

Registered number: 8670599

LUMEN LEARNING TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

LUMEN LEARNING TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Trustees

R Vango ^, Chair
I Ingham ^
M E McCarthy, Executive Principal and Accounting Officer
D Prendergast ^
P Rodin
D Stafford (resigned 29 September 2016)
W Sedgwick ^
M George ^
E Griffiths (appointed 26 November 2015)

^ Members

Company registered number

8670599

Company name

Lumen Learning Trust

Principal and registered office

Saxon Primary School, Briar Road, Shepperton, Surrey, TW17 0JB

Company secretary

J Maffi

Senior management team

M E McCarthy, Executive Principal
S Vernon, Deputy Executive Principal & Echelford Headteacher
B Davis, Saxon Headteacher
N Morris, Saxon Headteacher

Independent auditor

James Cowper Kreston, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS

Bankers

Lloyds Bank, 73-75 High Street, Staines, Middlesex, TW18 4PP

Solicitors

Veale Wasbrough Vizards, Orchard Court, Orchard Lane, Bristol, BS1 5WS

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the Lumen Learning Trust charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates two primary academies for pupils aged 4 to 11 in the Spelthorne area of Surrey: Saxon Primary School; and The Echelford Primary School. There is also a Children's Centre based at Saxon Primary School. The academies have a combined pupil capacity of 960 and had a roll of 871 in the census on 1 October 2016.

Structure, Governance and Management

CONSTITUTION

The Lumen Learning 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 the Lumen Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as the Lumen Learning Trust.

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

MEMBERS' LIABILITY

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

The Trust has purchased insurance to cover trustees from claims arising from negligent acts, errors or omissions occurring whilst on trust business. Details of the costs can be found in note 12 of the accounts; the limit of this indemnity is £5,000,000.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The number of trustees must be no less than 3 and is not subject to a maximum. Up to 9 trustees can be appointed by the members; the Executive Principal is a trustee and the remainder are Co-opted trustees. Trustees are appointed based on the skills that they will bring to the board. Parent representatives are within the local governing bodies of each school.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Prior to appointment trustees will be taken on a tour of both schools and get the opportunity to discuss the role with the Executive Principal and the Chair. The training and induction provided for new trustees will depend upon their existing experience. On appointment, trustees receive the necessary information relating to the trust for them to perform their duties.

The Trust has a service level agreement with Babcock 4S, training for trustees is offered through their training program. The trust also employs a professional clerk.

ORGANISATIONAL STRUCTURE

The structure consists of three levels: the trustees; local governing bodies; and senior leadership teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees are responsible for setting general policy and line managing the Executive Principal. In the first half of 2015-16 the structure was as follows: there were three sub-committees: a local governing body for each school and the Finance and Resources Committee (FRC). There is a scheme of delegation, drafted by the trustees, that describes the split of responsibilities between the board, FRC and local governing bodies. In second half of the year a new committee structure was trialled. This new committee structure is as follows: local governing body for each school; business and financial management committee; education committee; and strategy committee. The scheme of delegation remained the same as the new committees made recommendations to the board or chair as appropriate for action.

Each local governing body has a maximum of 11 members to include: the Headteacher of the school; the Executive Principal; 2 elected parents/guardians of a current student at the school; 2 elected staff governors; and such other members as trustees decide. The Chair and Vice-Chair are appointed by the trustees for a two year and one year term respectively. The term of office for all local governors is 4 years after which they may be re-appointed or re-elected.

The senior leadership team in each school is made up of: the Headteacher; Deputy or Assistant Headteacher; the Inclusion Manager; the School Business Manager; Phase Leaders and other senior teachers as required. These leaders control the academies at an executive level implementing the policies agreed by the trustees and reporting back to them and the relevant local governing body.

RISK MANAGEMENT

The trustees have implemented a system to assess risks that the trust faces, especially in the operational areas (such as in relation to teaching, health & safety and school trips) and in relation to the control of the finances. Systems are in place, including operational procedures and internal financial controls, to minimise risk and professional advice on adequate insurance has been sought.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The key management personnel of the trust include the trustees, the Executive Principal and the headteachers of each school. The Academy trustees are all volunteers and receive no remuneration for their role with the exception of the Executive Principal who is an ex-officio trustee.

