

Lighthouse Learning Trust  
(A Company Limited by Guarantee)  
Annual Report and Financial Statements  
Year ended 31 August 2019

Company Registration Number:  
10819176 (England and Wales)

# Lighthouse Learning Trust

## Contents

	Page
Reference and Administrative Details	1
Trustees' Report	3
Governance Statement	19
Statement on Regularity, Propriety and Compliance	27
Statement of Trustees' Responsibilities	28
Independent Auditor's Report on the Financial Statements	29
Independent Reporting Accountant's Report on Regularity	32
Statement of Financial Activities incorporating Income & Expenditure Account	35
Balance Sheet	36
Statement of Cash Flows	37
Notes to the Financial Statements	38

# Lighthouse Learning Trust

## Reference and Administrative Details

### **Members:**

Ven. G Collins  
L Docherty  
R Woolley

### **Trustees:**

J Atkinson (resigned 2 October 2019)  
M Atkinson (resigned 2 January 2019)  
D Canham  
S Dovey  
E Flaherty  
I Golding  
L Graham (resigned 2 October 2019)  
R Hall  
Z Huggins (appointed 1 March 2019)  
M Kelly  
E Lee (resigned 2 January 2019)  
I Lycett (resigned 1 March 2019)  
A Thompson (appointed 26 November 2018)  
A Wyatt-Budd

### **Company Secretary**

A McVittie

### **Senior Management Team:**

M Atkinson, Principal St Vincent College (1 September – 1 February 2019) and Chief Executive Officer  
A Born, Finance Director  
A McVittie, Clerk to the Trustees

### **Company Name**

Lighthouse Learning Trust

### **Principal and Registered Office**

c/o St Vincent College  
Mill Lane  
Gosport  
Hampshire  
PO12 4QA

### **Company Registration Number**

10819176 (England and Wales)

# Lighthouse Learning Trust

## Reference and Administrative Details

### **Independent Auditor**

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

### **Bankers**

Lloyds Bank Plc

25 Gresham St

London

EC2V 7HN

# Lighthouse Learning Trust

## Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Lighthouse Learning Trust is a Multi Academy Trust which operates two academies, St Vincent College and Richard Taunton College. Both academies were previously established under the Further and Higher Education Act 1992.

St Vincent College and Richard Taunton College Corporations dissolved on 31 October 2017 and their respective activities, assets, liabilities and staff transferred to the Lighthouse Learning Trust.

The comparative period was from 14 June 2017 until 31 August 2018. The company was incorporated on 14 June 2017 but was dormant until 1 November 2017.

### **Structure, Governance and Management**

#### **Constitution**

The academy 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 academy trust. The trustees of Lighthouse Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as the Lighthouse Learning Trust.

Details of the trustees who served during the year and to the date these accounts are approved 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 charitable 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.

#### **Trustees' Indemnities**

Trustees benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any wrongful act of which they may be guilty in relation to the Academy Trust. The insurance does not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty, or to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust.

# Lighthouse Learning Trust

## Trustees' Report

### **Method of Recruitment and Appointment or Election of Trustees**

Trustees are appointed in accordance with the Trust's Articles of Association. The Members may appoint up to 12 Trustees (Article 50). Parent Trustees or Parent Local Governors may be elected or appointed (Article 54). Trustees may Co-opt additional Trustees, including staff Trustees subject to limitations (Article 58). The disqualification of Trustees is dealt with by Articles 68-80. The Governance and Audit Committee oversees the Trust's Search process and this is explained in more detail in the Corporate Governance statement. The Trust seeks to attract Trustees with a range of diverse skills and backgrounds in order to provide the Trust Board with the best possible advice and support.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

All Trustees receive support from their Board colleagues and from the Clerk/Company Secretary. Additionally, the Trust Chair operates an on-going programme of one to one review sessions with individual Trustees in order to identify any areas of support that they may require in order to fulfil their roles. During this first year of the Trust, internal training was provided with regard to the duties and responsibilities of Trustees and further training on this topic was delivered during the Trust's second year (2018-19). The Trust has adopted a model induction policy for Trustees as drafted by ICOSA. This was reviewed by the Trust's Governance & Audit Committee. The Clerk/Company Secretary participates in professional governance networks and is able to share best practice with Trustees where this is identified. A Trustees' Skills & Experience audit was completed during the year and this is repeated annually. An annual governance self-assessment was also completed. Both of these exercises inform the on-going development and training of Trustees.

### **Organisational Structure**

The Senior Management Team consisted of:

- Chief Executive Officer of the Lighthouse Learning Trust
- Head of St Vincent College (from 1 February 2019)
- Head of Richard Taunton College
- Finance Director
- Vice Principals of teaching and learning (two)
- Director, Quality, Data and IT
- HR Director
- Estates and Facilities Director
- Clerk to the Trustees

The Chief Executive Officer of the Lighthouse Learning Trust is the Accounting Officer.

The committee structure of the Board of Trustees consists of:

- Governance and Audit Committee
- Finance and Resources Committee
- Remuneration Committee
- Local Governing Bodies

# Lighthouse Learning Trust

## Trustees' Report

### Organisational Structure (continued)

In accordance with the Trust's Scheme of Delegation, all Committees are chaired by Trustees. Local Governors are encouraged to join Board Committees where they have specific skills and experience to contribute. However, with the exception of Local Governing Bodies, Trustees always form the majority of Board sub-Committee memberships.

### Arrangements for setting pay and remuneration of key management personnel

In its role as the legal employer, the Board of Trustees is responsible for agreeing the Pay Policy on an annual basis. The Remuneration Committee is responsible for reviewing and making recommendations to the Board with regard to remuneration of the Trust's leadership. Further details regarding the remit of this Committee can be found in the Corporate Governance statement. All pay decisions are made finally by the Board of Trustees.

### Trade union facility time

#### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
6	3.9

#### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	6
51%-99%	-
100%	-

#### Percentage of pay bill spent on facility time

Total cost of facility time	£5,198
Total pay bill	£10,568,733
Percentage of the total pay bill spent on facility time	0.05%

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours:	Hours spent on paid trade union activities: 25 Hours spent on paid facility time: 277 Time spent on paid trade union activities as a % of total paid facility time hours: 9%
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# Lighthouse Learning Trust

## Trustees' Report

### **Related Parties and other Connected Charities and Organisations**

The Trust works in partnership with local secondary schools in and around Southampton, Gosport, and Fareham, directly and also through the Southampton Education Forum which brings together Southampton schools, colleges and the local authority with the aim of supporting quality improvement. We also have good links with our local universities in Southampton, Portsmouth, Winchester, and beyond. It works with the Wessex Group, a group of Hampshire colleges, to pursue joint purchasing, collaborate over curriculum development and staff training and development.

In line with other multi academy trusts, academies, colleges and universities, The Lighthouse Learning Trust has many stakeholders. These include:

- Students
- Education sector Funding Bodies
- The Regional Schools Commissioner
- Staff
- Local employers (with specific links)
- Hampshire County Council, Southampton City Council and Gosport Borough Council
- Local Enterprise Partnerships
- The local community
- Other FE institutions
- Trade unions and
- Professional bodies

The Trust recognises the importance of these relationships and engages in regular communication with them through written correspondence and by meetings.



# Lighthouse Learning Trust

## Trustees' Report

### Objectives and Activities

The Trust exists to deliver high quality education and training which creates ambition for all and promotes social mobility in its members' communities. The Trust will play a full part in the 'self-improving' school and college sector through partnership with other appropriate institutions and/or through judicious expansion.

### *Founding Principles*

All decisions made by the Board of Trustees are informed by the Trust's Founding Principles. These are:

- Teaching and Learning – the pursuit of high-quality teaching is the first priority of the Trust. By ensuring high standards and achievement, and good progression, it will improve the lives and life chances of our students.
- Value for money – the Trust must bring benefit to students. Management structures should be efficient and effective, ensuring that resources for teaching and learning are maximized.
- Inclusivity – member organisations are committed to the full range of students in their communities. They adopt a 'growth mind-set' attitude and seek improved outcomes through the quality of provision and curriculum and not through selection or exclusion.
- Safety – The Trust will provide students and staff with a safe environment based on respect for all and free from prejudice and intimidation.
- Accountability – we are accountable to our communities who fund our activity and, rightly, expect excellence and professionalism in all that we do.
- Integrity – member institutions and their staff are on a journey of self-improvement. This requires honesty, a self-critical culture, evidence-based analysis and a rejection of arrogance.
- Celebration – helping people progress through education is a privilege. We celebrate our successes, our students' successes and those of our partner institutions.

# Lighthouse Learning Trust

## Trustees' Report

### **Public Benefit**

The Lighthouse Learning Trust is an exempt charity under part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The Directors, who are Trustees of the charitable company, are disclosed on page 1.

