

LIGHTHOUSE HARMONIZE EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31st August 2014

COMPANY REGISTRATION NUMBER: 07657235
(ENGLAND AND WALES)

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Year ended 31st August 2014

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LIGHTHOUSE HARMONIZE EDUCATION TRUST

Reference and administrative
Year ended 31st August 2014

Members

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

		Date of appointment	Date of Resignation
Governors, Directors and Trustees:	Stephen Philip Daley	01/04/13	-
	Martin Flatman	28/04/14	-
	Stephen Allen Harper	12/06/12	-
	Jennifer Hicks	11/04/12	-
	Ellie Jones	28/04/14	-
	Marie McConville	29/05/14	-
	Christopher John Moffett	20/10/11	12/05/14
	Stephanie Jane Murphy	20/10/11	-
	Modupe Victoria Emrica Omideyi (Chair)	03/06/11	-
	Laura Pasterfield	28/04/14	-
	Ursula Penarski	18/01/13	31/12/13
	Rebecca Jane Ross-Williams	23/05/12	-
	Clare Louise Willmitt	03/09/12	15/06/14
James Angus Osborne-White	23/06/14	-	

Senior Management Team:

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

Principal and Registered Office:

7 Phillimore Road
Liverpool L6 6DL

Company Registration Number:

07657235 (England and Wales)

Website address:

www.harmonizeacademy.org

Independent Auditor:

Mitchell Charlesworth LLP
Chartered Accountants
5 Temple Square
Liverpool L2 5RH

Bankers:

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

Solicitors:

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report Year ended 31st August 2014

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2013 to 31st August 2014. The annual report serves the purposes both a trustees report, and a directors' report under company law.

The trust operates an Alternative Provision (AP) free school for pupils aged 13 to 19 servicing the Merseyside area. It has a pupil capacity of 104 and had a head roll of 60 on the school census in September 2014.

Structure, governance and management

Constitution

The Free School trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Free School trust.

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

Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1.5m (2013 £1.5m) on any one claim and the cost for the year ended 31st August 2014 was £848.

Method of Recruitment and Appointment or Election of Governors

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

Policies and Procedures Adopted for the Induction and Training of Governors

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

Organisational structure

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

Connected organisations, including related party relationships

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report Year ended 31st August 2014

Objectives and activities

Objectives and aims

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

Public benefit

The governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aims, planning strategy and future activities. Our activities in 2013/14 demonstrated in all accepted definitions that Lighthouse Harmonize Education Trust provides charitable services that are of public benefit through the preparation to provide secondary education and to make available the facilities and resources of the Academy for the local community and other charitable purposes. We continue to hold the delivery of public benefit as both central and fundamental to our core activities.

Serious incidents

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

Equal opportunities policy

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

Disabled persons

The Academy will ensure that it complies with DDA requirements.

Strategic report

Achievements and key performance indicators

Harmonize Alternative Provision Free School opened on 15th April, 2013 in temporary accommodation at Liverpool Lighthouse, Oakfield Road. On 6th May, the school moved into part of its new building at Phillimore Road after phase one of the refurbishment had been completed. This consisted of the Learning Resource Centre split into two teaching areas, one classroom and the performance hall split into a teaching space and dining room. We had a small office and due to the server room being in the other side of the building limited or no access to the internet and no phone system bar a school mobile. The refurbishment was completed in August and we took control of the whole building on 27th August and the new term began on 2nd September with a full complement of staff and 31 students on roll.

Against this background the Academy grew very quickly to have 48 students on roll which was our target for year one. The school's capacity has increased from 48 to 72 in September 2014. 48 places are for students that have been permanently excluded from school and are commissioned from Liverpool City Council's Alternative Provision Team; the other 24 places are 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.

Throughout the year we have had pupils on roll from The Hawthorne's Free School, St. Francis of Assisi Academy, North Liverpool Academy, St Ambrose Barlow, St Edward's, Archbishop Blanch, Holly Lodge, Litherland High School, Hillside High School, Lord Derby Academy, and Savio High School. We also have pupils from the Liverpool SEND team.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report Year ended 31st August 2014

Strategic report (continued)

Achievements and key performance indicators (continued)

The current cohort of 60 students on roll can be broken down as follows:

12%	LAC
23%	SEND with a statement
43%	FSM
71%	Pupil Premium
3%	EAL
17%	are working with YOT

Of the sixty students 22% of the school have been with us for 20 weeks or more. A further 22% have been with for 10-19 weeks, and 56% have joined since September.