The pay and remuneration of the key management personnel are set with reference to the trust's pay and appraisal policy which is based on, and does not exceed national terms and conditions for leadership pay. An external consultant is used to assist directors in assessing the performance of the Executive Principal. An external consultant is also used to assist and inform the Executive Principal in appraising the headteachers in each school.

The performance and pay appraisals for the headteachers are set within the context of the national standards of headteachers, supported by the key priorities of each respective school.

The performance and pay appraisal for the Executive Principal focuses on the performance of all the schools in the Trust as well as the performance of schools being supported. Typical KPIs used include the end of KS attainment and progress, pupil numbers and quality of consistency in leadership. In addition, the Executive Principal's performance is also considered within the context of the strategic direction of the Trust as a whole.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Spelthorne Schools Together Confederation

Saxon Primary School and The Echelford Primary Schools are active member schools of the Spelthorne Schools Together Confederation of schools. The Executive Principal is chair of the confederation which focuses on, amongst other projects, identifying opportunities for closing the gap for vulnerable children, In Year Fair Access for children deemed 'hard to place' and development opportunities for middle and senior leaders.

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TRUSTEES' REPORT (continued)
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National Support School

The Executive Principal, Mary Ellen McCarthy, is a National Leader of Education (NLE) and Saxon Primary School is designated a National Support School (NSS). NLEs are Ofsted-rated 'outstanding' Headteachers who work with schools in challenging circumstances to support school improvement. Because their support role will often include members of their own staff, the school of a National Leader of Education is called a National Support School. In this context staff from Saxon Primary work in partnership with staff from other schools on tailored projects focusing on identified priorities from the school's HMI or Ofsted report. This work is brokered in one of three ways:

- Self-referral from the school requesting the support
- Local Authority deployment via Babcock 4S
- Teaching school deployment via Salesian School, Chertsey
- Since 1st April 2015 Mary Ellen McCarthy has acted as the Executive Headteacher at Riverbridge Primary School. This position is expected to last until the end of the Autumn term 2016 when a substantive headteacher will be appointed.

Locality Partnerships and Roles

The Executive Principal also plays an active role within the Local Authority in borough, quadrant and county-wide capacities. In the Year 2015-2016 Mary Ellen McCarthy was a member of the following groups:

Group	Role
Surrey County Council - Primary Council	Vice Chair
Spelthorne Schools Together Confederation of Schools	Chair of Confederation Chair of Management & Project Team Chair of Spelthorne Children's Services & Education Group
Surrey Safeguarding Children's Board	Primary Headteacher representative
NE Surrey Education Steering Group	Primary Headteacher representative
Spelthorne Children's Centres Group	Member
Strategic Partnership with Schools – St Mary's University	Member
Fordway Short Stay School	Member of management committee
Surrey County Council – Ofsted Improvement Board for Children's Services	Primary Headteacher representative

Objectives and Activities

The Lumen Learning Trust was established as a natural development of the school-to-school support carried out by the leadership team at Saxon Primary. In February 2010 Saxon Primary School's leadership and management gained an outstanding judgement at Ofsted and began to support vulnerable schools both locally and further afield. In doing so, Saxon Primary School's team were drawing on their own experience of taking Saxon Primary School from a school in Special Measures (2007) to a school in such a position of strength that it gained sponsor status from the Department for Education (DfE) in June 2013, (enabling Saxon Primary School to act as a sponsor for other schools) and was designated a National Support School by the National College for Teaching & Leadership in September 2013.

Saxon's strength has continued to grow and in June 2015 once again was awarded a Good judgement by Ofsted with Leadership & Management again being deemed to be Outstanding.

We believe education is the 'engine room' to a strong economy. Schools are therefore duty-bound to do all they can to enable their pupils to acquire a relevant and rounded repertoire of skills which enables them to grow into happy, fulfilled adults who can enjoy real choice regarding how they live their lives and who understand their responsibility in terms of supporting the wider community.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

We believe primary schools are the beginning of this journey and we have a particular part to play in securing these positive outcomes.

OBJECTS AND AIMS

The objects and aims of the Lumen Learning Trust are as follows:

- to advance for the public benefit education in the United Kingdom establishing, maintaining, carrying on , managing and developing schools offering a broad and balanced curriculum; and
- providing advice and facilities to develop the capacity and skills of parents to be and parents with children primarily but not exclusively under five in such a way that they are better able to identify and help meet the needs of children

VISION

Lumen Learning Trust puts the children's needs at the heart of its provision. We are committed to enabling children become successful lifelong learners and happy, fulfilled adults who can make positive choices about their future.

