

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 August 2013

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

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Year ended 31 August 2013

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LIGHTHOUSE HARMONIZE EDUCATION TRUST

Reference and administrative details of the free school, governors and advisers Year ended 31 August 2013

		Date of appointment	Date of Resignation
Governors, Directors and Trustees:	Stephen Philip Daley	01/04/13	-
	Stephen Allen Harper	12/06/12	-
	Jennifer Hicks	11/04/12	-
	Marie McConville (Vice Chair)	03/06/11	31/03/13
	Christopher John Moffett	20/10/11	-
	Rowland Frederick Moore	11/04/12	25/07/13
	Stephanie Jane Murphy	20/10/11	-
	Modupe Victoria Emrica Omideyi (Chair)*	03/06/11	-
	Ursula Penarski	18/01/13	-
	Rebecca Jane Ross-Williams	23/05/12	-
	Clare Louise Willmitt	03/09/12	-

* Founding member

Senior Management Team:

Principal	Stephen Daley
Vice Principal	Marie McConville
Business Manager	Denise McNeil

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

Company Registration Number: 07657235 (England and Wales)

Website address: www.harmonizeacademy.org

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

Bankers: Royal Bank of Scotland
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 31 August 2013

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2013.

Incorporation

The company was incorporated on 3 June 2011. The Funding Agreement was signed in March 2013, and the Free School opened on 1 April 2013.

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 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. The charitable company is known as Lighthouse Harmonize Education Trust.

Details of the governors 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.

Principal activities

The principal object and activity of the charitable company is to establish, maintain, manage and develop an Alternative Provision Free School, Harmonize Academy, an educational institution which is principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them.

In accordance with the Articles of Association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Free School, and that the school should provide a broad and balanced curriculum.

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.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report Year ended 31 August 2013

Structure, governance and management (continued)

Organisational structure

The board of governors and administrative details of the Free School are detailed on page 1. Since the Academy opened on 1 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.

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.

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

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.

Activities

The following key events have taken place:

- a new Principal Designate Mr Stephen Daley was appointed on a secondment basis with effect from November 2012. His appointment as Principal took effect from 1 April 2013.
- three working groups were set up to complete the non premises work required to get the school ready for opening- Education & Staffing, Consultation & Marketing and Finance & Operations Group.
- development (lead in) funding was reviewed and agreed in the light of the extended set up period.
- a new site was been found for the school and lease terms agreed with the owner, Liverpool City Council.
- the additional statutory consultation for the new site was satisfactorily concluded.
- additional staff were appointed.
- the education brief, policies and procedures and 5-year financial plan have been approved.

Refurbishment work commenced on the new site. This was scheduled in two phases: phase 1 which allowed the school to move into part of the new building on 6 May 2013, phase 2 was completed over the summer 2013.

Readiness for Opening Meeting – March 2013

From September 2012 the school continued to operate at our temporary accommodation at Liverpool Lighthouse, Oakfield Road.

On 6 May 2013 the school moved into part of the new building at 7 Phillimore Road. This consisted of 4 teaching areas, dining room and a small office.

The refurbishment was completed and the school opened on 4 September 2013 in the new premises.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report Year ended 31 August 2013

Objectives and activities (continued)

Activities (continued)

Dr Andy Cornes, Educational Psychologist has been working with students 1 day per week providing therapeutic/pastoral support.

The Archbishop of York Youth Trust provides opportunities for a Young Leaders Award for Harmonize Academy students.

Whole school enrichment activities have taken place at Ferny Knoll Farm/ Myerscough College.

Subsequent activities

The new term started in September 2013 with 31 students on roll, although numbers increased very quickly to 48.

Harmonize Academy has developed links with many organisations including:-

Liverpool Football Club and Radio City – 8 students doing Btec in Business Studies

Liverpool Dyslexia Centre – 2 days per week in HA – Literacy Programme

Crosby Lakeside Marina – enrichment activities kayaking, raft building teamwork

Phil Garrett – a local artist/sculptor is working with a group of six students producing a mural for the Music/Tech Department.

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 2012/13 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.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governors' Report Year ended 31 August 2013

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 and as detailed in the Accounting Policies - Going Concern the adoption of the going concern basis in preparing the financial statements continues to be appropriate.