The Board of Trustees has due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the Academy Trust provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent progression record for students including employment and further and higher education and training
- Strong student support systems
- Links with employers, industry and commerce

### **Strategic Report**

#### **Strategic Plan**

The Trusts' Strategic Development Plan has regard to Government policy, and will be updated annually. The key strategic themes are:

- Ensuring our students have outstanding teaching and support regardless of level of study, subject or individual need
- Ensuring our curriculum meets the needs of our students and our community
- Promoting throughout the Trust our values of well-being, tolerance, empathy, respect and consideration and high expectations
- Achieve value for money through sharing of management and resources
- Achieve growth of the multi academy trust
- Utilise our college estates and resources to achieve the best environment for our students

The Trust monitors the plan on a continuing basis.

#### **Achievements and Performance**

##### *Student numbers*

Retention rates are calculated from October 2017 when there were 1,980 students. The 2017/18 academic year ended with 1,765 students giving an overall retention rate of 89%.

# Lighthouse Learning Trust

## Trustees' Report

### Achievements and Performance (continued)

#### Student achievement

Students continue to prosper at the Trust. Students on vocational courses make very significant progress and many from relatively disadvantaged backgrounds progress to university. Compared to national averages the proportion of students who improve their GCSE English and Mathematics grades is high.

#### St Vincent College

Pass rates for the summer 2019 were:

		A* to E		A* to B		ALPS	
		2019	2018	2019	2018	2019	2018
A level	Pass rate	90%	96%	29%	30%	7	5
		Distinction*-Pass		Distinction*-Distinction		ALPS	
		2019	2018	2019	2018	2019	2018
Vocational	Pass rate	99%	98.5%	81%	83%	2	2
<b>All L3</b>	<b>Pass rate</b>	93% (2018: 97%)					

- GCSE English pass rate (grade 4-9) 64% (55% in 2018)
- GCSE Maths 16-19 only (grade 4-9) 34% (33% in 2018)

The most significant course taken by Adults at St Vincent College is the Access to Higher Education Course. The Achievement Rate in 2019 was 71% (2018: 88%).

#### Richard Taunton College

Pass rates for the summer 2019 were:

		A* to E		A* to B		ALPS	
		2019	2018	2019	2018	2019	2018
A level	Pass rate	96%	95%	31%	27%	6 *	7
* A Level Alps no longer includes EPQ. On like for like basis score could have been 5							
		Distinction*-Pass		Distinction*-Distinction		ALPS	
		2019	2018	2019	2018	2019	2018
Vocational	Pass rate	99.6%	100%	75% **	74%	2	3
Vocational – unreformed frameworks						2	3
Vocational – reformed frameworks ***						6	n/a
** A significant portion of vocational qualifications at RT are now on reformed frameworks which include exams for the first time. The national average grade has dropped by one whole grade, therefore like for like comparisons need to be treated with caution							
*** The national data set for reformed vocational qualifications is less than 10,000 entries. Alps themselves are urging caution about this new set of comparisons.							
<b>All L3</b>	<b>Pass rate</b>					98.1% (2018: 97%)	

- GCSE English pass rate (grade 4-9) 34% (2018 – 30%)
- GCSE Maths pass rate (grade 4-9) 28% (2018 – 24%)

# Lighthouse Learning Trust

## Trustees' Report

### **Achievements and Performance (continued)**

#### *Trust Level Summary*

- A level Value-Added in both colleges is too low and below national averages
- Advanced Vocational level performance is in the top 10% nationally for St Vincent and the top 25% nationally for Richard Taunton
- Progress measures in GCSE English and Maths are positive across the trust
- Level 2 Vocational results are good across the trust
- Results for students in the School of Personalised Learning (SPL) at St Vincent are good
- Adult Education Results are good overall, but historic data issues in NVQ and Apprenticeships will impact on performance measures

#### *Inspection*

Both colleges in the Trust were subject to a full Inspection by Ofsted during 2018/19.

St Vincent College was inspected in December 2018 and graded as 'Good' for all its provision. Vocational teaching and learning was described as Outstanding.

Richard Taunton College was inspected in January 2019 and graded as 'Requires Improvement' overall. It will be subject to a monitoring visit within 12 months of that inspection.

#### *Curriculum developments*

The Trust has a very broad curriculum offer, particularly at St Vincent College. At Advanced level (level 3), both colleges offer A levels and general vocational courses (usually the new reformed BTEC National Qualifications). Students can also take level 2 vocational programmes alongside retake English and Maths GCSEs as a preparatory year before progressing to Advanced level study.

St Vincent College also offers a Foundation (level 1) programme and provides a range of courses for learners with Educational and Health Care (EHC) Plans within its School of Personalised learning. In 2018-19 there were 155 learners with EHCPs at the college.

Both colleges offer an 'enrichment' programme of extra-curricular activities including bespoke support for the most able. All students have a personal tutor to oversee their progress and be a key link with parents.

The Trust maintains formal procedures for quality assurance and self-assessment. These are reviewed annually, culminating in the production of a Self-Assessment Report each November.

### **Financial Objectives**

The main purpose of the Trust's Financial Strategy is to ensure that the Academy Trust's objectives as set out in the Strategic Development Plan are achieved whilst at the same time, maintaining the financial viability and sustainability of the Trust.

# Lighthouse Learning Trust

## Trustees' Report

### Financial Objectives (continued)

The key objectives of the strategy are:

- To ensure financial viability and sustainability
- To generate an operating surplus before interest and depreciation
- To attract and retain the best staff by ensuring salaries are attractive
- To ensure that sufficient funds are available to enable the maintenance and improvement of the accommodation and equipment
- To maintain positive relationships with our bankers, auditors and the Funding Bodies

A series of financial performance indicators have been agreed to monitor the financial position:

Financial Performance Indicator	Target	Actual as at 31 <sup>st</sup> August 2019	Actual as at 31 <sup>st</sup> August 2018
Earnings before interest, taxation, depreciation and amortisation (EBITDA) as % of income	0.1%	6.5%	0.2%
Operating cashflow – see Note 1 below	-	£373k	£2,418k
Cash days	67	73	62
Adjusted current ratio	1.4	2.3	1.8
Borrowings as % of income	4.6%	4.1%	4.8%
Staff costs as % of income	75%	76%	82%
Reliance on ESFA income	80%	79%	81%

Note 1: the 10 months to 2018 cash flow understates cash income compared to a 12 month period.

### Key Performance Indicators

The Trust sets targets at curriculum, college and Trust level. These are reviewed each year. College curriculum teams carry out annual self-assessment.

The curriculum targets focus on the following headline targets:

- Student attendance and retention
- Student progression to higher levels of study
- Student achievement – raw and value-added
- Student recruitment
- Quality of teaching
- Student Voice

The college and Trust level targets focus on:

- Financial Health indicators
- Generation of commercial income
- Low staff absence
- Shared service cost

# Lighthouse Learning Trust

## Trustees' Report

### Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of signing of these financial statements. In order to make this assessment the Trustees consider evidence including the Trust's five year forecast, which includes a cash flow forecast, and a more detailed 12 month forecast. They also consider the stated intentions of the Department for Education in terms of funding per student, and funding for teachers pay and pension increases. Trustees conclude there are no material uncertainties about the Academy Trust's ability to continue as a going concern, and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### Financial Review

#### *Financial Results*

The Trust receives the majority of its funding from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants paid on a monthly basis. The grants received during the period are shown as 'restricted funds' in the Statement of Financial Activities. During the year ended 31 August 2019 the Trust had total income of £13.2m (2018: £50.1m). Of this £10.3m (2018: £9.0m) was received from the ESFA in respect of its General Annual grant and other DfE/ ESFA grants, and used for its day to day running costs. Income of £1.5m (2018: £1.3m) was received from Local Authorities in respect of provision for High Needs students. In the previous year income of £42.8m represented the fair value of fixed assets donated from Richard Taunton College and St Vincent College on conversion to academies.

The Trust also benefited from Devolved Formula Capital Grants of £302k which were higher than budgeted due to the in-year decision to give schools extra funding. This money is used for maintenance projects and to invest in our resources.

During the period, it has been necessary to review the cost base at both colleges, and as a result some staff restructuring has taken place.

