulatory requirements. In as far as they are able, the governors are satisfied that they have put systems in place to identify potential risks and their impact and to mitigate exposure to major risks as well as ensuring changes in legislation and funding are taken into account.

Lighthouse Harmonize Education Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

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.

During 2017-18 we aim to continue broadening the curriculum and maintain levels of attainment. Over the four years, the school has achieved a 100% pass rate with each year 11 student achieving at least one qualification. We aim to maintain this rate alongside an aspirational target to continue increasing the average individual student point score at the end of KS4.

Further options in GCSE Psychology and Chemistry and more vocational qualifications will be offered such as L2 Speaking & Listening (compulsory for year 10). The option of L1 Dance will be available as part of the core PE requirement for year 10s ensuring that more students are participating in physical activity. The suite of PSHE qualifications will grow to include Alcohol Awareness and Substance Misuse Awareness.

A base-lining system for science will be developed to add to the testing which students undergo on arrival at Harmonize Academy.

Strong and effective pastoral management for all our students is integral to their experience at Harmonize Academy and will continue to be at the heart of the school's activity.

Plans to move to MAT status and open a second alternative provision school in the Manchester region will continue if funding becomes available and can be secured.

Lighthouse Harmonize Education Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Funds held as Custodian Trustee on behalf of others

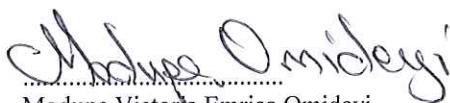
The Trust does not act as a custodian trustee for any charities.

Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body on ~~4.12.17~~..... and signed on its behalf by:



Modupe Victoria Emrica Omideyi
Governor

Lighthouse Harmonize Education Trust

Governance Statement

Scope of responsibility

As trustees, 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 Stephen Philip Daley, 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. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Modupe Victoria Emrica Omidoyi	4	4
Stephen Philip Daley	4	4
Saffron Anouska Collister	0	2
Martin Flatman	4	4
Stephen Allen Harper	3	4
Jennifer Hicks	3	4
Eleanor Jones	0	2
Anthony Lawson	3	3
Marie McConville	4	4
Rebecca Jane Ross-Williams	3	4
James Angus Osbourne-White	4	4

Governance reviews

Governors were asked to complete a skills audit. The annual governance review incorporated a draft restructure of the board in preparation for setting up a MAT. This followed a session of training on setting up a MAT, delivered by Browne Jacobson LLP to a group comprising the board, members and other potential stakeholders. The structure review was carried out by a working group and submitted for approval to the full Board.

Challenges which the Board faces include:

1. Replacing governors who move on, especially in the light of the steadily increasing demands in time, capability and commitment required by the DFE. LHET has always adopted a skills-based approach to governor recruitment. Attempts were made to fill vacant roles through the NGA's Inspiring governance Service, and through advertising in schools in the city. LHET has been fortunate in being able to fill its governor vacancies this year.
2. Identifying parent governors who are able to make a commitment.

Lighthouse Harmonize Education Trust

Governance Statement (continued)

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to:

- 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 make appropriate comments and recommendations on such matters to the governing body on a regular basis.
- Major issues will be referred to the full governing body for ratification.

Finance:

- 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 consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Governing Body
- 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 receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
- To liaise with and receive reports from the QoE and CCM committees, as appropriate, and to make recommendations to those committees about the financial aspects of matters being considered by them.
- 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 prepare the financial statement to form part of the annual report of the governing body to parents and for filing in accordance with Companies Act and Charity Commission requirements
- To receive auditors' reports and to recommend to the full governing body action as appropriate in response to audit findings.
- To recommend to the full governing body the appointment or reappointment of the auditors of the academy.
- To ensure, as far as is practical, that Health and Safety issues are appropriately prioritised
- To determine whether sufficient funds are available for pay increments as recommended by the Principal or the Principal's Performance Review Group.
- To annually review the following policies: Charges and Remissions, Expenses, Lettings
- Additional items which individual Governing Bodies may wish to include

HR:

- 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 oversee the process leading to staff reductions
- To keep under review staff work/life balance, working conditions and well-being, including the monitoring of absence
- To make recommendations on personnel related expenditure to the Governing Body

Lighthouse Harmonize Education Trust

Governance Statement (continued)

- To consider any appeal against a decision on pay grading or pay awards
- To review all staffing-related policies:
- Additional items which individual Governing Bodies may wish to include

The Principal Performance Review Group could be formed from this committee, but its members should have received the appropriate training.