We are committed to supporting and collaborating with other schools and institutions in the development of learning and leadership to create a stimulating and rewarding environment for the whole community.

This vision is achieved through:

- Developing Leadership Capacity
- Strengthening Classroom Provision
- Realising Potential

OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives for the period ended 31 August 2016 were as follows:

- Accelerate quality of provision & pupil progress at The Echelford Primary School
- Make adjustments to the accommodation at The Echelford Primary School to enable the school building to be more fit for primary purpose
- Increase Echelford's positive profile within the community
- Maintain Saxon Primary School's positive profile within the community
- Accelerate quality of provision & pupil progress at Saxon Primary School
- Increase Saxon Primary School's pupil numbers in accommodating additional Reception & Year 1 classes
- Accelerate the quality of provision & pupil progress at Riverbridge Primary School (support began 1 April 2015 and is on-going)

Our work towards achieving those objectives within each of the strategic intentions is detailed below:

Developing Leadership Capacity

- Supported a number of members of the staff teams at Echelford and Saxon to successfully achieving places on National College for Teaching & Leadership awards:
 - 5 teachers gained places on National Professional Qualification for Middle Leadership
 - 2 teachers gained places on National Professional Qualification for Senior Leadership
 - 2 members of the leadership teams gained National Professional Qualification for Senior Leadership
 - 2 members of the leadership teams gained places on National Professional Qualification for Headship
 - in addition 5 teachers at Riverbridge were supported in gaining places on National Professional Qualification for Middle Leadership and 2 further teachers gained places on National Professional Qualification for Senior Leadership
- Early Years Foundation Stage leader at Saxon was successful in her appointment to become Assistant Head at Saxon
- Inclusion Manager at Saxon was successful in her appointment to become Assistant Head at Saxon
- Internal candidate was successful in becoming KS2 Phase Leader at Saxon Primary School

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- Internal candidate was successful in becoming KS2 Phase Leader at Riverbridge Primary School
- Internal candidate from Saxon was successful in becoming Year 6 Year Group Leader at Riverbridge Primary School
- Team members successfully took on Acting Senior Leader roles to accommodate the maternity leave of the Echelford Deputy Head
- Acting Head of School at Saxon was successful in becoming substantive Co-Headteacher of Saxon Primary School
- Saxon Senior Leader role re-configured to accommodate 2 days outreach as Leadership Consultant
- Appointment of full-time Leadership Consultant to support outreach work (took up position January 2016)
- Appointment of 2 x part-time Leadership Consultants to support outreach work

Strengthening Classroom Provision

- Recruited 18 teachers (across the three schools) with strong academic backgrounds and a successful track record
- Recruited 2 Home School Mentors and 1 Emotional Literacy Support Assistant to strengthen and enhance the pastoral support offered across the three schools
- Supported 12 Teaching Assistants (across the three schools) in achieving Higher Level Teaching Assistant awards
- Continued to build on all partner relationships especially those which have positive influence and impact in relation to training opportunities
- Our specialists continued to work in partnership with a local secondary school to strengthen provision in basic literacy and numeracy skills for Special Educational Needs (SEN) children

Realising Potential

- Raised attainment and accelerated progress in both schools

The measures of attainment and progress changed significantly as a result of the implementation of the National Curriculum 2014 and its greatly raised expectations. As a result no meaningful comparisons can be made between 2015 and 2016.

Both schools met or exceeded National averages in all key stages (including Early Years), as well as the Year 1 Phonics Screen.

Significant activities

Significant activities, not mentioned above, include the following:

- Working with Surrey County Council to place a second double mobile classroom unit within the school grounds and refurbishment of the ICT suite into a classroom to accommodate the permanent expansion of Saxon Primary School to two form entry from September 2016.
- Refurbishment of the entrance and administration office at The Echelford Primary School to ensure it is fit for purpose ; this project will use reserves of £92,000
- Replacement of the swimming pool cover and other pool refurbishment work with a low interest CIF loan of £134,671 repayable over 8 years.
- Completing a Deed of Variation with the Secretary of State for Education to the Saxon Primary Funding Agreement to change the planned capacity of the Academy from 218 to 420.
- Obtained an Academy Order for Riverbridge Primary school to join the Lumen Learning Trust; the conversion took place on 1 September 2016.