The Trust generated the following results at operating level:

	<b>Year to August 2019</b>	<b>10 months to August 2018</b>
	<b>£000</b>	<b>£000</b>
Operating (Deficit) excluding FRS102 pension entries	(510)	(1,241)
Earnings Before Interest Tax, Depreciation & Amortisation ("EBITDA")	1,043	20

# Lighthouse Learning Trust

## Trustees' Report

### *Financial Results (continued)*

The Trust had total net funds as at 31st August 2019 of £32.6m (2018: £38.1m following conversion to an academy on the 1st November 2017 and the transfer of all activities, assets, liabilities and staff from the former St Vincent and Richard Taunton Colleges). At 31st August 2019 the net book value of fixed assets was £40.7m (2018: £42.0m). Movements in tangible fixed assets are shown in note 12 to the financial statements. The closing level of unrestricted and restricted reserves (excluding fixed asset reserves and the LGPS deficit) stands at £1,092k (2018: £351k).

### **Reserves Policy**

Trustees regularly review the finances, budgets and spend against budgets as part of the effective stewardship of the trust. Multi academy trusts are expected to create reserves from their annual funding. This is becoming increasingly difficult with the cuts in funding and increasing cost pressures. The Trust has ended the period with reserves of £32.6m (2018: £38.1m). Within this the restricted general fund balance is a deficit of £8,832k (2018: £4,194k), which includes the LGPS pension reserve deficit of £9,223k (2018: £4,229k). However this does not mean that an immediate liability for this amount crystallises. The restricted and unrestricted revenue reserves balance is £1,092k (2018: £351k).

Richard Taunton College received a bequest from a former pupil who attended Richard Taunton School in the 1950s. The bequest was made with a request that the money should be used to benefit science students and hence we are using the funds to support current and future students with bursaries and by running inspiring science related events.

The Trust aims to continue to accumulate reserves and cash balances in order to enable future capital development, finance the Trust's working capital and provide contingency against the risks and uncertainties in running a trust. During the 12 month period the trust has invested in its facilities, including IT equipment at both colleges, and further improvements to site security at St Vincent to make the college safer for our learners and less vulnerable to break-ins. The Trustees consider an ongoing bank balance of £1.5m to be a reasonable level of cash for normal purposes.

### **Treasury Management and Investment Policy**

Treasury Management is the management of the Trust's cash flows and banking transactions; the effective control of risks associated with these activities; and the pursuit of optimum performance consistent with the associated risks. The Trust has an Investment Policy in place which restricts the institutions that funds may be placed with to a small number of high credit ratings.

During the period, there was no short term borrowing for temporary revenue purposes. The Trust has two loans with the ESFA: one for £258k which replaced the bank loan of Richard Taunton College with Barclays bank, and the other for £275k which represents a loan to assist with the conversion of the two colleges into academies and the creation of the multi academy trust. Both loans bore interest of 1.47%, and repayments to the ESFA are payable in five equal instalments commencing in December 2019. All borrowing requires the authorisation of the Trustees and must comply with the requirements of the Funding Agreement agreed with the ESFA.

# Lighthouse Learning Trust

## Trustees' Report

### **Principal Risks and Uncertainties**

The system of internal control maintained by the Trust includes financial, operational and risk management which is designed to protect the assets and reputation.

A Risk Register is maintained at the Trust, which is reviewed at each meeting of the Audit Committee, and on a regular basis by the Senior Management Team. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being undertaken to reduce and mitigate the risk. Risks are prioritised using a consistent scoring system. This is supported by risk management training and awareness of risks throughout the Trust. Outlined below is a description of the principal risk factors that may affect the Trust. Not all the factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Trust.

#### *1) Student numbers*

Student numbers at both colleges have shown significant declines in the last two years which significantly impacts the forecast financial position of the Trust.

#### *2) Government funding (strategic and financial risk)*

The Trust has considerable reliance on continued Central and Local Government funding from the ESFA and Hampshire County Council. In the period, 91% of the Academy Trust's revenue was ultimately publicly funded, and this level of requirement is expected to continue. There can be no assurance that Government policy and practice will remain the same, or that public funding will continue at the same level or on the same terms. The announcement at the end of August that the base rate of funding for 16-19 year olds would be increased, effective September 2020 was welcome. The base rate has remained unchanged since 2012. Equally welcome was the announcement that the ESFA would fund the increased employers' contribution to the teachers' pension scheme for a further year from September 2020. Uncertainties over funding remain beyond August 2021.

The Trust is aware of the following issues that may impact on future funding:

- Future potential changes in the funding methodology which may result in a further reduction in funding for post 16 students.
- Future changes in the funding of High Needs students, which in part comes from Local Government, is subject to in-year fluctuation and varies between councils.
- The risk of further demographic decline and /or decline in market share.
- Stronger competition from other local providers.
- Changes in emphasis to more vocational education arising from Government policy.



# Lighthouse Learning Trust

## Trustees' Report

### Principal Risks and Uncertainties (continued)

The risk is mitigated in a number of ways:

- The Trust has a robust marketing strategy that seeks to ensure that student numbers are maintained in the face of demographic decline.
- By ensuring the Trust is rigorous in delivering high quality education and training.
- Ensuring the Trust is focussed on those priorities which will continue to benefit from public funding.
- Continued dialogue with the Funding Body and the Local Authorities, particularly with regard to High Needs student funding at St Vincent.
- Continued development of shared services provision to ensure value for money

#### *3) Increases in national teacher pay awards, Teachers' Pension and Local Government pension Scheme*

The Trust is exposed to the risk of increases in the Teachers' pension and local Government pension schemes, over which it has no control and which may become unaffordable. In addition it considers it needs to remain competitive with national pay awards in order to attract and retain good staff. The risk is mitigated by robust budgeting and forecasting, and early consideration of the need to make savings through re-structuring where necessary. The creation of the Trust allows economies of scale to be achieved.

#### *4) Changes to level 3 Qualifications including T levels (strategic risk)*

There is a risk that the introduction of T levels changes the post 16 student market and the Trust being unable to respond and adapt its offering sufficiently quickly to take advantage of opportunities and avoid losing market share. Senior management keep up to date with sector intelligence and regularly consider the strategic implications of these changes.

#### *5) Non-compliance with legislation*

There is a considerable range of legislation that the Trust must comply with, including Safeguarding and Prevent, employment law, Disability Discrimination, health and safety, General Data Protection Regulation. There are risks of non-compliance resulting in fines and reputational damage. The trust ensures staff inductions and training are carried out and professional advice is procured where necessary to ensure staff are able to ensure compliance. Senior management team meetings regularly consider our ability to respond to legal changes and developments and remain compliant.

#### *6) Inconsistent outcomes for learners*

The Trust recognizes that there is a risk of inconsistencies in outcomes for learners which impact on students' ability to progress and achieve. The Trust's reputation may decline if learners do not have consistently good outcomes, which may also result in poor Ofsted grades and reduced learner enrolment in future years with associated financial impact. The risk is mitigated by the Trust's commitment to improvement plans in all areas which have not achieved benchmark outcomes. During the year both colleges were inspected by Ofsted. St Vincent College was given a grade of "good". Richard Taunton's grade remained "requires improvement" although inspectors acknowledged that good progress had been made.

# Lighthouse Learning Trust

## Trustees' Report

### **Fundraising**

The Academy Trust is predominantly funded by the ESFA based upon the submission of student data returns on a periodic basis to the Department for Education. The Trust does not actively engage in fundraising and does not actively canvas for donations on a local, regional, national or international basis. The Academy Trust does not contract with any external agencies to fundraise on its behalf.

Students at Richard Taunton College are asked to make a voluntary contribution to the Student Union Fund of £20. The fund is used to support student events and facilities.

### **Current and Future Development and Performance**

#### *Staffing*

The Trust considers good communication with its staff and students to be very important, and publishes bulletins to students and staff. Weekly staff briefings and termly staff meetings are held. Staff and student involvement is encouraged through membership of formal committees, and electronically via email and the Virtual Learning Environment (VLE). All- staff training is carried out, and the trust encourages continuing professional development. The Trust works collaboratively with its recognised unions.

#### *Maintenance Programme*

The Trust operates a rolling programme of planned maintenance, which is reviewed each year and monitored on an ongoing basis. The costs are charged to the income and expenditure account in the year in which they are incurred. Minor Capital Works that add value to the estate are capitalised at the period end.

#### *Future Prospects*

The Trust welcomes the announcements that the base level of funding will increase from September 2020. The Trust remains concerned that the additional funding for the increased teachers' pension scheme is not confirmed after August 2021, as the benefit from the additional base rate funding would be lost if the teachers' pension funding did not continue. Poor student recruitment numbers remains a concern.

The Trust faces a number of challenges:

- Maintaining student numbers in the face of increased competition driven by a lagged funding methodology.
- Designing a curriculum offer that meets the needs of its local communities
- Meeting the challenge of successive years of cuts in funding and increasing staff costs, which are severe.
- Maintaining the quality of outcome and experience for students despite these cuts.
- Maintaining the current high reputation of the Trust.
- Continuing to collaborate with other schools, colleges and other MATs in the best interests of students.