Financial review

In addition to the income from the EFA in the form of lead-in and development grants, the use of which is restricted for the purpose of developing and setting up the school, from the date of opening on 1 April 2013, Harmonize Academy have received an annual maintenance grant allocation 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 £140,000.

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.

Post Balance Sheet Events

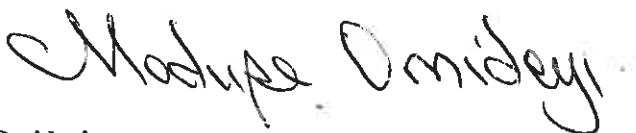
No events have taken place post balance sheet date that are out of the ordinary or that affect the Academies financial status as at that date.

Auditor

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.

The auditor is willing to continue in office and a resolution to appoint Mitchell Charlesworth will be proposed at the annual general meeting.

Approved by order of the members of the Governing Body on 5 December 2013 and signed on its behalf by:



M Omideyi
Chairman of Board of Governors

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement Year ended 31 August 2013

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 will delegate 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 will also be 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 4 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 Omideyi	4	4
Stephen Daley	2	3
Christopher Moffett	4	4
Stephanie Murphy	4	4
Stephen Harper	4	4
Rowland Moore	4	4
Rebecca Ross Williams	2	4
Jennifer Hicks	1	4
Ursula Penarski	2	3
Clare Willmitt	2	3
Marie McConville	1	2

For details of governors appointments and resignations see page 1.

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 year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Governance Statement Year ended 31 August 2013

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 an on-going process for identifying evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2013 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.

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 the following safeguards:

- All development / General Annual Grant budgets were scrutinised and approved by the DFE/EFA before grant funding letters were issued.
- All items of expenditure relate to the approved budget lines.
- All claims to the DFE/EFA are supported by original invoices or receipts.
- All claims are checked and approved by the DFE/EFA and authorised for payment before their Finance department releases funds to the Trust.
- Cheques are signed by two signatories.
- Regular reports on expenditure are submitted as required to the DFE/EFA and Governing body, and are tracked against the budgets.

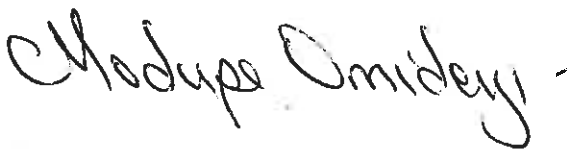
The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor at this stage. However, the governors have appointed a Responsible Officer ('RO'), and a programme of work will be agreed shortly.

Review of effectiveness

As Accounting Officer, Stephen 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 external auditor; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Approved by the order of the members of the governing body on 5 December 2013 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 31 August 2013**

As Accounting Officer of Lighthouse Harmonize Education Trust I have considered my responsibility to notify the Trusts 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.



S Daley
Accounting Officer & Principal

5 December 2013

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Statement of Governors' Responsibilities Year ended 31 August 2013

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 Requirements issued 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 year. In preparing these financial statements, the governors are required to:

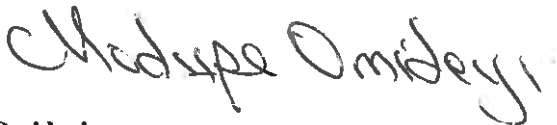
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 operation.

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 5 December 2013 and signed on its behalf by:



M Omideyi
Chair of Board of Governors

Mitchell Charlesworth

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 31 August 2013 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 2012/13 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 12, 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 31 August 2013, 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 2012/13 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

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.



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

5 Temple Square
Temple Street
Liverpool
L2 5RH

5 December 2013

Mitchell Charlesworth

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 26 February 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, 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 year ended 31 August 2013 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lighthouse Harmonize Education Trust and the 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 Lighthouse Harmonize Education Trust and the 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 Lead-in and funding agreement with the Secretary of State dated 31 March 2013 and the academies handbook, extant from 1 September 2012, 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. 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 ended 31 August 2013 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 issued by the 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.