The school offers a broad and balanced curriculum with English, Maths and Science at its core with Performing and Urban Arts as its Specialism, which underpins the school's ethos of 'A Vision for Life'. The curriculum has been broadened since September with the introduction of food technology, design technology and beauty. Enrichment offers the students many choices which include circus skills, dance, singing, music, music technology, cultural trips, horse riding, P.E, football, table tennis, art, film club, catering and 1.1 English and Maths.

Over the past year we have worked closely with many organisations to give our students, with their complex needs, every chance to succeed and to develop their true potential. These have included:

- Liverpool Football Club and Radio City.
- Liverpool Everyman and Playhouse Theatres - Saturday morning drama workshops.
- Liverpool Dyslexia Society who are working 3 days per week with us on a literacy programme.
- Dr. Andy Cornes, a psychologist who works one day a week with students who need therapeutic/pastoral support.
- Archbishop of York Youth Trust – Young Leaders Award.
- Ferny Knoll Farm/ Myerscough College - Enrichment activities for whole school, horse riding, animal husbandry.
- Crosby Lakeside Marina –Enrichment activities such as kayaking, raft building teamwork.
- Phil Garrett – Local Artist/Sculptor working with a group of six students producing a mural for the Music Tech Dept.
- Connexions and New Horizons - Careers advice.
- Kensington Adult Learning Centre – provide EAL support.
- WAC - Weekend Arts College.
- UK Military School – Enrichment team building exercises.
- Liverpool Young Runaways.
- LACES - Looked after Children Education Service.
- Resonate - Liverpool Schools Music Hub.
- Team Up - Cabinet Office Initiative – students working with small numbers to improve English and Maths grades.

The Academy was awarded £10,000 by Awards for All to run an eighteen weekend arts project in partnership with the Liverpool Everyman and Playhouse Theatres. At present 20% of the students on roll are attending on a Saturday.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report Year ended 31st August 2014

Strategic report (continued)

Achievements and key performance indicators (continued)

Exam Results 2014

In this first year of operation there were 19 year 11 students who on average attended for 33 weeks during 2013 -14.

- 19 Year 11 students graduated from Harmonize Academy in June 2014.
- 97 qualifications were achieved overall.
- 58% of students achieved 5 or more A*- G GCSEs or equivalent.
- 37% of students achieved 5 or more A*- G GCSEs or equivalent including English and Maths.
- 11% of students achieved 5 or more A*- C GCSEs or equivalent including English and Maths.
- The average GCSE and equivalent point score = 90.

These exam results compare exceptionally well with results locally and nationally for students attending alternative provision.

Merseyside

Harmonize Academy takes students from across Merseyside. GCSE and equivalent results of pupils at the end of KS4 in 2012/13 in alternative provision in local authorities who have placed students at Harmonize were as follows:

	5 or more A*- G GCSEs or equivalent	5 or more A*- C GCSEs or equivalent including English and Maths	The average GCSE and equivalent point score
Harmonize Academy	58%	11%	90
Liverpool	3.1%	0.0%	33
Knowsley	15.6%	0.0%	75
Sefton	16.2%	0.0%	85
St Helens	14.3%	0.0%	75

Our results compare regionally and nationally as follows:

	5 or more A*- G GCSEs or equivalent	5 or more A*- C GCSEs or equivalent including English and Maths	The average GCSE and equivalent point score
Harmonize Academy	58%	11%	90
North West	21.9%	0.8%	84
England	5.4%	1.5%	95

All year 11 students who left the academy went into education, employment or training.

A small but significant number of year 10 students also gained L1/2 qualifications in Performing Skills, Music Technology, PSHE and Travel & Tourism.