Assets:

- 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
- In consultation with the Principal, to oversee premises-related funding bids
- To oversee arrangements, including Health and Safety, for the use of school premises by outside users, subject to governing body policy
- To establish and keep under review a Building Development Plan
- To establish and keep under review an Accessibility plan
- Additional items which individual Governing Bodies may wish to include

Disqualification -

Any relevant person employed to work at the school other than as the Principal, when the subject for consideration is the pay or performance review of any person employed to work at the school.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Modupe Victoria Emrica Omideyi	3	3
Stephen Philip Daley	3	3
Saffron Anouska Collister	1	2
Stephen Allen Harper	3	3
James Angus Osbourne-White	3	3

Lighthouse Harmonize Education Trust

Governance Statement (continued)

The Audit Committee is a sub-committee of the main Governing Body. The terms quoted are those to which the Committee will operate to comply with the Academies Financial Handbook and to include the Regularity audit. Its purpose is to:

- 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 the scope and objectives of the Responsible Officer work and the financial statements auditor.
- To consider and advise the Governors on the audit strategy and annual audit plans for the Responsible Officer work.
- 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 consider and advise the Governors on relevant reports by the NAO and the Education Funding Agency and other funding bodies, and where appropriate, management 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 establish in conjunction with the School's management, relevant annual performance measures and indicators, and to monitor the effectiveness of the financial statements auditor through these measures and indicators and decide, based on this review, whether a competition for price and quality of the audit service is appropriate.
- To produce an annual report for the Governing Body and Accounting officer, this should include the Committee's advice on the effectiveness of the school's risk management, control and governance processes and any significant matters arising from the Responsible Officer work and the financial statements auditor.
- To ensure that all allegations of fraud and irregularity are properly followed up.
- To be informed of all additional services undertaken by the financial statements auditor.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Modupe Victoria Emrica Omideyi	2	3
Stephen Philip Daley	3	3
Stephen Allen Harper	3	3
James Angus Osbourne-White	3	3

Lighthouse Harmonize Education Trust

Governance Statement (continued)

Quality of Education Committee

The Quality of Education Committee is a sub-committee of the main Governing Body. Its purpose is:

- 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 make arrangements for the Governing Body to be represented at School Improvement discussions and for reports to be received by the Governing Body
- To oversee arrangements for individual governors to take a leading role in specific areas of provision, eg SEN, Literacy, Numeracy. To receive regular reports from them and advise the Governing Body.
- To oversee arrangements for educational visits, including the appointment of a named co-ordinator
- 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;
- To receive and discuss Governor visit reports and SIP reports written by SLT;
- 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
- To be kept informed of the staffing situation, to support Principal and Finance and Resources Committee in reviewing staffing structure and assist with appointments where appropriate;

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 Victoria Emrica Omidéyi,	3	3
Stephen Daley	3	3
Martin Flatman	3	3
Marie McConville	3	3
Anthony Lawson	3	3

Lighthouse Harmonize Education Trust

Governance Statement (continued)

Community, Communications & Marketing Committee

The Community, Communications & Marketing Committee is a sub-committee of the main Governing Body. Its purpose is:

- 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 explore sources of non-statutory funding so as to provide for current and future requirements of the school;
- 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 approve all proposed new educational visits, and to monitor existing trips and visits;
- 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	3
Stephen Daley	3	3
Martin Flatman	3	3
Jennifer Hicks	1	3
Eleanor Jones	0	1
Rebecca Ross-Williams	3	3

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 (continued)

Review of value for money

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- 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.
- The audit service was put out to tender during the year, and after a full process which used a grading system of value for money, additional services, knowledge & experience, Beever and Struthers Chartered Accountants, who have good experience in the education sector, were appointed.

The purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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 year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- 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 Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;

Lighthouse Harmonize Education Trust

Governance Statement (continued)

- 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 previously and now Beever & Struthers as the external auditor to perform additional checks.

The role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. A review of financial areas for testing is underway and is expected to include:

- Fixed Asset Register
- Financial Procedures Handbook
- Approved Supplier List

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 termly basis, the reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

Review of Effectiveness

As Accounting Officer, Stephen Philip 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 Audit Committee Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 4.12.17 and signed on its behalf by:



Modupe Victoria Emrica Omidoyi
Governor

Lighthouse Harmonize Education Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Lighthouse Harmonize Education Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust 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 2016.

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



.....
Stephen Philip Daley
Accounting officer

Date: 4/12/2017

Lighthouse Harmonize Education Trust

Statement of Trustees' Responsibilities

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

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

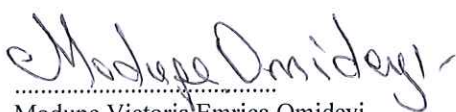
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 14.12.17 and signed on its behalf by:


.....
Modupe Victoria Emrica Omideyi
Governor

Lighthouse Harmonize Education Trust

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

Opinion

We have audited the financial statements of Lighthouse Harmonize Education Trust "the academy trust" for the year ended 31 August 2017, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including 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 Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Lighthouse Harmonize Education Trust

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report.

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 Trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 23], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Lighthouse Harmonize Education Trust

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Beever and Struthers
.....
(Senior Statutory Auditor)
For and on behalf of Beever and Struthers, Statutory Auditor

St Georges House
215-219 Chester Road
Manchester
M15 4JE

Date: *15 December 2018*
.....

Lighthouse Harmonize Education Trust

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

In accordance with the terms of our engagement letter dated 27 July 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lighthouse Harmonize Education Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Lighthouse Harmonize Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Lighthouse Harmonize Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lighthouse Harmonize Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

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

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Review and testing of financial systems of internal control
- Sample testing of transactions
- Discussions with management

Lighthouse Harmonize Education Trust

Independent Reporting Accountant's Report on Regularity to Lighthouse Harmonize Education Trust and the Education and Skills Funding Agency (continued)

Conclusion

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

Exception noted

The register of interests is not currently posted on the Academy's website, as is required by the Academies Financial Handbook 2016, 3.1.20.

Beever and Struthers
.....

For and on behalf of Beever and Struthers, Chartered Accountants

St Georges House
215-219 Chester Road
Manchester
M15 4JE

Date: *15 December 2017*
.....

Lighthouse Harmonize Education Trust

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

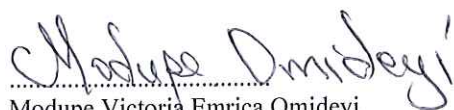
	Note	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Income and endowments from:					
Donations and capital grants	2	-	11	11	5
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	1,716	-	1,716	1,674
Total		1,716	11	1,727	1,679
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	5	1,763	106	1,869	1,723
Net expenditure		(47)	(95)	(142)	(44)
Transfers between funds		(10)	10	-	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	20	(50)	-	(50)	(74)
Net movement in deficit		(107)	(85)	(192)	(118)
Reconciliation of funds					
Total (deficit)/funds brought forward at 1 September 2016		(58)	2,396	2,338	2,456
Total (deficit)/funds carried forward at 31 August 2017		(165)	2,311	2,146	2,338

Lighthouse Harmonize Education Trust

(Registration number: 07657235)
Balance Sheet as at 31 August 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Intangible assets	9	2	6
Tangible assets	10	2,309	2,391
		<u>2,311</u>	<u>2,397</u>
Current assets			
Debtors	11	15	12
Cash at bank and in hand		63	93
		<u>78</u>	<u>105</u>
Liabilities			
Creditors: Amounts falling due within one year	12	(38)	(50)
Net current assets		<u>40</u>	<u>55</u>
Total assets less current liabilities		<u>2,351</u>	<u>2,452</u>
Net assets excluding pension liability		2,351	2,452
Defined benefit pension scheme liability	20	(205)	(114)
Total net assets including pension liability		<u>2,146</u>	<u>2,338</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		40	56
Restricted fixed asset fund		2,311	2,396
Restricted pension fund		(205)	(114)
		<u>2,146</u>	<u>2,338</u>
Total funds		<u>2,146</u>	<u>2,338</u>