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 year ended 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



MITCHELL CHARLESWORTH
Chartered Accountants
Statutory Auditor

Temple Street
Liverpool
L2 5RH

5 December 2013

LIGHTHOUSE HARMONIZE EDUCATION TRUST

**Statement of Financial Activities
(Including Statement of Recognised Total Gains and Losses)
Year ended 31 August 2013**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	Total 2012 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	40	-	-	40	50
<i>Incoming resources from charitable activities:</i>						
Funding for the educational operations	3	-	362,133	1,015,309	1,377,442	43,044
Total incoming resources		40	362,133	1,015,309	1,377,482	43,094
Resources expended						
<i>Charitable activities:</i>						
Free Schools' educational operations	5	-	281,562	4,075	285,637	32,979
<i>Governance costs</i>	6	-	16,541	-	16,541	10,105
Total resources expended		-	298,103	4,075	302,178	43,084
Net incoming/(outgoing) resources before transfers						
Gross transfers between funds	12	40	64,030	1,011,234	1,075,304	10
		-	(19,954)	19,954	-	-
Net income/(expenditure) for the year		40	44,076	1,031,188	1,075,304	10
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension scheme	16	-	-	-	-	-
Net movement in funds		40	44,076	1,031,188	1,075,304	10
Reconciliation of funds						
Total funds brought forward at 31 August 2012		10	-	-	10	-
Total funds carried forward at 31 August 2013		50	44,076	1,031,188	1,075,314	10

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

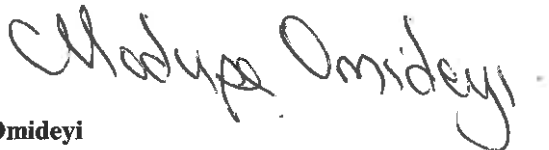
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

**Balance Sheet
As at 31 August 2013**

	Note	2013		2012	
		£	£	£	£
Fixed assets					
Tangible assets	9		1,031,188		
Current assets					
Debtors	10	403,249		13,825	
Cash at bank and in hand		<u>57,277</u>		<u>7,398</u>	
		460,526		21,223	
Liabilities					
Creditors: Amounts falling due within one year	11	<u>(416,400)</u>		<u>(21,213)</u>	
Net current assets			44,126		10
Total assets less current liabilities			<u>1,075,314</u>		<u>10</u>
Pension scheme liability	16		<u>-</u>		<u>-</u>
Net assets including pension liability			<u>1,075,314</u>		<u>10</u>
Funds of the academy					
Restricted income funds					
Fixed asset funds		1,031,188		-	
General funds		44,076		-	
Pension reserve		<u>-</u>		<u>-</u>	
Total restricted funds	12		1,075,264		-
Unrestricted income funds					
General fund			<u>50</u>		<u>10</u>
Total funds	13		<u>1,075,314</u>		<u>10</u>

The financial statements on pages 13 to 26 were approved by the governors, and authorised for issue on 5 December 2013 and signed on their behalf by:



M Omideyi

**Company Limited by Guarantee
Registration Number: 07657235**

LIGHTHOUSE HARMONIZE EDUCATION TRUST

**Cash Flow Statement
Year ended 31 August 2013**

	Year to 31 August 2013 £	Year to 31 August 2012 £
Net cash inflow from operating activities		
Operating surplus from SOFA	1,075,304	10
Depreciation	4075	-
Increase in debtors	(389,424)	(13,825)
Increase in creditors	<u>395,187</u>	<u>21,213</u>
Net cash inflow from operating activities	<u>1,085,142</u>	<u>7,398</u>
Capital (expenditure)/income		
Purchase of tangible fixed assets	<u>(1,035,263)</u>	<u>-</u>
Increase in cash	49,879	7,398
Net funds at 31 August 2012	<u>7,398</u>	<u>-</u>
Net funds at 31 August 2013	<u>57,277</u>	<u>7,398</u>

Note to Cash Flow Statement

	At 31 August 2012 £	Cash flows £	At 31 August 2013 £
Analysis of changes in net funds			
Cash in hand and at bank	7,398	49,879	57,277

All of the cash flows are derived from continuing operations during the above two financial periods.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31 August 2013

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 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies 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 year 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.

- ***Donations***

Donations are included in the Statement of Financial Activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

- ***Other income***

Other income, including the hire of facilities is recognised in the year 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 year 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 31 August 2013

1. Statement of Accounting Policies (continued)

Resources expended

All expenditure is recognised in the year 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 are 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

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 academy trust's depreciation policy.

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 lives, as follows:-

Leasehold improvements	Not depreciated
Computer equipment and software	20 - 33% straight line

Leased assets

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

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31 August 2013

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 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 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.

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.