Parental/Carer Support

At Harmonize we work closely with the parents/carers of our students and parental/carers opinion was sampled via a questionnaire in July 2014. The results show that:

- 84% strongly agreed that their child felt safe at the school with 16% agreeing their child felt safe at the school.
- 100% said the school deals with any cases of bullying effectively.
- 95% agree (26%) or strongly agree (69%) that there is a good standard of behaviour.
- 100% agreed that the school helps their child's learning, responds well to concerns and keeps them informed.
- 100% would recommend the Academy to another parent/carers.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report Year ended 31st August 2014

Strategic report (continued)

Achievements and key performance indicators (continued)

Parental/Carer Support (continued)

Parental Comments include:

'My son has been very happy and it's great to see him happy in school'

'A big thank you to all the staff at Harmonize Academy for working hard and not giving up on my daughter'

'My son is finally in the right provision for his educational needs and is catching up after 4 years of being passed around to the wrong places. I cannot speak highly enough of Harmonize Academy and I am eternally grateful for your methods of teaching that my child can understand; you have given him a future!'

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 - 32 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 governors would like to recognise the considerable value of the contribution by the proposer group in setting up the school which is estimated at over £100,000.

Reserves policy

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

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

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

Investment policy

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

Risk management

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report
Year ended 31st August 2014

Plans for future periods

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

Governor's statements on disclosure of information to the auditors

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

Auditor

Following the transfer of the business of Mitchell Charlesworth to Mitchell Charlesworth LLP on 1st June 2014, and having expressed a willingness to continue in office, a resolution for the appointment of Mitchell Charlesworth LLP will be proposed at the forthcoming Annual General Meeting.

Governors' report, incorporating a strategic report, approved by order of the members of the Governing Body on 15th December 2014 and signed on its behalf by:



M Omideyi
Chairman of Board of Governors

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement

Year ended 31st August 2014

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Lighthouse Harmonize Education Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The governing body has delegated the day-to-day responsibility to the Principal as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lighthouse Harmonize Education Trust and the Secretary of State for Education. The Principal is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

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

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The governing body has formally met 5 times in this period. Attendance during the period at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
Modupe Omidoyi	5	5
Stephen Daley	5	5
Christopher Moffett	1	4
Stephanie Murphy	5	5
Stephen Harper	5	5
Rebecca Ross Williams	3	5
Jennifer Hicks	2	5
Ursula Penarski	2	2
Clare Willmitt	4	5
Martin Flatman	2	2
Eleanor Jones	2	2
Laura Pasterfield	2	2
James Angus Osborne-White	1	1
Marie Mc Conville	1	1

For details of governors appointments and resignations see page 1.

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

Finance and Resources Committee (including responsibility for Audit matters)

Key Terms of Reference

- To assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.
- To consider the academy's indicative funding, notified annually by the DFE, and to assess its implications for the academy, in consultation with the headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement

Year ended 31st August 2014

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

Key Terms of Reference (continued)

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

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

Attendance at meetings in the year was as follows:-

Governor	Meetings attended	Out of a possible
Modupe Omideyi	5	5
Stephen Harper	5	5
Stephen Daley	5	5
Ursula Penarski	1	1
Clare Willmitt	1	5

Quality of Education Committee

Key Terms of Reference

- To consider and advise the governing body on standards and other matters relating to the school's curriculum, including statutory requirements and the School's Curriculum Policy.
- To consider curricular issues which have implications for Finance and HR decisions and to make recommendations to the relevant committee or the Governing Body.
- To consider and monitor progress against the School Development Plan.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement

Year ended 31st August 2014

Quality of Education Committee (continued)

Key Terms of Reference (continued)

- To keep informed of the current statutory requirements relevant to the school's curriculum offer.
- To approve and monitor the school's systems for assessment and tracking of pupils.
- To receive and discuss the results of all examinations and key assessments in school, including academic, vocational, social and emotional development plus statistics regarding Value-added, PANDA and Pupil Referenced Data.
- To receive and discuss reports on the provision of Special and Additional Educational Needs.
- To maintain an overview of all education-related school policies and review these on a regular basis.