PUBLIC BENEFIT

The trustees confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Strategic Report

ACHIEVEMENTS, PERFORMANCE AND KEY FINANCIAL PERFORMANCE INDICATORS

The Trust is in its third period of operation since conversion on 1 October 2013. Achievements, performance and KPIs are detailed below. Attendance, numbers on roll; attainment and progress; and the results of OFSTED inspections are all considered KPIs.

Ofsted Inspection Outcomes

An ofsted inspection took place at Echelford Primary on 1st & 2nd November 2016. The outcomes for all 5 areas were Good with a consequent overall judgement of Good. This achievement was deemed particularly significant as Echelford has never achieved an overall Good judgement in its history prior to conversion on 1st October 2013.

Attendance

There is a clear link between poor attendance at school and lower academic achievement. Of pupils who miss more than 50 per cent of school only three per cent manage to achieve five or more GCSEs at grades A* to C including Maths and English. 73 per cent of pupils who have over 95 per cent attendance achieve five or more GCSEs at grades A* to C.

The absence data in Surrey now includes children in Early Years so meaningful comparison year on year cannot be made. In addition, persistent absence is now based on 90% attendance or lower, opposed to less than 85% in previous years. The table below shows the absence data for each school against the target for each school.

	The Echelford Primary School		Saxon Primary School	
	Actual for Summer 2016	Target for 2016	Actual for Summer 2016	Target for 2016
Whole School Attendance	95.2%	95%	96.38%	97%
Persistent absence	7.8%	7%	5.4%	5%

Attainment & Progress

Through our partnership work with Thamesmead Secondary school, we have been made aware that pupils who leave primary school with at least a Level 4b in English and Maths are 50% more likely to achieve a C grade or above at GCSE.

Children at the end of Year 2 (aged 6-7) and end of Year 6 (10-11) must take part in national standardised tests known as the end of Key Stage 1 SATs and the end of Key Stage 2 SATs respectively. Children are expected to meet expected standards as defined by the new National Curriculum 2014.

Numbers on Roll

During 2015-16 there were on average 297 (2014-15 267) pupils at Saxon Primary School and 577 (2014-15 559) pupils at The Echelford Primary School.

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TRUSTEES' REPORT (continued)
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Financial Performance

The majority of the trust's income is from the DfE via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which are restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown in the restricted funds in the Statement of Financial Activities.

The trust also receives a recurring devolved formula capital grant from the EFA and was in receipt of a Condition Improvement Fund (CIF) grant in 2016 for:

- £95,931 for repairing windows at The Echelford Primary School (work to take place in 2016-17).

The trust also applied and was successful in obtaining a CIF loan (£134,671) to replace the pool building at Saxon Primary School

The CIF grant is shown as restricted income in the Restricted Fixed Asset fund. The balance of Restricted Fixed Asset fund is reduced by the depreciation charges on the assets inherited from Surrey County Council and those acquired using these funds. The CIF loan is shown as a grant repayable within the accounts.

During the period ended 31 August 2016, the total expenditure of £4,243,346 was met by recurrent grant funding from the EFA together with other incoming resources. The majority of expenditure is on staff costs; enabling the teaching and welfare needs of pupils to be met along with the administration, management and leadership of the trust and its constituent elements.

The net book value of fixed assets on 31 August 2016 were £9,100,753 which includes the additions of £510,184 and depreciation charges for the period of £289,247.

GOING CONCERN

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in Note 1 of the accounts.

Financial Review

RESERVES POLICY

Reserves are defined as that part of a trust's unrestricted income funds that are freely available to spend on any of the trust's charitable purposes. This excludes restricted income funds although the level of such funds influences the trust's reserves policy. Reserves normally exclude tangible fixed assets held for the trust's use and any amounts designated for essential future spending.

Holding excessive reserves can unnecessarily limit the amount spent on charitable activities, reducing the potential benefits the trust can provide. However, if reserves are too low then the trust's solvency and future activities can be put at risk.