# Lighthouse Learning Trust

## Trustees' Report

### **Current and Future Development and Performance (continued)**

#### *Resources*

The Trust has various resources that it can deploy in pursuit of its strategic objectives:

- Its freehold estate, with a net balance sheet value of £39.4m (2018: £40.7m)
- net current assets of £1.9m (2018: £1.2m)
- established staff of 410 people (2018: 302 people), of which 158 (2018: 116) are teaching staff
- its reputation, both locally as an academy trust that achieves good outcomes, together with high quality pastoral support.

#### **Events after the end of the reporting period**

There are no significant or material events to report after the period end.

#### **Equal opportunities**

The Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender and gender identity, parental and marital status, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat discrimination. Our policy is resourced, implemented and monitored on a planned basis. The Equality, Diversity and Inclusion Policies are published on our college websites. The Trust publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

We understand that diversity is about recognising and valuing differences for the benefit of relationships between the Trust, its college, students, staff and the public. The Trust acknowledges this is about treating everyone with dignity and respect and expresses its opposition to all forms of harassment and inequality in society which result from age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

Overarching all our aims, objectives and actions towards addressing inequality and promoting diversity is valuing everyone's Human Rights. Richard Taunton College has a Single Equality Scheme (SES) to develop an overall view of equality, diversity and human rights. The SES is a public commitment of how we meet the duties placed upon us by the Equality Act 2010. The aim of this Single Equality Scheme is to give us a coherent integrated framework for action across all equality strands within the context of the mission, vision and values of the College. Our Single Equality Scheme is the responsibility of everyone within our organisation.

The Trust considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The Trust carries out regular Equality & Diversity training for all staff.

# Lighthouse Learning Trust

## Trustees' Report

### Disability statement

The Trust seeks to achieve the objectives set down in the Equality Act 2010:

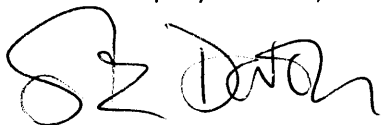
- a) Lifts and ramps have been installed so that most college facilities are accessible to people with a disability. During the year St Vincent College made further investment in providing improved classroom facilities for our students with Education Health care Plans (EHCPs).
- b) There is a list of specialist equipment, such as radio aids, hearing loops, laptop computers with specialist software, adaptive aids for computer usage which the Trust can make available for use by students and staff.
- c) The Trust has made a significant investment in the appointment of specialist staff to support students with learning difficulties and / or disabilities who can provide a variety of support for learning.
- d) There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and / or disabilities.
- e) Specialist programmes are described in Trust prospectuses, and achievements and destinations are recorded and published.
- f) Counselling and welfare services are described in each college's student guides.

### Auditor

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2019 and signed on the board's behalf by:



**S Dovey**  
Trustee

# Lighthouse Learning Trust

## Governance Statement

### Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Lighthouse Learning 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 board of trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met seven times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
S Dovey (Chair)	7	7
R Hall (Vice Chair)	7	7
M Atkinson (Chief Executive Officer & Accounting Officer)	3	3
J Atkinson	4	7
D Canham	6	7
E Flaherty	6	7
I Golding	4	7
L Graham	5	7
M Kelly	6	7
I Lycett	4	4
E Lee	3	3
A Wyatt-Budd	5	7
Z Huggins	4	4
A Thompson	3	6

In attendance:

- M Atkinson (Chief Executive – ceased as a Trustee on 2 January 2019)
- E Lee (Head of Richard Taunton College – ceased as a Trustee on 2 January 2019)
- A Grant (Acting Head of St Vincent College from 1 February 2019)
- A Born (Finance Director)
- A McVittie (Clerk to the Trustees)

# Lighthouse Learning Trust

## Governance Statement

### **Governance (continued)**

#### *Appointments to the Board of Trustees*

Any new appointments to the Board of Trustees are a matter for the consideration of the Board of Trustees as a whole. The Trust has established a clearly defined “Search” process which is overseen and operated by the Governance and Audit Committee and this Committee also makes recommendations regarding appointments. The Search process is designed to ensure that the Board’s capacity is regularly enhanced and refreshed by encompassing a broad and diverse range of skills and experience brought by individual Trustees. Trustees are appointed for a term not exceeding four years, upon the expiry of which they may be re-elected for a further term.

#### *Finance and Resources Committee*

The Finance and Resources Committee is a sub-committee of the main Board of Trustees and operates in accordance with written terms of reference as approved by the Trustees. Its purpose is to review the financial position of the Trust through regular scrutiny of the management accounts as well as to make recommendations to the Board of Trustees with regard to annual and longer-term financial planning, including capital expenditure. The Committee also oversees the Trust’s central services where these exist such as Human Resources, Estates Management, and Information Technology. The Committee has no delegated powers but advises the Board with a view to ensuring compliance with the Academies Financial Handbook and the terms of the Trust’s Funding Agreements.

Attendance during the period at meetings was as follows:

<b>Committee Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
R Hall, (Committee Chair and Trust Board Vice Chair)	5	5
M Atkinson (CEO, Accounting Officer, and Trustee)	2	2
D Canham (Trustee)	5	5
J Hampton (Local Governor)	4	5
G Hindle (Local Governor)	1	2
I Lycett (Trustee)	2	2
Andrea Thompson	4	4

In attendance:

- M Atkinson (Chief Executive – ceased as a Trustee on 2 January 2019)
- E Lee (Head of Richard Taunton College - ceased as a Trustee on 2 January 2019)
- A Grant (Acting Head of St Vincent College)
- A Born (Finance Director)
- A McVittie (Clerk to the Trustees)

# Lighthouse Learning Trust

## Governance Statement

### Governance (continued)

#### *Governance and Audit Committee*

The Governance and Audit Committee is a sub-Committee of the main Board of Trustees which was formed through the amalgamation of two previous sub-Committees (the Audit & Risk Committee and the Governance & Search Committee). This amalgamation was completed during the reporting period in order to widen the skills base of the previous Committees and to improve efficiency within the governance structure. In all, four meetings were held during the year. The Chief Executive does not participate in Audit related aspects of the Committee's agenda.

The Committee operates in accordance with written terms of reference as approved by the Trustees. Its purpose is to advise the Trustees on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes. An annual report is presented to the Board of Trustees by the Committee Chair for this purpose. The Committee also provides a forum for reporting by the Trust's Internal Auditors, Reporting Accountants and Financial Statements Auditors, all of whom have access to the Committee for independent discussion, and without the presence of management if deemed necessary.

The Trust's Internal Auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Governance and Audit Committee. Management are responsible for the implementation of agreed audit recommendations and progress towards implementation is tracked regularly as part of the Committee's plan of business.

The Audit Committee also advises the Trustees on the appointment of Internal Auditors, Reporting Accountants and Financial Statements Auditors, and their remuneration for both audit and non-audit work. Attendance during the period at meetings was as follows:

Trustee	Meetings Attended	Out of a Possible
M Kelly (Committee Chair and Trustee)	4	4
M Atkinson (Chief Executive Officer, Accounting Officer, and Trustee) <i>In attendance for non-Audit items only</i>	2	2
J Atkinson (Trustee)	3	4
S Dovey (Trust Board Chair)	4	4
L Graham (Committee Vice Chair and Trustee)	3	4
A James (Local Governor)	1	1
P Need (Local Governor)	4	4
H Shrimpton (Local Governor)	2	3
A Wyatt-Budd (Trustee)	2	2

#### In attendance:

- M Atkinson (Chief Executive) – by invitation for non-audit items only
- A Born (Finance Director)
- A McVittie (Clerk to the Trustees)

# Lighthouse Learning Trust

## Governance Statement

### Governance (continued)

#### Remuneration Committee

The Remuneration Committee comprises the Chair and Vice Chair of the Board of Trustees along with the Chairs of each sub-Committee including the Chairs of Local Governing Bodies. The Committee is chaired by the Trust's Vice Chair and operates in accordance with written terms of reference as approved by the Trustees. The Committee's responsibilities are to make recommendations to the Board of Trustees on the remuneration and benefits of: the Trust Chief Executive and Accounting Officer; the Deputy Chief Executive; the College Principals; the Chief Financial Officer; and the Clerk to the Trustees/Company Secretary. The Committee met twice during the period and attendance was as follows:

Trustee	Meetings Attended	Out of a Possible
R Hall (Committee Chair and Trustee)	2	2
M Atkinson (Chief Executive Officer) <i>Not in attendance for items regarding his own remuneration</i>	2	2
D Canham (Trustee)	2	2
S Dovey (Trust Board Chair)	2	2
I Golding (Trustee)	2	2
M Kelly (Trustee)	2	2

#### Local Governing Bodies

Lighthouse Learning Trust is committed to developing and maintaining strong and effective Local Governing Bodies (LGBs) for each of its institutions. These LGBs are accountable to the Board of Trustees and are its "eyes and ears" at the local level. The role of LGBs has been clearly set out in the Trust's Scheme of Delegation and this is very much focused towards supporting quality improvement and challenging leadership teams to drive up standards in terms of teaching, learning, and outcomes for students. Local Governors also monitor the deployment and effectiveness of Trust policies and resources. LGBs help the Trust to establish an on-going dialogue with the key stakeholders of each institution (including parents and staff), and are also there to champion the development of Student Voice. Finally, Local Governors are expected to be active in celebrating student and Academy success.