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

Attendance at meetings in the year was as follows:-

Governor	Meetings attended	Out of a possible
Modupe Omideyi	4	4
Stephen Daley	4	4
Stephanie Murphy	4	4
Martin Flatman	1	1
Chris Moffett	-	3
Marie Mc Conville	1	1

Community, Communications & Marketing Committee

Key Terms of Reference

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

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

Attendance at meetings in the year was as follows:-

Governor	Meetings attended	Out of a possible
Modupe Omideyi	2	2
Stephen Daley	2	2
Rebecca Ross-Williams	2	2
Jenny Hicks	2	2
Eleanor Jones	1	1
Laura Pasterfield	1	1
Martin Flatman	1	1

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement

Year ended 31st August 2014

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lighthouse Harmonize Education Trust for the period from 1st September 2013 to 31st August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2013 to 31st August 2014 and up to the date of approval of the annual report and financial statements. The governors recognise however that this process needs to be formalised so that review by the governing body can become more effective.

This process is regularly reviewed by the board of governors.

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body.
- Regular reviews by the Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Setting targets to measure financial and other performance.
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties.
- Identification and management of risks.

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

Review of effectiveness

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

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement
Year ended 31st August 2014

Review of effectiveness (continued)

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

Approved by the order of the members of the governing body on 15th December 2014 and signed on its behalf by:



M Omideyi
Chair of Board of Governors



S Daley
Accounting Officer

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Statement of Regularity, Propriety and Compliance Year ended 31st August 2014

As Accounting Officer of Lighthouse Harmonize Education Trust I have considered my responsibility to notify the Trust's governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



S Daley
Accounting Officer

15th December 2014

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Statement of Governors' Responsibilities Year ended 31st August 2014

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

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

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

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

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

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

Approved by order of the members of the governing body on 15th December 2014 and signed on its behalf by:



M Omidayi
Chair of Board of Governors

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

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

We have audited the financial statements of Lighthouse Harmonize Education Trust for the year ended 31st August 2014 which comprises the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2013/14 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 14, the governors (who are also the directors of the free school for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the free school trust's affairs as at 31st August 2014, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2013/14 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

Mitchell Charlesworth LLP

Chartered Accountants
5 Temple Square Temple Street Liverpool L2 5RH

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

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

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

Matters on which we are required to report by exception

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

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

Mitchell Charlesworth

5 Temple Square
Temple Street
Liverpool
L2 5RH

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

15th December 2014

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

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

In accordance with the terms of our engagement letter dated 26th February 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lighthouse Harmonize Education Trust during the period 1st September 2013 to 31st August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Lighthouse Harmonize Education Trust's funding agreement with the Secretary of State dated 31st March 2014 and the Academies Financial Handbook, extant from 1st September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 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 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:-

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

Mitchell Charlesworth LLP

Chartered Accountants
5 Temple Square Temple Street Liverpool L2 5RH

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1st September 2013 to 31st August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



5 Temple Square
Temple Street
Liverpool
L2 5RH

MITCHELL CHARLESWORTH LLP
Chartered Accountants
Reporting Accountant

15th December 2014

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Statement of Financial Activities

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

Year ended 31st August 2014

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	-	-	1,469,000	1,469,000	40
<i>Incoming resources from charitable activities</i>						
<i>Free School trusts</i>						
Funding for the educational operations	3	45,225	723,484	132,250	900,959	1,377,442
Total incoming resources		45,225	723,484	1,601,250	2,369,959	1,377,482
Resources expended						
<i>Charitable activities:</i>						
Free School trusts educational operations	4	47,195	765,885	88,802	901,882	285,637
<i>Governance costs</i>	5	-	6,675	-	6,675	16,541
Total resources expended		47,195	772,560	88,802	908,557	302,178
Net incoming/(outgoing) resources before transfers		(1,970)	(49,076)	1,512,448	1,461,402	1,075,304
Gross transfers between funds	12	-	-	-	-	-
Net income/(expenditure) for the year		(1,970)	(49,076)	1,512,448	1,461,402	1,075,304
Other recognised gains and losses						
Actuarial (losses) on defined benefit pension scheme	17	-	(6,000)	-	(6,000)	-
Net movement in funds		(1,970)	(55,076)	1,512,448	1,455,402	1,075,304
Reconciliation of funds						
Total funds brought forward at 1st September 2013		50	44,076	1,031,188	1,075,314	10
Total funds carried forward at 31st August 2014		(1,920)	(11,000)	2,543,636	2,530,716	1,075,314