The trust has developed its reserves policy in an integrated manner, recognising that strategic and financial planning informs the development of the reserves policy and vice versa. Our reserves are held to:

- Ensure troughs in funding projected from financial forecasts can be met from reserves held
- Meet the cost of needs that cannot be met from the income of a single year's budget alone, specifically:
 - The Echelford Primary School – provide a third Year 1 classroom on the ground floor and refurbish the entrance and administration offices
 - Provide capacity to expand the trust, specifically:
 - Funds to meet the costs of legal and professional fees associated with new schools joining the trust
 - Funds to facilitate expansion at Saxon Primary School without comprising the existing facilities and provision
- Provide a financial cushion and the capacity in which to react to policy, demographic, funding, staffing or

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- legal changes that may have adverse impact on the trust
- Manage unforeseen financial difficulties or unexpected calls on trust's funds

As the trust matures, reserves will need to be set aside to cover building and maintenance works that cannot be funded out of a single year's income. The revenue budget and forecasts include an amount for maintenance in each year that covers the works described in the condition survey of each site. The need for additional funds to be set aside each year over and above this, needs to be considered. One option would be to fund future projects via loans on offer from the DfE. The level of reserves are monitored throughout the year as part of the budgetary process and the trust's reserve policy is kept under review to ensure it meets the charity's changing needs and circumstances. A prudent approach has been taken during the 2015-16 not to commit reserves to projects until the results of the ClF applications were known and uncertainties surrounding a variety of initiatives were clear.

The level of reserves held at 31st August 2016 total £9,009,410 of which £1,143,480 are free reserves. The target range of free reserves to be held is £203,000 to £254,000. In light of funding constraints amounts held over this will be reduced in the foreseeable future.

The Local Government Pension Scheme (LGPS) pension fund is showing an increasingly large deficit year on year in the statutory accounts (2015-16 £1,238,000, 2014-15 £906,000). In the event of academy closure the outstanding LGPS liabilities would be met by the Department for Education. The trust is able to meet its current obligation to the pension fund, the employer contributions. The employer LGPS contribution rates are set with reference to the triennial valuation (which took place as at 31 March 2016) and not the FRS 102 valuation in the accounts. The revised rates come into effect on 1 April 2017 but will only be passed onto the trust from 1 September 2017.

INVESTMENT POLICY

The Trust aims to manage its cash balances to provide for the operational working capital requirements of its operations plus any planned use of reserves. The Trust does not consider the investments of funds as a primary activity, rather as a result of good stewardship when circumstances allow.

PRINCIPAL RISKS AND UNCERTAINTIES

A risk management matrix detailing both key financial and non-financial risks was initially completed by a team that included the Executive Principal, a trustee, a school business manager and the finance manager. Risks were assessed in relation to their likelihood of incidence and their potential impact on the trust to give an overall risk rating. The risk matrix is reviewed in the light of new information and is formally updated annually. In 2015-16 the reviewing team was comprised of a head teacher, a trustee, a local governor a school business manager and the finance manager. The identification of key risk areas has then informed trust activities, areas identified as high risk are as follows:

Difficulties in recruiting/retaining staff

The success of the trust is reliant on the quality of its staff so the trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Income levels inadequate

The trust is reliant on continued Government funding through the EFA. There is no assurance that government policy or practice will remain the same or that the public funding will continue at the same levels or on the same terms. The number of pupils on roll at each school drives a large part of the GAG funding from the EFA. The number of pupils at The Echelford Primary School has fallen from 610 in October 2012 to 554 October in 2016. The projected, short term, in-year deficits that this creates are to be funded from the current free reserves. Adverse reports as the result of monitoring visits (e.g. Ofsted) can have a negative impact on the pupils on roll as parents often choose to send their children to other local schools if there are places available. The expectation is that support provided at Echelford will result in the school gaining an improved Ofsted rating which will in turn drive up the pupil roll.

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TRUSTEES' REPORT (continued)
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Breach of Statutory Requirements

There is an inherent risk in operating a school that a statutory requirement may be breached. Systems, policies and operational procedures exist to minimise the risk but it cannot be eliminated entirely.

Acts of God, impact of adverse weather conditions

The trust has taken professional advice and ensured that appropriate insurance is in place. Each school also has a business continuity plan to cover such events.

Plans for Future Periods

One of the long-term key aims for the Lumen Learning Trust is to create a Trust that could be termed a 'mixed economy'. We understand there is strength in diversity therefore we are looking to build a Trust of schools that reflects this, and so in time would include not just primary provision but special and nursery as well.