Local Governing Bodies are scheduled to meet at both Richard Taunton College and at St Vincent College on a half termly basis.

#### Governance reviews

During the period, it was agreed by the Trust Board that the Chief Executive and Head of Richard Taunton College should step down from their roles as Trustees with effect from 2 January 2019. This decision was taken with a view to further strengthening the independence of governance within the Trust structure and assuring independent review. This decision was mutually and unanimously agreed by all parties in the interests of good governance.



# Lighthouse Learning Trust

## Governance Statement

### **Governance (continued)**

#### *Governance Self-Assessment*

The composition of the Board of Trustees is set out in the Trustees' Report. The Trustees conduct their business through a number of committees. There is a clearly defined Scheme of Delegation in place to support this framework and each committee has terms of reference, which have been approved by the Board of Trustees. Trustees are provided with regular and timely information regarding the overall financial performance of the Trust and the quality of its institutions. Trustees also understand that the Board holds ultimate responsibility for both Safeguarding and Health & Safety. As such, lead governance roles have been established at both Board and Local Governing Body level to provide assurance in these areas. During the period, the Board of Trustees has been active in considering strategic options for the future of the Trust and the Trust's strategic plan is being further developed as an output from this work.

During the period, all Trustees received training with regard to their roles and responsibilities. In particular, Trustees understand their duties to include the following:

1. Duty to act within powers
2. Duty to promote the success of the academy trust
3. Duty to exercise independent judgment
4. Duty to exercise reasonable care, skill and diligence
5. Duty not to accept benefits from third parties
6. Duty to avoid conflicts of interests
7. Duty to declare an interest in a proposed transaction or arrangement

Trustees also understand their obligations to comply with the Charities Act 2016 and, as Directors, with the Companies Act 2006.

In carrying out their duties, Trustees are committed to ensuring compliance with the following:

1. The Trust's Articles
2. The Trust's Funding Agreements
3. The Academies Financial Handbook
4. The Governance Handbook
5. All statutory guidance issued by the Department of Education and/or the Education Skills and Funding Agency

The Board of Trustees, its sub-Committees, and Local Governing Bodies are all supported by a professionally qualified Clerk/Company Secretary. This role is seen as essential in terms of help the Trust to achieve its declared aspiration of achieving excellence in governance. The appointment, evaluation and removal of the Clerk/Company Secretary are matters for the Board of Trustees as a whole.

# Lighthouse Learning Trust

## Governance Statement

### **Governance (continued)**

Trustees understand that it is their responsibility to bring independent judgement to bear on issues of strategy, performance, resources, and standards of conduct. In doing so, the Board of Trustees seeks to ensure that it holds the executive team properly to account. The Board of Trustees has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board of Trustees considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Clerk/company maintains a register of financial and personal interests of the Trustees, which is available for inspection on request and is also published online. There is a clear division of responsibility between the roles of the Chair of the Board of Trustees and the Accounting Officer (Chief Executive Officer) which are kept separate.

The effectiveness of the Trust's Governance is self-assessed on an on-going and annual basis. Meeting reviews are conducted at the end of each meeting, and a self-assessment framework is deployed annually.

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

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

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

In addition, the Trust's Finance & Resources Committee has a remit to evaluate all contractual expenditure in excess of £75,000 and to make recommendations for approval of this expenditure to the Board of Trustees.

With regard to demonstrating value for money, in 2018, both colleges achieved a 97% pass rate at A Level, with 30% at St Vincent and 24% at Richard Taunton achieving A\* - B grades. Both colleges achieved 99% pass rate for Vocational qualifications. The Trust historically has a strong value-added performance for Vocational learners using the ALPS measurements and has been placed within the top quartile on a national basis. The Trust carried out significant staffing restructures in 2018, and further, more limited restructures in 2019, mainly through taking advantage of staff turnover, to improve efficiency. It has also carried out a number of combined procurement exercises for both colleges which have achieved savings. The creation of Trust Shared Services has achieved savings at supervisory and managerial level through economies of scale whilst improving resilience.

The Trust has strong links with other providers, in particular local schools and it collaborates with other colleges. It is a member of the Wessex Federation, a grouping of Sixth Form colleges that collaborate in the areas of curriculum improvement, procurement and policy development.

# Lighthouse Learning Trust

## Governance Statement

### **Review of Value for Money (continued)**

Despite reductions in funding, the Trust has maintained the quality of outcomes for students in most areas, and the quality of its resources and accommodation. The Trust has realistic plans for ensuring its financial viability in the face of possible further cuts and falling rolls within the county.

The Trust continues to generate savings through shared procurement activity, targeting the efficiency of central and local college processes, and building the resilience of college systems and teams.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 Learning Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees 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 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. The risk management process is regularly reviewed by the Board of Trustees.

### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Hopper Williams & Bell Limited, the external auditor, to perform additional checks. The Trust also uses specialist funding auditors.

# Lighthouse Learning Trust

## Governance Statement

### **The Risk and Control Framework (continued)**

The work of internal auditors is informed by an analysis of the risks to which the Trust is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Trustees on the recommendation of the Governance and Audit Committee.

### **Review of Effectiveness**

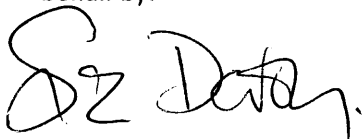
As accounting officer the chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officer (CEO) has been advised of the implications of the result of their review of the system of internal control by the Governance and Audit Committee, which oversees the work of the internal auditors and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the systems in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Governance and Audit Committee also received two reports from Hopper Williams & Bell Limited and one from specialist funding auditors which include recommendations for improvement. The Governance and Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Trustee's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Governance and Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Approved by order of the members of the board of trustees on 12 December 2019 and signed on its behalf by:



**S Dovey**  
Trustee



**M Atkinson**  
Accounting Officer

# Lighthouse Learning Trust

## Statement of Regularity, Propriety and Compliance

As accounting officer of Lighthouse Learning Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all 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 2018.

I confirm that the following instance of material irregularity, impropriety or funding non-compliance discovered to date has been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

The academy trust has entered into the following agreements:

- a) Prior to academy conversion, Richard Taunton Sixth Form College entered into a catering agreement which included an embedded finance lease of £12,500. The academy subsequently entered into a further embedded lease of £7,500.
- b) St Vincent College entered into a catering agreement on 27 July 2018 which included an embedded finance lease of £14,000.

The academy trust did not request prior approval from the ESFA for these agreements since it was not aware that the agreements included embedded finance leases. The academy trust requested retrospective approval from the ESFA which at the date of this report has not been provided. No adjustment has been made in the financial statements due to immateriality.



**M Atkinson**  
Accounting Officer  
12 December 2019

# Lighthouse Learning Trust

## Statement of Trustees' Responsibilities

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

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


- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 12 December 2019 and signed on its behalf by:

  
**S Dovey**  
Trustee

# Lighthouse Learning Trust

## Independent Auditor's Report on the Financial Statements to the Members of Lighthouse Learning Trust

### Opinion

We have audited the financial statements of Lighthouse Learning Trust ('the charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

# Lighthouse Learning Trust

## Independent Auditor's Report on the Financial Statements to the Members of Lighthouse Learning Trust

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.



# Lighthouse Learning Trust

## Independent Auditor's Report on the Financial Statements to the Members of Lighthouse Learning Trust

### Responsibilities of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company 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, and for such internal control as the trustees determine is necessary to enable to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of Independent Auditors.

### Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Hopper Williams & Bell Limited*

M Johns FCCA (Senior statutory auditor)

For and on behalf of Hopper Williams & Bell Limited

Statutory Auditor

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 16 December 2019

# Lighthouse Learning Trust

## Independent Reporting Accountant's Assurance Report on Regularity to Lighthouse Learning Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lighthouse Learning Trust during the period 1 September 2018 to 31 August 2019 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 governing body and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lighthouse Learning Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Lighthouse Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Lighthouse Learning Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Lighthouse Learning Trust's funding agreement with the Secretary of State for Education dated 24 October 2017 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

# Lighthouse Learning Trust

## Independent Reporting Accountant's Assurance Report on Regularity to Lighthouse Learning Trust and the Education & Skills Funding Agency

### Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:

- confirming that activities conform to the Academy Trust's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy Trust;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy Trust's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the ESFA;
- confirming whether ESFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy Trust's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

# Lighthouse Learning Trust

## Independent Reporting Accountant's Assurance Report on Regularity to Lighthouse Learning Trust and the Education & Skills Funding Agency

### Conclusion

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The academy trust has entered into the following agreements:

- a) Prior to academy conversion, Richard Taunton Sixth Form College entered into a catering agreement which included an embedded finance lease of £12,500. The academy subsequently entered into a further embedded lease of £7,500.
- b) St Vincent College entered into a catering agreement on 27 July 2018 which included an embedded finance lease of £14,000.