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Balance Sheet As at 31st August 2014

	Note	2014		2013	
		£	£	£	£
Fixed assets					
Tangible assets	9		2,549,699		1,031,188
Current assets					
Debtors	10	45,479		403,249	
Cash at bank and in hand		4,172		57,277	
			49,651		460,526
Creditors: Amounts falling due within one year	11	(57,634)		(416,400)	
Net current (liabilities)/assets			(7,983)		44,126
Total assets less current liabilities			2,541,716		1,075,314
Pension scheme liability	17		(11,000)		-
Net assets including pension liability			2,530,716		1,075,314
Funds of the free school trust					
Restricted funds					
Fixed asset fund		2,543,636		1,031,188	
General fund		-		44,076	
Pension reserve		(11,000)		-	
Total restricted funds	12		2,532,636		1,075,264
Unrestricted income funds					
General fund			(1,920)		50
Total funds	13		2,530,716		1,075,314

The financial statements on pages 22 to 35 were approved by the governors, and authorised for issue on 15th December 2014 and signed on their behalf by:



M Omidayi

Company Limited by Guarantee
Registration Number: 07657235

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Cash Flow Statement Year ended 31st August 2014

	2014 £	2013 £	
Net cash inflow from operating activities			
Net movement in funds	1,455,402	1,075,304	
Depreciation	90,197	4,075	
Decrease/(increase) in debtors	357,770	(389,424)	
(Decrease)/increase in creditors	(358,766)	395,187	
Change in pension scheme liability	11,000	-	
	<u>1,555,603</u>	<u>1,085,142</u>	
Net cash inflow from operating activities			
Capital expenditure			
Purchase of tangible fixed assets	(1,608,708)	(1,035,263)	
	<u>(1,608,708)</u>	<u>(1,035,263)</u>	
(Decrease)/increase in cash in the year	(53,105)	49,879	
Reconciliation of net cashflow to movement in net funds			
Net funds at 31st August 2013	<u>57,277</u>	<u>7,398</u>	
Net funds at 31st August 2014	<u>4,172</u>	<u>57,277</u>	
	<u><u>4,172</u></u>	<u><u>57,277</u></u>	
Note to cashflow statement			
	At 1st September 2013 £	Cashflows £	At 31st August 2014 £
Analysis of changes in net funds			
Cash in hand and at bank	57,277	(53,105)	4,172
	<u><u>57,277</u></u>	<u><u>(53,105)</u></u>	<u><u>4,172</u></u>

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements

Year ended 31st August 2014

1. Statement of Accounting Policies

Basis of preparation

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

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of the approval of the financial statements (based on forecasts and cash flow information in addition to pupil numbers and EFA funding estimates).

Incoming resources

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

- **Grants receivable**

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

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

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

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities is recognised in the period it is receivable and to the extent the goods have been provided or completion of the service.

- **Donated services and gifts in kind**

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements

Year ended 31st August 2014

1. Statement of Accounting Policies (continued)

Resources expended

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

- **Charitable activities**

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

- **Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the free school trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold land	Not depreciated
Leasehold buildings	2% straight line
Leasehold improvements	2% straight line
Computer equipment and software	20 - 33% straight line
Furniture and fittings	5 - 10% straight line

Leased assets

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

Taxation

The free school trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation tax purposes. Accordingly, the free school trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The free school recovers VAT input tax in accordance with scheme regulations, whilst the cost of any irrecoverable VAT incurred by the free school during the year has been included in the Statement of Financial Activities.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements

Year ended 31st August 2014

1. Statement of Accounting Policies (continued)

Pensions benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the free school trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the year until vesting occurs. The expecting return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

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

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

2. Voluntary income	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Gifts in kind	-	1,469,000	1,469,000	-
Donations	-	-	-	40
	-	1,469,000	1,469,000	40