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 Education Funding Agency, Department for Education and other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

2. Voluntary income	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Donations	40	-	40	50

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31 August 2013

3. Funding for the Academy's Educational Operations	Unrestricted Funds £	Restricted Funds £	2013 £	2012 £	
DfE/EFA revenue grants					
General Annual Grant (GAG)	-	160,000	160,000	-	
Other DfE/EFA grants	<u>-</u>	<u>122,708</u>	<u>122,708</u>	<u>43,044</u>	
	-	282,708	282,708	43,044	
Other Government grants					
Local Authority Grants (including FA Grants)	-	79,425	79,425	-	
EFA Capital Grants	<u>-</u>	<u>1,015,309</u>	<u>1,015,309</u>	<u>-</u>	
	-	1,094,734	1,094,732	-	
	-	1,377,442	1,377,442	43,044	
4. Resources Expended	Staff Costs £	Non Pay Expenditure £	Other Costs £	Total 2013 £	Total 2012 £
Academy's educational operations					
Direct costs	183,627	-	30,387	214,014	-
Allocated support costs	<u>30,957</u>	<u>4,075</u>	<u>36,591</u>	<u>71,623</u>	<u>32,979</u>
	214,584	4,075	65,898	285,637	32,979
Governance costs including allocated support costs	<u>-</u>	<u>-</u>	<u>16,541</u>	<u>16,541</u>	<u>10,105</u>
	<u>214,584</u>	<u>4,075</u>	<u>83,429</u>	<u>302,178</u>	<u>43,084</u>

Incoming/outgoing resources for the year include:-

	2013 £	2012 £
Depreciation of tangible fixed assets	4,075	-
Fees payable to auditor - Audit	4,250	1,800
Operating leases	485	-

LIGHTHOUSE HARMONIZE EDUCATION TRUST

**Notes to the Financial Statements
Year ended 31 August 2013**

4. Resources Expended (continued)	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Charitable Activities – Academy’s Educational Operations				
Direct costs*				
Teaching and educational support staff costs	-	183,627	183,627	-
Insurance	-	4,165	4,165	-
Education supplies	-	10,200	10,200	-
Staff recruitment and induction	-	3,285	3,285	-
Staff travel	-	35	35	-
Other direct costs	-	8,476	8,476	-
Professional fees	-	4,226	4,226	-
	-	<u>214,014</u>	<u>214,014</u>	-
Allocated support costs				
Support staff	-	30,957	30,957	25,152
Staff recruitment	-	2,209	2,209	3,524
Maintenance of premises and equipment	-	1,012	1,012	-
Heat and light	-	10,000	10,000	-
Technology costs	-	10,428	10,428	633
Catering	-	6,932	6,932	-
Occupancy costs	-	2,058	2,058	780
Bank interest and charges	-	290	290	40
Other costs	-	3,662	3,662	2,850
Depreciation	-	4,075	4,075	-
	-	<u>71,623</u>	<u>71,623</u>	<u>32,979</u>
	-	<u>285,637</u>	<u>285,637</u>	<u>32,979</u>

* As the Trust had not started any educational operations at 31 August 2012, all cost including the Principal Deputies salary were allocated to support costs in the prior period.

5. Governance Costs	Unrestricted Funds £	Restricted Funds £	2013 £	2012 £
Legal and professional fees	-	10,796	10,796	8,305
Auditors’ remuneration	-	4,250	4,250	1,800
Auditor of financial statements	-	1,495	1,495	-
Trustees’ expenses - travel	-	16,541	16,541	10,105

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31 August 2013

6. Staff Costs	2013	2012
	£	£
Staff costs during the year were:-		
Wages and salaries	166,357	-
Social security costs	14,437	-
Pension costs	<u>9,156</u>	<u>-</u>
	189,950	-
Consultancy teacher costs	<u>24,634</u>	<u>25,152</u>
	<u>214,584</u>	<u>25,152</u>

The average number of persons (including the senior management team) employed by the academy during the year expressed as full time equivalents was as follows:

	2013	2012
	No	No
<i>Charitable Activities</i>		
Teachers and education support staff	13	-
Administration, management and support staff	<u>3</u>	<u>-</u>
	<u>16</u>	<u>-</u>

No employees received remuneration exceeding £60,000 within the year ended 31 August 2013.

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 above governor is a member of the pensions schemes of the academy.

The remuneration of the Principal for the period ended 31 August 2013 was £54,522 (2012: £9,047). £25,355 was reimbursed to the Hawthorne Free School under the term of his secondment.