The financial statements on pages 29 to 50 were approved by the Trustees, and authorised for issue on 4.12.17...
and signed on their behalf by:


Modupe Victoria Emrica Omideyi
Governor

Lighthouse Harmonize Education Trust

Statement of Cash Flows for the Year Ended 31 August 2017

	Note	2017 £ 000	2016 £ 000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	16	(21)	67
Cash flows from investing activities	17	(9)	(4)
Change in cash and cash equivalents in the year		(30)	63
Cash and cash equivalents at 1 September		93	30
Cash and cash equivalents at 31 August	18	63	93

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

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

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

Going concern

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

Income

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

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Intangible fixed assets

Intangible assets costing £250 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Asset class	Amortisation method and rate
Computer Software	20% straight line

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Asset class	Depreciation method and rate
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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

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 charged on a straight line basis over the lease term.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 11. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 12. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

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.

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31/08/2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Restricted fixed asset funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Capital grants	11	11	5

3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
DfE/ESFA revenue grants			
General Annual Grant (GAG)	1,083	1,083	1,100
Other DfE/EFA Grants	51	51	60
	1,134	1,134	1,160
Other government grants			
Local Authority Grants	570	570	512
Non-government grants and other income			
Other income	12	12	2
Total grants	1,716	1,716	1,674

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

4 Expenditure

	Non Pay Expenditure			Total 2017 £ 000	Total 2016 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Academy's educational operations					
Direct costs	1,043	-	232	1,275	1,253
Allocated support costs	304	137	153	594	470
	<u>1,347</u>	<u>137</u>	<u>385</u>	<u>1,869</u>	<u>1,723</u>

Net income/(expenditure) for the year includes:

	2017 £ 000	2016 £ 000
Operating lease rentals	(2)	(2)
Depreciation	(100)	(95)
Amortisation of intangible fixed assets	(4)	(4)
Fees payable to auditor - audit	(6)	(5)
- other audit services	-	(4)
(Gain)/loss on disposal of fixed assets	<u>(2)</u>	<u>-</u>

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

5 Charitable activities

		Total 2017 £ 000	Total 2016 £ 000
Direct costs - educational operations		1,275	1,253
Support costs - educational operations		594	470
		<u>1,869</u>	<u>1,723</u>
	Educational operations £ 000	Total 2017 £ 000	Total 2016 £ 000
Analysis of support costs			
Support staff costs	304	304	240
Depreciation	102	102	95
Amortisation of intangible assets	4	4	4
Technology costs	5	5	13
Premises costs	31	31	51
Other support costs	106	106	28
Governance costs	42	42	39
Total support costs	<u>594</u>	<u>594</u>	<u>470</u>

6 Staff

Staff costs

	2017 £ 000	2016 £ 000
Staff costs during the year were:		
Wages and salaries	1,117	1,020
Social security costs	103	82
Operating costs of defined benefit pension schemes	118	95
	<u>1,338</u>	<u>1,197</u>
Supply staff costs	9	40
	<u>1,347</u>	<u>1,237</u>
Out of balance to Staff cost categories	(9)	(39)

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6 Staff (continued)

Staff numbers

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

	2017 No	2016 No
Charitable Activities		
Teachers	23	28
Administration and support	20	20
Management	2	-
	<hr/> 45	<hr/> 48

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2017 No	2016 No
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1
	<hr/> 1	<hr/> 1

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £219,663 (2016: £303,328).