Gifts in kind income relates to the provision of a 125 year lease by Liverpool City Council in relation to the premises used by the free school. The Open Market Value, as provided by Mouchel Education property consultants was £1,469,000 at 31st August 2014.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2014

3. Funding for the Academy's Educational Operations	Unrestricted Funds £	Restricted Funds £	2014 £	2013 £	
DfE/EFA revenue grants					
General Annual Grant (GAG)	-	384,000	384,000	160,000	
Other DfE/EFA grants	-	116,194	116,194	122,708	
	-	500,194	500,194	282,708	
Other Government grants					
Local Authority Grants	45,225	223,290	268,515	79,425	
EFA Capital Grants	-	132,250	132,250	1,015,309	
	45,225	355,540	400,765	1,094,734	
	45,225	855,734	900,959	1,377,442	
4. Resources Expended	Staff Costs £	Non Pay Expenditure		Total 2014 £	Total 2013 £
		Premises £	Other Costs £		
Free School's educational operations					
Direct costs	436,632	-	132,557	569,189	214,014
Allocated support costs	140,550	86,260	105,883	332,693	71,623
	577,182	86,260	238,440	901,882	285,637
Governance costs including allocated support costs	-	-	6,675	6,675	16,541
	577,182	86,260	245,115	908,557	302,178
Incoming/outgoing resources for the year includes:-				2014 £	2013 £
Depreciation of tangible fixed assets				90,197	4,075
Fees payable to auditor - Audit				4,250	4,250
Operating leases					
- office equipment				1,942	485

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2014

4. Resources Expended (continued)	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Charitable Activities				
Direct costs - educational operations				
Teaching and educational support staff costs	47,195	430,347	477,542	183,627
Educational supplies	-	18,585	18,585	10,200
Examination fees	-	5,917	5,917	2,093
School trips/activities	-	32,432	32,432	-
Staff recruitment and training	-	10,952	10,952	3,285
Professional fees	-	-	-	4,226
Staff travel	-	-	-	35
Other direct costs	-	12,925	12,925	6,383
Insurance	-	10,836	10,836	4,165
	<u>47,195</u>	<u>521,994</u>	<u>569,189</u>	<u>214,014</u>
Support costs - educational operations				
Support staff	-	140,550	140,550	30,957
Depreciation	-	90,197	90,197	4,075
Technology costs	-	8,982	8,982	10,428
Staff recruitment	-	-	-	2,209
Maintenance of premises and equipment	-	25,193	25,193	1,012
Occupancy costs	-	7,392	7,392	2,058
Heat and light	-	4,018	4,018	10,000
Catering	-	27,859	27,859	6,932
Bank interest and charges	-	32	32	290
Net finance cost on pension scheme	-	1,000	1,000	-
Professional fees	-	11,684	11,684	-
Other costs	-	15,786	15,786	3,662
	<u>-</u>	<u>332,693</u>	<u>332,693</u>	<u>71,623</u>
Total direct and support costs	<u><u>47,195</u></u>	<u><u>854,687</u></u>	<u><u>901,882</u></u>	<u><u>285,637</u></u>
5. Governance Costs	Unrestricted Funds £	Restricted Funds £	2014 £	2013 £
Legal and professional fees	-	2,425	2,425	10,796
Auditors' remuneration - audit of financial statements	-	4,250	4,250	4,250
Trustees' reimbursed expenses - travel	-	-	-	1,495
	<u>-</u>	<u>6,675</u>	<u>6,675</u>	<u>16,541</u>

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2014

6. Staff Costs	2014	2013
	£	£
Staff costs during the year were:-		
Wages and salaries	503,394	166,357
Social security costs	39,786	14,437
Pension costs	34,002	9,156
	<u>577,182</u>	<u>189,950</u>
Educational support costs	40,910	24,635
	<u>618,092</u>	<u>214,585</u>

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

	2014	2013
	No	No
Charitable Activities		
Teachers and education support staff	22	13
Administration, management and support staff	3	3
	<u>25</u>	<u>16</u>

One employee received remuneration exceeding £60,000 within the year ended 31st August 2014. See note 7.