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

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 (2012 £Nil) on any one claim and the cost for the year ended 31 August 2013 was £848 (2012 £Nil).

LIGHTHOUSE HARMONIZE EDUCATION TRUST

**Notes to the Financial Statements
Year ended 31 August 2013**

9. Tangible Fixed Assets	Leasehold improvements	Computer equipment	Total
	£	£	£
Cost			
Additions	<u>952,909</u>	<u>82,354</u>	<u>1,035,263</u>
At 31 August 2013	952,909	82,354	1,035,263
Depreciation	<u> </u>	<u> </u>	<u> </u>
Charged in year	<u> </u> -	<u>4,075</u>	<u>4,075</u>
At 31 August 2013	<u> </u>	4,075	4,075
Net book value	<u> </u>	<u> </u>	<u> </u>
At 31 August 2013	<u>952,909</u>	<u>78,279</u>	<u>1,031,188</u>
	<u> </u>	<u> </u>	<u> </u>
10. Debtors		2013	2012
		£	£
Trade debtors		1,176	-
VAT recoverable		157,855	-
Prepayments and accrued income		<u>244,218</u>	<u>13,825</u>
		403,249	13,825
		<u> </u>	<u> </u>
11. Creditors: Amounts falling due within one year		2013	2012
		£	£
Trade creditors		-	19,403
Other taxes and social security costs		10,083	-
Accruals		250,507	1,810
Other creditors		<u>155,810</u>	<u> </u>
		416,400	21,213
		<u> </u>	<u> </u>

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements
Year ended 31 August 2013

12. Restricted Funds	Balance at 31 August 2012 £	Incoming resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2013 £
Restricted general funds					
General Annual Grant (note i)	-	160,000	(131,675)	(19,954)	8,371
Other DfE/EFA Grants (note ii)	-	122,708	(100,984)	-	21,724
Local Authority Grants (note iii)	-	79,425	(65,444)	-	13,981
	-	362,133	(298,103)	(19,954)	44,076
Restricted fixed asset funds					
EFA Capital Grants (note iv)	-	1,015,309	(4,075)	19,954	1,031,188
Total	-	1,377,442	(302,178)	-	1,075,264

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 31 August 2013.
- (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.

13. Analysis of Net Assets between Funds

Fund balances at 31 August 2013 are represented by:-

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	1,031,188	1,031,188
Current assets	50	460,476	-	460,526
Current liabilities	-	(416,400)	-	(416,400)
Total net assets	50	44,076	1,031,188	1,075,314

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31 August 2013

14. Capital Commitments	2013	2012
	£	£
Contracted for, but not provided in the financial statements	90,579	-
	<hr/>	<hr/>

15. Lease Commitments

Operating leases

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows:-

	2013	2012
	£	£
Other		
Expiring within two to five years	1,940	-
	<hr/>	<hr/>

16. Pension Commitments

Teachers' Pension Scheme Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 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.

**Notes to the Financial Statements
Year ended 31 August 2013**

16. Pension Commitments (continued)

The last valuation of the TPS related to the period 1 April 2001 to 31 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 1 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. Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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. Importantly, pension benefits built up before 1 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 1 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 just outside of the 10 year protection.

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 were to be phased in from April 2012 on a 40:80:100% basis.

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

On 1 July 2013 the Free School became part of the Local Government Pension Scheme, having two members of staff currently in the Scheme. Given the short period of account and the few members involved, the Governors have taken the decision not to obtain a FRS17 report for this period, but will instead obtain a 14 month report covering the period to 31 August 2014 with any share of the deficit being incurred to that date being recognised. The total contributions to 31 August 2013 were £1,206.

LIGHTHOUSE HARMONIZE EDUCATION TRUST

Notes to the Financial Statements Year ended 31 August 2013

17. Members' Liability

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

18. 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, it is inevitable that transactions may take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving the free school and 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 £5,284, (2012: £5,484) were reimbursed to Liverpool Lighthouse Limited. Liverpool Lighthouse Limited also donated £40, (2012: £50) to the free school within the year to cover costs that were not funded by the Education Funding Agency.

19. Post Balance Sheet Event

On 26 November 2013 the Trust entered into a 125 year lease with Liverpool City Council for the school premises at 7 Phillimore Road, Liverpool. The obligations under the lease will be met by funding from the Education Funding Agency.