Over the next 12 months the key objectives are:

- Support the transition of Riverbridge Primary & Nursery into the Trust and secure provision in order to accelerate attainment and progress
- continue to accelerate attainment and progress at The Echelford Primary School and achieve a 'Good' Ofsted rating
- where necessary accelerate attainment and progress at Saxon Primary School whilst maintaining existing high standards
- maintain Saxon Primary School's positive profile in the community
- build on The Echelford Primary School's increasingly positive profile in the community

Details of any activities planned to achieve them

- work in partnership across the trust and with Babcock 4S consultants in scrutinising provision and identifying areas for particular focus
- fulfilling expectations as detailed in each school's respective School Development Plan
- continue to play an active part in all relevant partnerships including Spelthorne Schools Together; Thamesmead School; St. Mary's University; NE quadrant

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS


The Lumen Learning Trust is not acting as a custodian trustee for others.

AUDITOR

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 1/12/2016 and signed on the board's behalf by:


.....
R Vango
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Lumen 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 Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lumen 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 4 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
R Vango (Chair)	3	3
I Ingham (Vice - Chair)	2	3
M E McCarthy, Executive Principal and Accounting Officer	3	3
D Prendergast	3	3
P Rodin	1	3
D Stafford	0	3
W Sedgwick	3	3
M George ^	3	3
L Griffiths	3	3

Recruitment and retention of quality trustees is an on-going challenge: an additional trustee was appointed during the year; and D Stafford resigned in October 2016.

The Finance and resources committee is a sub-committee of the main board of trustees. Its purpose is to offer support and guidance to the executive principal in all matters relating to finance, premises, health & safety, staffing and related matters for the trust. The Trust Finance Manager, the Headteachers from each school and their School Business Managers attend the meetings. One representative from each local governing body is also encouraged to attend.

This committee was replaced by the Business & Finance Management Committee and the Strategy Committee. Attendance at these committees are shown on the next page and there are further details in the review of governance section.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
I Ingham (Chair)	0	1
R Vango	1	1
D Stafford	0	1
M E McCarthy, Executive Principal and Accounting Officer	1	1

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GOVERNANCE STATEMENT (continued)

Business & Finance Management

Trustee	Meetings attended	Out of a possible
I Ingham	1	1
D Stafford	1	1

Strategy

Trustee	Meetings attended	Out of a possible
I Ingham	2	3
R Vango	3	3
ME McCarthy (Executive Principal and Accounting Officer)	3	3

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Principal has responsibility for ensuring that the academy 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'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. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Tendering the catering contract for the schools within the trust. A new supplier was selected who provided better overall value for money including:
 - Better quality food offering including a wider daily choice
 - No need for the trust to subsidise contract
 - More on-site presence of area manager to support the staff working in the school
- Moving the finance system to the cloud rather than on the trust servers:
 - Provided a more reliable service with access from any computer with a secure connection to the internet
 - Technical issues are resolved more quickly as it is just a 2 way discussion between the user and the software provider rather than a 3 way discussion between the user, software provider and the trust's IT support firm
 - Enabled a relatively smooth, rapid deployment of the finance system to Riverbridge Primary school
- Training of teaching assistants to gain HLTA status. This enables support staff to cover for teaching staff when required (on an ad hoc and regular basis). Pupils have consistency from being taught by staff who work in the school rather than agency supply staff who are not familiar with the children and the culture of the school. Covering teacher absence with HLTAs also has a positive impact on the budget.

Review of Governance

In the interest of good practice the Board of Directors conducts a self-review of effectiveness of governance arrangements annually and uses this as an opportunity to appraise current practice and processes and make changes if necessary. The review in 2015-16 focussed on how the structure would work with the addition of a third school into the trust (Riverbridge Primary School) as from the 1 September 2016 and feedback on the current arrangements.

Overall it was felt that there was not sufficient time at board meetings to discuss the range of topics on the agenda and the start time of the meetings needed to be changed. Board meetings are now held during the business day and are scheduled to last up to ½ a day (if required). The agenda items are focussed on strategy setting and business risks.

LUMEN LEARNING TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

In addition, it was recognised that it was impractical for directors to know everything about everything so each director should have a specialism and bring that knowledge to full board meetings. This should enable a more efficient, collaborative and cohesive approach to decision making and strategy setting with the overall objective of increasing the trust's chances of continuing success.