7. Related Party Transactions - Governors' Remuneration and Expenses

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

The value of governors' remuneration was as follows:

Stephen Daley (Principal and Trustee):	£70,001 - 75,000 (2013: £50,001 - £55,000)
Marie McConville (Vice Principal and Trustee):	£40,001 - £45,000 (2013: £15,001 - £20,000)

The Principal is a member of the Teachers Pension Scheme and during the year employer contributions totalling £10,110 were made on his behalf.

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2014

8. Governors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1.5m (2013 £1.5m) on any one claim and the cost for the year ended 31st August 2014 was £848. The cost of this insurance is included in the total insurance cost.

9. Tangible Fixed Assets	Leasehold land & buildings £	Leasehold improvements £	Furniture & fittings £	Computer equipment £	Total £
Cost					
At 1st September 2013	-	952,909	-	82,354	1,035,263
Additions	1,469,000	98,224	7,300	34,184	1,608,708
Transfers	-	(237,375)	225,349	12,026	-
At 31st August 2014	1,469,000	813,758	232,649	128,564	2,643,971
Depreciation					
At 1st September 2013	-	-	-	4,075	4,075
Charged in year	22,600	16,221	26,815	24,561	90,197
At 31st August 2014	22,600	16,221	26,815	28,636	94,272
Net book value					
At 31st August 2014	1,446,400	797,537	205,834	99,928	2,549,699
At 31st August 2013	-	952,909	-	78,279	1,031,188

10. Debtors	2014 £	2013 £
Trade debtors	1,176	1,176
VAT recoverable	27,379	157,855
Prepayments and accrued income	16,924	244,218
	45,479	403,249

11. Creditors: Amounts falling due within one year	2014 £	2013 £
Taxation and social security costs	-	10,083
Other creditors	13,069	155,810
Accruals and deferred income	44,565	250,507
	57,634	416,400

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2014

12. Funds	Balance at 1st September 2013 £	Incoming resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31st August 2014 £
Restricted general funds					
General Annual Grant (note i)	8,271	384,000	(392,271)	-	-
Other DfE/EFA Grants (note ii)	21,824	116,194	(138,018)	-	-
Local Authority Grants (note iii)	13,981	223,290	(237,271)	-	-
	<u>44,076</u>	<u>723,484</u>	<u>(767,560)</u>	<u>-</u>	<u>-</u>
Restricted fixed asset funds					
DfE/EFA Capital Grants (note iv)	1,031,188	132,250	(66,202)	-	1,097,236
LCC lease	-	1,469,000	(22,600)	-	1,446,400
	<u>1,031,188</u>	<u>1,601,250</u>	<u>(88,802)</u>	<u>-</u>	<u>2,543,636</u>
Pension reserve	-	-	(5,000)	(6,000)	(11,000)
Total restricted funds	<u>1,075,264</u>	<u>2,324,734</u>	<u>(861,362)</u>	<u>(6,000)</u>	<u>2,532,636</u>
Unrestricted funds	<u>50</u>	<u>45,225</u>	<u>(47,195)</u>	<u>-</u>	<u>(1,920)</u>
Total funds	<u>1,075,314</u>	<u>2,369,959</u>	<u>(908,557)</u>	<u>(6,000)</u>	<u>2,530,716</u>

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

Notes

- (i) General Annual Grant must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the free school was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2014.
- (ii) EFA Lead in Grant and other EFA grants. These have been received for specific purposes throughout the year and include pupil premium including summer school, 16-19 Bursary, and the lead in grant which was fully spent in the year.
- (iii) Local Authority Grants consist of various support grants received from Liverpool City Council and other schools, for which pupils have been transferred to LHET.
- (iv) EFA Capital Grant for the building renovation and infrastructure. Depreciation of assets capitalised is to be matched against this income in line with accounting policy.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2014

13. Analysis of Net Assets between Funds

Fund balances at 31st August 2014 are represented by:-

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	6,063	2,543,636	2,549,699
Current assets	-	49,651	-	49,651
Current liabilities	(1,920)	(55,714)	-	(57,634)
Pension scheme liability	-	(11,000)	-	(11,000)
Total net assets	(1,920)	(11,000)	2,543,636	2,530,716

14. Capital Commitments

	2014 £	2013 £
Contracted for, but not provided in the financial statements	-	90,579

15. Financial Commitments

Operating leases

At 31st August 2014 the free school trust had annual commitments under non-cancellable operating leases as follows:-

	2014 £	2013 £
Other		
Expiring within two and five years inclusive	1,940	1,940

16. 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.