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

7 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. 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, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Stephen Philip Daley (Principal and Trustee):

Remuneration: £80,000 - £85,000 (2016 - £80,000 - £85,000)

Employer's pension contributions: £10,000 - £15,000 (2016 - £10,000 - £15,000)

Marie McConville (Vice Principal and Trustee):

Remuneration: £60,000 - £65,000 (2016 - £60,000 - £65,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £5,000 - £10,000)

Saffron Anouska Collister (Staff Governor, resigned 31 March 2017):

Remuneration: £15,000 - £20,000 (2016 - £15,000 - £20,000)

Employer's pension contributions: £0 - £5,000 (2016 - £0 - £5,000)

Susan Boyle (Staff Governor, resigned 31 September 2016):

Remuneration: £35,000 - £40,000 (2016 - £35,000 - £40,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £5,000 - £10,000)

Anthony Lawson (Staff Governor, appointed 1 October 2016):

Remuneration: £25,000 - £30,000 (2016 - £Nil)

Employer's pension contributions: £0 - £5,000 (2016 - £Nil)

During the year ended 31 August 2017, travel and subsistence expenses totalling £582 (2016 - £755) were reimbursed or paid directly to 2 trustees (2016 - 2).

Other related party transactions involving the trustees are set out in note 21.

8 Trustees' 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 £1,500,000 on any one claim and the cost for the year ended 31 August 2017 was £2,100 (2016 - £848).

The cost of this insurance is included in the total insurance cost.

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

9 Intangible fixed assets

	Computer Software £ 000	Total £ 000
Cost		
At 1 September 2016	19	19
At 31 August 2017	19	19
Amortisation		
At 1 September 2016	13	13
Charge for the year	4	4
At 31 August 2017	17	17
Net book value		
At 31 August 2017	2	2
At 31 August 2016	6	6

10 Tangible fixed assets

	Leasehold land and buildings £ 000	Leasehold improvements £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost					
At 1 September 2016	1,469	829	241	129	2,668
Additions	-	-	9	11	20
Disposals	-	-	(3)	-	(3)
At 31 August 2017	1,469	829	247	140	2,685
Depreciation					
At 1 September 2016	68	49	82	78	277
Charge for the year	22	17	29	32	100
Eliminated on disposals	-	-	(1)	-	(1)
At 31 August 2017	90	66	110	110	376
Net book value					
At 31 August 2017	1,379	763	137	30	2,309
At 31 August 2016	1,401	780	159	51	2,391

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

11 Debtors

	2017 £ 000	2016 £ 000
Trade debtors	9	5
VAT recoverable	1	-
Prepayments	5	7
	<u>15</u>	<u>12</u>

12 Creditors: amounts falling due within one year

	2017 £ 000	2016 £ 000
Other taxation and social security	32	24
Accruals	6	26
	<u>38</u>	<u>50</u>

13 Funds

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Restricted general funds					
General Annual Grant	-	1,083	(1,033)	(10)	40
Other DfE/EFA Grants	-	51	(51)	-	-
Local Authority Grants	56	570	(626)	-	-
Other income	-	12	(12)	-	-
	<u>56</u>	<u>1,716</u>	<u>(1,722)</u>	<u>(10)</u>	<u>40</u>
Restricted pension funds					
Pension reserve	(114)	-	(41)	(50)	(205)
Total restricted general funds	<u>58</u>	<u>(1,716)</u>	<u>1,763</u>	<u>60</u>	<u>165</u>
Restricted fixed asset funds					
DfE/EFA Capital Grants	995	11	(84)	10	932
LCC lease	1,401	-	(22)	-	1,379
	<u>2,396</u>	<u>11</u>	<u>(106)</u>	<u>10</u>	<u>2,311</u>
Total funds	<u>2,338</u>	<u>1,727</u>	<u>(1,869)</u>	<u>(50)</u>	<u>2,146</u>

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

13 Funds (continued)

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

(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 2017.

(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 grants for the building renovation and infrastructure. Depreciation of assets capitalised is the be matched against the income in line with accounting policy.