The academy trust did not request prior approval from the ESFA for these agreements since it was not aware that the agreements included embedded finance leases. The academy trust requested retrospective approval from the ESFA which at the date of this report has not been provided. No adjustment has been made in the financial statements due to immateriality.

*Hopper Williams & Bell Limited*

M Johns FCCA

Reporting Accountant

Hopper Williams & Bell Limited

Chartered Accountants

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date *16 December 2019*

# Lighthouse Learning Trust

## Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

						10 months ended 31	
	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2018/19 Total £	August 2018 £
<b>Income and endowments from:</b>							
Donations and capital grants	2	-	122,724	-	301,951	424,675	26,949
Transfer from local authority on conversion		-	-	-	-	-	38,950,412
<b>Charitable activities:</b>							
Funding for the academy trust's educational operations	3	-	12,423,629	-	-	12,423,629	10,802,482
Other trading activities	4	365,510	-	-	-	365,510	306,099
Investments	5	20,330	-	-	-	20,330	9,324
<b>Total</b>		385,840	12,546,353	-	301,951	13,234,144	50,095,266
<b>Expenditure on:</b>							
<b>Charitable activities:</b>							
Academy trust educational operations	7	-	12,190,951	741,000	1,553,293	14,485,244	12,788,783
<b>Net income / (expenditure)</b>		385,840	355,402	(741,000)	(1,251,342)	(1,251,100)	37,306,483
<b>Other recognised gains / (losses):</b>							
Actuarial (losses) / gains on defined benefit pension schemes	26	-	-	(4,253,000)	-	(4,253,000)	824,000
<b>Net movement in funds</b>		385,840	355,402	(4,994,000)	(1,251,342)	(5,504,100)	38,130,483
<b>Reconciliation of funds</b>							
Total funds brought forward		315,423	35,217	(4,229,000)	42,008,843	38,130,483	-
<b>Total funds carried forward</b>		701,263	390,619	(9,223,000)	40,757,501	32,626,383	38,130,483

The notes on pages 38 to 62 form part of these financial statements.

# Lighthouse Learning Trust

## Balance Sheet as at 31 August 2019

Company Number 10819176

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	12		40,677,546		42,008,843
<b>Current assets</b>					
Stock	13	11,613		11,565	
Debtors	14	405,351		331,158	
Cash at bank and in hand		<u>2,644,257</u>		<u>2,281,144</u>	
		3,061,221		2,623,867	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<u>(1,184,683)</u>		<u>(1,461,227)</u>	
<b>Net current assets</b>			<u>1,876,538</u>		<u>1,162,640</u>
<b>Total assets less current liabilities</b>			42,554,084		43,171,483
Creditors:					
Amounts falling due after more than one year	16		<u>(426,178)</u>		<u>(532,722)</u>
<b>Net assets excluding pension liability</b>			42,127,906		42,638,761
Defined benefit pension scheme liability	26		(9,223,000)		(4,229,000)
Other pension provisions	26		(278,523)		(279,278)
<b>Total net assets</b>			<u>32,626,383</u>		<u>38,130,483</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	17	40,757,501		42,008,843	
Restricted income fund	17	390,619		35,217	
Pension reserve	17	<u>(9,223,000)</u>		<u>(4,229,000)</u>	
<b>Total restricted funds</b>			31,925,120		37,815,060
<b>Unrestricted income funds</b>	17		701,263		315,423
<b>Total funds</b>			<u>32,626,383</u>		<u>38,130,483</u>

The financial statements on pages 35 to 62 were approved by the trustees and authorised for issue on 12 December 2019 and are signed on their behalf by:

  
S Dovey  
Trustee

The notes on pages 38 to 62 form part of these financial statements.

# Lighthouse Learning Trust

## Statement of Cash Flows for the year ended 31 August 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	21	<b>262,828</b>	2,418,304
<b>Cash flows from financing activities</b>	22	-	275,000
<b>Cash flows from investing activities</b>	23	<b>100,285</b>	(412,160)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>363,113</b>	<b>2,281,144</b>
<b>Cash and cash equivalents at 1 September 2018</b>		<b>2,281,144</b>	-
<b>Cash and cash equivalents at 31 August 2019</b>	24	<b>2,644,257</b>	<b>2,281,144</b>

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 1 Accounting policies

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

#### Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

#### Going Concern

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

#### Income

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

- **Grants**

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

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

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

- **Donations**

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



# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### Income (continued)

- **Other Income**

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

- **Donated goods, facilities and services**

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

- **Legacies**

For legacies, entitlement is taken as the earlier of the date on which either: the academy trust is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the academy trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably. Where legacies have been notified to the academy trust, or the academy trust is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

### Expenditure

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

Freehold Land and Buildings	20 to 50 years straight line on buildings; not provided on land
Furniture and Equipment	10 years straight line
Plant and Machinery	10 years straight line
Computer Equipment	5 years straight line
Motor Vehicles	5 years straight line

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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

### Liabilities

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

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### **Provisions**

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

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

### **Leased Assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

### **Financial Instruments**

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

#### *Financial assets*

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

#### *Cash at bank*

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

#### *Financial liabilities*

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

### **Stock**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

### **Taxation**

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

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

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### **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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

### **Fund Accounting**

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

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

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

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### Critical accounting estimates and areas of judgement

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

### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The assumptions used are disclosed in note 26.

### Critical areas of judgement

There are no other critical areas of judgement.

### Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes to the financial statements.

## 2 Donations and capital grants

	Unrestricted funds	Restricted funds	2018/19 Total	2017/18 Total
	£	£	£	£
Capital grants	-	301,951	301,951	26,519
Other donations	-	122,724	122,724	430
	-	424,675	424,675	26,949
<i>Total 2018</i>	-	26,949	26,949	

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
<b>DfE / ESFA grants</b>				
General Annual Grant (GAG)	-	9,995,855	9,995,855	8,438,107
Other DfE Group grants	-	282,182	282,182	576,404
	-	10,278,037	10,278,037	9,014,511
<b>Other Government grants</b>				
Local authority grants	-	1,500,259	1,500,259	1,327,333
<b>Other income from the academy trust's educational operations</b>				
Other income	-	645,333	645,333	460,638
	-	12,423,629	12,423,629	10,802,482
<i>Total 2018</i>	-	10,802,482	10,802,482	

### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Hire of facilities	365,510	-	365,510	306,099
<i>Total 2018</i>	306,099	-	306,099	

### 5 Investment income

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Short term deposits	20,330	-	20,330	9,324
<i>Total 2018</i>	9,324	-	9,324	

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 6 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
		Premises	Other	2018/19	2017/18
	£	£	£	£	£
Academy's educational operations:					
Direct costs	5,848,437	-	1,045,589	6,894,026	5,607,480
Allocated support costs	4,693,517	584,714	2,312,987	7,591,218	7,181,303
	<u>10,541,954</u>	<u>584,714</u>	<u>3,358,576</u>	<u>14,485,244</u>	<u>12,788,783</u>
<i>Total 2018</i>	<i>9,411,057</i>	<i>573,764</i>	<i>2,803,962</i>	<i>12,788,783</i>	

Net income/(expenditure) for the period includes:

	2018/19	2017/18
	£	£
Operating lease rentals	38,573	46,000
Depreciation	1,553,293	1,260,738
Fees payable to auditor for:		
Audit	14,000	19,000
Other services	<u>9,050</u>	<u>10,000</u>

### 7 Charitable activities

	2018/19	2017/18
	Total	Total
	£	£
Direct costs	6,894,026	5,607,480
Support costs	7,591,218	7,181,303
	<u>14,485,244</u>	<u>12,788,783</u>

Analysis of support costs:

	Educational operations	2018/19	2017/18
		Total	Total
	£	£	£
Support staff costs	4,693,517	4,693,517	4,502,880
Depreciation	1,553,293	1,553,293	1,260,738
Technology costs	204,574	204,574	200,887
Premises costs	584,714	584,714	573,764
Other support costs	526,575	526,575	575,534
Governance costs	28,545	28,545	67,500
Total support costs	<u>7,591,218</u>	<u>7,591,218</u>	<u>7,181,303</u>
<i>Total 2018</i>	<i>7,181,303</i>	<i>7,181,303</i>	

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 8 Staff

#### a) Staff costs

Staff costs during the period were:

	2018/19	2017/18
	£	£
Wages and salaries	7,826,234	7,048,203
Social security costs	639,162	581,000
Pension costs	1,906,471	1,425,689
	<b>10,371,867</b>	<b>9,054,892</b>
Agency staff costs	92,527	131,356
Other staff costs	21,828	33,646
Staff restructuring costs	55,732	191,163
	<b>10,541,954</b>	<b>9,411,057</b>
Staff restructuring costs comprise:		
Redundancy payments	43,839	91,583
Severance payments	14,000	-
Other restructuring costs	(2,107)	99,580
	<b>55,732</b>	<b>191,163</b>

#### b) Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £14,000 (2018: £nil). Individually, the payments were: £6,000, £5,000, and £3,000.