17. Pension and Similar Obligations

Teachers' Pension Scheme

Introduction

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

17. Pension and Similar Obligations (continued)

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.

The Teachers' Pensions Regulations require an annual account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1st April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1st April 2001 to 31st March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1st January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill, provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in Summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1st April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1st April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a four years outside of the 10 year protection.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2014

17. Pension and Similar Obligations (continued)

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with Trade Unions and other representatives bodies to develop the reformed Teachers' Pension Scheme and regulation giving effect to it came into force on 1st April 2014. Communications are being rolled out and the reformatted scheme will commence on 1st April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme. Employers' contributions during the year amounted to £7,950.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2014 was £16,000, of which employer's contributions totalled £10,000 and employees' contributions totalled £6,000. The agreed contribution rates for future years are 14 per cent for employers and 11 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18th July 2013.

	At 31st August 2014 £	At 1st September 2013 %
Rate of increase in salaries	3.7	4.0
Rate of increase in pensions in payment/inflation	2.2	2.5
Discount rate for scheme liabilities	4.0	5.0
Inflation assumption (CPI)	2.2	2.5
Commutation of pensions to lump sums	50.00	50.00

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

Retiring today

Males	22.3	22.3
Females	25.2	25.2

Retiring in 20 years

Males	24.7	24.7
Females	28	28.0

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2014

17. Pension and Similar Obligations (continued)

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

	Expected Return at 31st August 2014 %	Fair value at 31st August 2014 £
Equities	7.0	10,000
Government Bonds	2.9	2,000
Other Bonds	3.8	-
Property	6.2	1,000
Cash	0.5	1,000
Other	7.0	2,000
		<hr/>
Total market value of assets		16,000
Present value of scheme liabilities - Funded		(27,000)
		<hr/>
(Deficit) in the scheme		(11,000)
		<hr/> <hr/>

Local Government Pension Scheme

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

Amounts recognised in the Statement of Financial Activities

	2014 £
Current service cost (net of employee contributions)	14,000
	<hr/>
Total operating charge	14,000
	<hr/> <hr/>

Analysis of pension finance income/(costs)

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

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

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

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements

Year ended 31st August 2014

17. Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

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

	2014
	£
At 1st September 2013	-
Current service cost	14,000
Interest cost	1,000
Employee contributions	6,000
Actuarial (gain)/loss	6,000
	<hr/>
At 31st August 2014	27,000
	<hr/> <hr/>

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

	2014
	£
At 1st September 2013	
Employer contributions	10,000
Employee contributions	6,000
	<hr/>
At 31st August 2014	16,000
	<hr/> <hr/>

The estimated value of employer contributions for the year ended 31st August 2015 is £9,000.

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

	2014
	£
Present value of defined benefit obligations	(27,000)
Fair value of share of scheme assets	16,000
	<hr/>
Deficit in the scheme	(11,000)
	<hr/> <hr/>

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31st August 2014

17. Pension and Similar Obligations (continued)

	2014 £
Experience adjustments on the scheme liabilities:	
- Amount	6,000
- Percentage of scheme assets	37.5%
	<hr/> <hr/>
Difference between expected and actual return on assets	
Total amount recognised in Statement of Total Recognised Gains and Losses:-	
- Amount	6,000
- Percentage of scheme assets	37.5%
	<hr/> <hr/>

18. Related Parties

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

Ms Modupe Omideyi, a governor of the free school is also a trustee of Liverpool Lighthouse Limited, a registered charity. Liverpool Lighthouse Limited is also a member of the charitable company. During the year expenses totalling £Nil, (2013: £5,284) were reimbursed to Liverpool Lighthouse Limited. Liverpool Lighthouse Limited also donated £Nil, (2013: £40) to the free school within the year to cover costs that were not funded by the Education Funding Agency.

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