14 Analysis of net assets between funds

	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	2	2
Tangible fixed assets	-	2,309	2,309
Current assets	78	-	78
Current liabilities	(38)	-	(38)
Pension scheme liability	(205)	-	(205)
Total net assets	(165)	2,311	2,146

15 Commitments under operating leases

Operating leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £ 000	2016 £ 000
Amounts due within one year	3	2
Amounts due between one and five years	4	4
	7	6

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

16 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2017 £ 000	2016 £ 000
Net expenditure	(142)	(44)
Amortisation	4	4
Depreciation	100	95
Capital grants from DfE and other capital income	(11)	(5)
Defined benefit pension scheme cost less contributions payable	38	17
Defined benefit pension scheme finance cost	3	1
(Increase)/decrease in debtors	(3)	9
Decrease in creditors	(12)	(10)
Loss on disposal of tangible fixed assets	2	-
Net cash (used in)/provided by Operating Activities	(21)	67

17 Cash flows from investing activities

	2017 £ 000	2016 £ 000
Purchase of tangible fixed assets	(20)	(9)
Capital funding received from sponsors and others	11	5
Net cash used in investing activities	(9)	(4)

18 Analysis of cash and cash equivalents

	At 31 August 2017 £ 000	At 31 August 2016 £ 000
Cash at bank and in hand	63	93
Total cash and cash equivalents	63	93

19 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.

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

20 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Merseyside County Council. 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 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

20 Pension and similar obligations (continued)

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

The employer's pension costs paid to TPS in the period amounted to £58,414 (2016: £37,184).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £29,000 (2016 - £34,000), of which employer's contributions totalled £19,000 (2016 - £21,000) and employees' contributions totalled £10,000 (2016 - £13,000). The agreed contribution rates for future years are per cent for employers and 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 18 July 2013.

Principal actuarial assumptions

	At 31 August 2017 %	At 31 August 2016 %
Rate of increase in salaries	3.70	3.40
Rate of increase for pensions in payment/inflation	2.20	2.00
Discount rate for scheme liabilities	2.40	2.20
Inflation assumptions (CPI)	2.20	1.90

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

	At 31 August 2017	At 31 August 2016
Retiring today		
Males retiring today	21.60	22.50
Females retiring today	24.70	25.40
Retiring in 20 years		
Males retiring in 20 years	24.20	24.90
Females retiring in 20 years	27.70	28.20

The Academy Trust's share of the assets in the scheme were:

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

20 Pension and similar obligations (continued)

	At 31 August 2017 £ 000	At 31 August 2016 £ 000
Equities	266	41
Government bonds	17	4
Other bonds	61	9
Property	41	6
Cash and other liquid assets	24	3
Other	98	15
Total market value of assets	507	78

The actual return on scheme assets was £9,000 (2016 - £3,000).

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

20 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2017 £ 000	2016 £ 000
Current service cost	(38)	(16)
Interest income	2	2
Interest cost	(5)	(3)
Admin expenses	-	(1)
Total amount recognised in the SOFA	(41)	(18)

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

	2017 £ 000	2016 £ 000
At start of period	192	57
Current service cost	57	37
Interest cost	5	3
Employee contributions	10	13
Actuarial (gain)/loss	449	82
Benefits paid	(1)	-
At 31 August	712	192

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

	2017 £ 000	2016 £ 000
At start of period	78	35
Interest income	2	2
Actuarial gain/(loss)	400	8
Employer contributions	19	21
Employee contributions	10	13
Benefits paid	(1)	-
Effect of non-routine settlements	(1)	(1)
At 31 August	507	78

Lighthouse Harmonize Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

21 Related party transactions

Owing to the nature of the Academy Trust 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 Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 7.

22 Statement of Financial Activities for the Year Ended 31 August 2016

	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2016 £ 000
Income and endowments from:			
Donations and capital grants	-	5	5
<i>Charitable activities:</i>			
Funding for the Academy trust's educational operations	1,674	-	1,674
Total	1,674	5	1,679
Expenditure on:			
<i>Charitable activities:</i>			
Academy trust educational operations	1,624	99	1,723
Net income/(expenditure)	50	(94)	(44)
Transfers between funds	67	(67)	-
Other recognised gains and losses			
Actuarial gains on defined benefit pension schemes	(74)	-	(74)
Net movement in funds/(deficit)	43	(161)	(118)
Reconciliation of funds			
Total (deficit)/funds brought forward at 1 September 2015	(1,315)	3,771	2,456
Total (deficit)/funds carried forward at 31 August 2016	(1,272)	3,610	2,338