#### c) Staff numbers

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

	2018/19	2017/18
	No.	No.
Teachers	156	176
Administration and support	240	300
Management	10	11
	<b>406</b>	<b>487</b>

#### d) Higher paid staff

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

	2018/19	2017/18
	No.	No.
£60,000 - £70,000	2	-
£70,001 - £80,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-



# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 8 Staff (continued)

#### e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £251,345 (2018: £295,243).

### 9 Related Party Transactions – Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

		2018/19	2017/18
		£000	£000
M Atkinson	Remuneration	30-40	70-80
(Staff trustee to 2 January 2019)	Employer's pension contributions paid	0-10	10-20
E Lee	Remuneration	20-30	-
(Staff trustee to 2 January 2019)	Employer's pension contributions paid	0-10	-
A Wrighton	Remuneration	-	80-90
(Staff trustee to 31 August 2018)	Employer's pension contributions paid	-	10-20

During the period ended 31 August 2019, travel and subsistence expenses totalling £86 were reimbursed or paid directly to one trustee (2018: £77 to one trustee).

### 10 Trustees and officers insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1m on any one claim. The cost of this insurance is included in the total insurance cost.

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 11 Central Services

The academy trust has provided the following central services to its academies during the year:

- Senior Management Team remuneration
- Human resources and payroll
- Finance
- MIS
- IT
- Premises management
- Exams management and administration
- Insurance costs
- Governance costs

The academy trust charges for these services on based upon the budgeted total income of each academy. The actual amounts charged during the year were as follows:

	2018/19	2017/18
	£	£
Richard Taunton Sixth Form College	606,254	-
St Vincent College	713,277	-
	<u>1,319,531</u>	<u>-</u>

No central services were provided by the academy trust to its academies during the comparative period and no central charges arose.

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 12 Tangible fixed assets

	Freehold Land and Buildings £	Furniture and Equipment £	Plant and Machinery £	Computer Equipment £	Motor Vehicles £	Total £
<b>Cost</b>						
At 1 September 2018	41,662,781	61,948	974,397	563,154	7,301	43,269,581
Acquisitions	-	-	94,135	127,861	-	221,996
Disposals	-	-	(220)	(4,262)	-	(4,482)
At 31 August 2019	<u>41,662,781</u>	<u>61,948</u>	<u>1,068,312</u>	<u>686,753</u>	<u>7,301</u>	<u>43,487,095</u>
<b>Depreciation</b>						
At 1 September 2018	1,012,325	16,516	103,158	121,438	7,301	1,260,738
Charged in year	1,214,789	19,522	150,136	168,846	-	1,553,293
Disposals	-	-	(220)	(4,262)	-	(4,482)
At 31 August 2019	<u>2,227,114</u>	<u>36,038</u>	<u>253,074</u>	<u>286,022</u>	<u>7,301</u>	<u>2,809,549</u>
<b>Net book values</b>						
At 31 August 2018	40,650,456	45,432	871,239	441,716	-	42,008,843
At 31 August 2019	<u>39,435,667</u>	<u>25,910</u>	<u>815,238</u>	<u>400,731</u>	<u>-</u>	<u>40,677,546</u>

### 13 Stock

	2018/19 £	2017/18 £
Catering stocks	<u>11,613</u>	<u>11,565</u>

### 14 Debtors

	2018/19 £	2017/18 £
Trade debtors	127,532	23,426
VAT recoverable	79,400	82,670
Other debtors	8,697	25,570
Prepayments and accrued income	<u>189,722</u>	<u>199,492</u>
	<u>405,351</u>	<u>331,158</u>

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 15 Creditors: amounts falling due within one year

	2018/19	2017/18
	£	£
Trade creditors	86,792	196,744
Other taxation and social security	147,970	159,514
ESFA creditor: abatement of GAG	271,514	396,858
Loans falling due within one year	106,544	-
Other creditors falling due within one year	229,351	319,138
Accruals and deferred income	342,512	388,973
	<b>1,184,683</b>	<b>1,461,227</b>

	2018/19	2017/18
	£	£
Deferred income at 1 September 2018	215,684	-
Released from previous years	(215,684)	-
Resources deferred in the year	194,889	215,684
Deferred income at 31 August 2019	<b>194,889</b>	<b>215,684</b>

At the balance sheet date the academy trust was holding funds received in advance for grant income relating to the forthcoming financial year and £25,459 held on behalf of Southampton Education Forum.

Merger support and pre-academisation loans from the ESFA carry interest at 1.8% and are repayable in instalments from December 2019 over a period of five years.

### 16 Creditors: amounts falling due in greater than one year

	2018/19	2017/18
	£	£
Loans falling due in greater than one year	<b>426,178</b>	<b>532,722</b>

Merger support and pre-academisation loans from the ESFA carry interest at 1.8% and are repayable in instalments from December 2019 over a period of five years.

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 17 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
<b>Restricted general funds</b>						
General Annual Grant (GAG)	35,217	9,995,855	(9,640,453)	-	-	390,619
Other DfE/ESFA grants	-	282,182	(282,182)	-	-	-
Other government grants	-	1,500,259	(1,500,259)	-	-	-
Other educational activities	-	768,057	(768,057)	-	-	-
	35,217	12,546,353	(12,190,951)	-	-	390,619
Pension reserve	(4,229,000)	-	(741,000)	-	(4,253,000)	(9,223,000)
	(4,193,783)	12,546,353	(12,931,951)	-	(4,253,000)	(8,832,381)
<b>Restricted fixed asset funds</b>						
Fixed asset fund	42,008,843	-	(1,553,293)	221,996	-	40,677,546
DfE Group capital grants (DFC)	-	301,951	-	(221,996)	-	79,955
	42,008,843	301,951	(1,553,293)	-	-	40,757,501
<b>Total restricted funds</b>	<b>37,815,060</b>	<b>12,848,304</b>	<b>(14,485,244)</b>	<b>-</b>	<b>(4,253,000)</b>	<b>31,925,120</b>
<b>Total unrestricted funds</b>	<b>315,423</b>	<b>385,840</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>701,263</b>
<b>Total funds</b>	<b>38,130,483</b>	<b>13,234,144</b>	<b>(14,485,244)</b>	<b>-</b>	<b>(4,253,000)</b>	<b>32,626,383</b>

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 17 Funds (continued)

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

#### **General annual grant**

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and post-16 high needs funding streams.

#### **Other DfE/ESFA grants**

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

#### **Local authority grants**

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

#### **Other educational activities**

This includes all other educational income/expenditure.

#### **Pension reserve**

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy trust on conversion.

#### **Fixed asset fund**

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

#### **DfE/ESFA capital grants**

This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

#### **Transfers between funds**

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 17 Funds (continued)

#### Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2018/19 £	2017/18 £
Richard Taunton Sixth Form College	(59,972)	(248,668)
St Vincent College	1,252,944	741,318
Central services	(101,090)	(142,010)
Total before fixed assets and pension reserve	1,091,882	350,640
Restricted fixed asset fund	40,757,501	42,008,843
Pension reserve	(9,223,000)	(4,229,000)
Total	32,626,383	38,130,483

Richard Taunton Sixth Form College is carrying a net deficit of £59,972 on these funds due to under recruitment of students.

The academy trust is taking the following action to return the academy to surplus:

- Reviewing curriculum delivery for efficiencies.
- Reviewing non-pay budgets for savings.

#### Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excl. dep- reciation) £	2018/19 Total £	2017/18 Total £
Richard Taunton College	2,321,523	2,041,509	597,818	507,951	5,468,801	5,174,190
St Vincent College	2,585,851	2,539,782	442,665	615,518	6,183,816	6,310,456
Central services	941,063	112,226	5,106	220,939	1,279,334	43,399
	5,848,437	4,693,517	1,045,589	1,344,408	12,931,951	11,528,045

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 17 Funds (continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2018 £
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	8,438,107	(7,981,406)	(421,484)	-	35,217
Other DfE/ESFA grants	-	576,404	(576,404)	-	-	-
Other government grants	-	1,327,333	(1,327,333)	-	-	-
Other educational activities	-	1,239,902	(1,239,902)	-	-	-
	-	11,581,746	(11,125,045)	(421,484)	-	35,217
Pension reserve	-	(4,650,000)	(403,000)	-	824,000	(4,229,000)
	-	6,931,746	(11,528,045)	(421,484)	824,000	(4,193,783)
<b>Restricted fixed asset funds</b>						
Fixed asset fund	-	42,821,578	(1,260,738)	448,003	-	42,008,843
DfE Group capital grants (DFC)	-	26,519	-	(26,519)	-	-
	-	42,848,097	(1,260,738)	421,484	-	42,008,843
<b>Total restricted funds</b>	-	49,779,843	(12,788,783)	-	824,000	37,815,060
<b>Total unrestricted funds</b>	-	315,423	-	-	-	315,423
<b>Total funds</b>	-	50,095,266	(12,788,783)	-	824,000	38,130,483



# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 18 Analysis of net assets between funds

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	40,677,546	40,677,546
Current assets	701,263	2,280,003	-	79,955	3,061,221
Current liabilities	-	(1,184,683)	-	-	(1,184,683)
Non-current liabilities	-	(426,178)	-	-	(426,178)
Pension scheme liability	-	-	(9,223,000)	-	(9,223,000)
Other pension provisions	-	(278,523)	-	-	(278,523)
<b>Total net assets</b>	<b>701,263</b>	<b>390,619</b>	<b>(9,223,000)</b>	<b>40,757,501</b>	<b>32,626,383</b>

Comparative information in respect of the preceding period is as follows:

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	42,008,843	42,008,843
Current assets	315,423	2,308,444	-	-	2,623,867
Current liabilities	-	(1,461,227)	-	-	(1,461,227)
Non-current liabilities	-	(532,722)	-	-	(532,722)
Pension scheme liability	-	-	(4,229,000)	-	(4,229,000)
Other pension provisions	-	(279,278)	-	-	(279,278)
<b>Total net assets</b>	<b>315,423</b>	<b>35,217</b>	<b>(4,229,000)</b>	<b>42,008,843</b>	<b>38,130,483</b>

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 19 Capital commitments

	2018/19	2017/18
	£	£
Contracted for, but not provided in the financial statements	-	1,000

### 20 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018/19	2017/18
	£	£
Amounts due within one year	32,953	31,000
Amounts due between one and five years	18,873	36,000
	<u>51,826</u>	<u>67,000</u>

### 21 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018/19	2017/18
	£	£
Net (expenditure) / income for the reporting period	(1,251,100)	37,306,483
Adjusted for:		
Depreciation	1,553,293	1,260,738
Capital grants from DfE and other capital income	(301,951)	(26,519)
Interest receivable	(20,330)	(9,324)
Net assets transferred on conversion	-	(38,950,412)
Cash received on conversion	-	3,005,338
Defined benefit pension scheme cost less contributions payable	632,000	305,000
Defined benefit pension scheme finance cost	109,000	98,000
(Increase) / decrease in stocks	(48)	6,000
(Increase) / decrease in debtors	(74,193)	231,000
Decrease in creditors	(383,088)	(808,000)
(Decrease) / increase in other pension provisions	(755)	-
Net cash provided by Operating Activities	<u>262,828</u>	<u>2,418,304</u>

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 22 Cash flows from financing activities

	2018/19	2017/18
	£	£
Cash inflows from new borrowing	-	275,000
Net cash provided by financing activities	-	275,000

### 23 Cash flows from investing activities

	2018/19	2017/18
	£	£
Dividends, interest and rents from investments	20,330	9,324
Purchase of tangible fixed assets	(221,996)	(448,003)
Capital grants from DfE Group	301,951	26,519
Net cash provided by / (used in) investing activities	100,285	(412,160)

### 24 Analysis of cash and cash equivalents

	2018/19	2017/18
	£	£
Cash in hand and at bank	2,644,257	2,281,144

### 25 Members liability

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

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 26 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £145,918 were payable to the schemes at 31 August 2019 (2018: £152,974) and are included within creditors.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. 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 Public Service Pensions Act (2013) 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website at:  
<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 26 Pension and similar obligations (continued)

#### Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, has rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £673,316 (2018: £592,759).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was as follows:

	2019	2018
	£	£
Employer's contributions	665,000	553,000
Employees' contributions	179,000	168,000
	<b>844,000</b>	<b>721,000</b>

The agreed contribution rates for future years are 16.1% for employers (increasing to 18.9% from 1 April 2020) and 5.5% to 12.5% for employees.

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

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 26 Pension and similar obligations (continued)

#### Principal actuarial assumptions

	2019	2018
Rate of increase in salaries	3.6%	2.0%
Rate of increase for pensions in payment/inflation	2.1%	2.0%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.1%	2.0%

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

	2019	2018
<i>Retiring today</i>		
Males	23.1	24.1
Females	25.8	27.2
<i>Retiring in 20 years</i>		
Males	24.7	26.2
Females	27.6	29.4

#### Sensitivity analysis

	Increase/(reduction) in defined benefit obligation	
	2019	2018
	£	£
Discount rate +0.1%	(468,000)	(352,000)
Discount rate -0.1%	478,000	359,000
Mortality assumption – 1 year increase	779,000	481,000
Mortality assumption – 1 year decrease	(771,000)	(481,000)

The academy trust's share of the assets in the scheme were:

	2019	2018
	£	£
Equities	8,150,000	8,223,000
Property	975,000	888,000
Government bonds	2,789,000	2,947,000
Corporate bonds	-	154,000
Cash	257,000	296,000
Other	1,368,000	360,000
Total market value of assets	13,539,000	12,868,000

The actual return on scheme assets was £758,000 (2018: £855,000).

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 26 Pension and similar obligations (continued)

#### Amount recognised in the Statement of Financial Activities

	2018/19	2017/18
	£	£
Current service cost	835,000	838,000
Past service cost	462,000	20,000
Interest income	(359,000)	(262,000)
Interest cost	468,000	360,000
Total amount recognised in the SOFA	<u>1,406,000</u>	<u>956,000</u>

The past service cost represents an actuarial estimate of the additional underpin liability arising as a result of the McCloud/Sargeant judgement in December 2018 and the Supreme Court's decision not to allow the Government an appeal on 27 June 2019.

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

	2018/19	2017/18
	£	£
<b>At 1 September</b>	<b>17,097,000</b>	<b>-</b>
Conversion of academy trusts	-	16,100,000
Current service cost	835,000	838,000
Interest cost	468,000	360,000
Employee contributions	179,000	168,000
Actuarial loss / (gain)	4,652,000	(231,000)
Benefits paid	(931,000)	(158,000)
Past service cost	462,000	20,000
<b>At 31 August</b>	<b><u>22,762,000</u></b>	<b><u>17,097,000</u></b>

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

	2018/19	2017/18
	£	£
<b>At 1 September</b>	<b>12,868,000</b>	<b>-</b>
Conversion of academy trusts	-	11,450,000
Interest income	359,000	262,000
Actuarial gain	399,000	593,000
Employer contributions	665,000	553,000
Employee contributions	179,000	168,000
Benefits paid	(931,000)	(158,000)
<b>At 31 August</b>	<b><u>13,539,000</u></b>	<b><u>12,868,000</u></b>

The early retirement provision of £278,523 (2018: £279,278) is a provision for the future pension enhancement contributions for TPS that the Academy Trust is required to make in respect of the early retirement of employees. This provision has been recalculated in accordance with guidance issued by the Funding Bodies and its successor organisations.

# Lighthouse Learning Trust

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 27 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

#### Expenditure Related Party Transactions:

Rowner Community Trust – a charitable company in which I Lycett (trustee until 1 March 2019) is a trustee:

- The academy trust purchased services in relation to the St Vincent 'Out There' project from Rowner Community Trust totalling £840 (2018: £19,000) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which I Lycett neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

### 28 Agency arrangements

The academy trust distributes 16-19 bursary funds and 19-24 discretionary learner support funds to students as an agent for ESFA. In the accounting period ended 31 August 2019 the academy trust received £382,844 and disbursed £567,133 (including £27,006 administration costs) from the fund. An amount of £167,032 is included in other creditors relating to undistributed funds that are repayable to ESFA unless used in the following 12 months. Comparatives for the accounting period ending 31 August 2018 are £674,000 received (including £445,000 transferred on conversion), £324,000 disbursed (including £17,000 administration costs) and £351,321 included in other creditors.