In order to inform the director's specialism small subject specific groups would be established and meet prior to the board meetings. These groups would have at least two directors present along with relevant subject matter experts from the trust employees or local governing bodies. The aim would be for directors to fully explore and discuss matters relevant to their specialism prior to board meetings, enabling a more informed and efficient discussion at board level.

Prior to conversion professional advice was taken to draft the terms of reference for the board and the resources committee; these will need to be reviewed alongside the new operating arrangements for the board of directors.

Both the Local Governing Bodies and the Board of Directors also carry out an on-going process of self-evaluation, particularly in consideration of new members of Directors or Local Governing Bodies. There is a constant focus on ensuring all members of these groups have the relevant skills set in order to fulfil the Vision for the Trust. Directors and Governors have a standing item on their meeting agendas to consider the difference they have made to the pupils in the schools through their discussion and agreed actions.

The local governing bodies in both schools have also felt that the current agenda template for meetings stifled creativity and debate. The template was adjusted for the summer term meetings with initial feedback being positive.

Working together with senior leaders, directors provide effective strategic leadership which has had a positive impact on many aspects of the academy's work and its overall performance. On balance the board of directors is currently effective in discharging its core functions and responsibilities but will need to adapt as the trust enters a new cycle of significant challenge (trust growth and funding pressures).

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Lumen Learning Trust for the year 1 September 2015 to 31 August 2016 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 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 ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The academy'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;

LUMEN LEARNING TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- 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 James Cowper Kreston, the external auditor, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. Checks carried out in previous periods included:

- testing of control account/bank reconciliations
- review of management reporting
- testing of other income, petty cash and expenses

After each visit, the reviewer provides a written report to the board of trustees, through the finance and resources purposes committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

During previous visits no significant weaknesses have been reported by James Cowper Kreston. The systems and processes in 2015-16 were unchanged, however, during 2016-17 it is expected that:

- Riverbridge Primary School will join the Lumen Learning Trust from 1 September
- invoice and on-line payment processing and will be centralised
- the finance system will undergo a significant upgrade which will result in a change to some of the current processes

The trustees had no particular areas that they wished to be examined in 2015-16 but noted that there would be additional scrutiny required during 2016-17 to focus on the new school and processes that are being centralised or changed. Essentially the visits not undertaken in 2015-16 would be deferred to 2016-17 to address the anticipated changes. James Cowper Kreston has already been engaged to perform an internal assurance review of the school in Spring 2017.

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and resources committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11/12/2016 and signed on their behalf, by:


.....
R Vango
Chair of Trustees


.....
M E McCarthy
Accounting Officer

LUMEN LEARNING TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Lumen Learning Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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


.....
M E McCarthy
Accounting Officer

LUMEN LEARNING TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

Company law requires the 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:

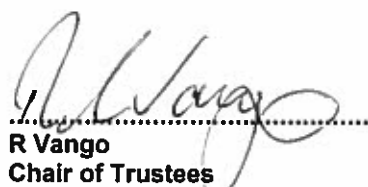
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/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 *1/12/2016* and signed on its behalf by:


.....
R Vango
Chair of Trustees

LUMEN LEARNING TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LUMEN LEARNING TRUST

We have audited the financial statements of Lumen Learning Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

UNQUALIFIED OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.


LUMEN LEARNING TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LUMEN LEARNING TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Alexander Peal BSc(Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 14 December 2016

LUMEN LEARNING TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LUMEN
LEARNING TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 7 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lumen Learning Trust during the year 1 September 2015 to 31 August 2016 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 Lumen Learning Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lumen Learning Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lumen Learning Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF LUMEN LEARNING TRUST'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Lumen Learning Trust's funding agreement with the Secretary of State for Education dated 01 October 2013, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls, policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

Specific work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Board of Governors and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LUMEN
LEARNING TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 14 December 2016

LUMEN LEARNING TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

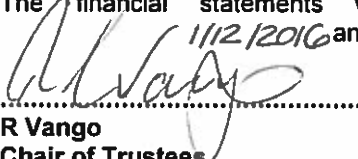
	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	30,096	-	77,014	107,110	697,334
Charitable activities	5	349,184	3,791,872	-	4,141,056	3,911,428
Other trading activities	3	6,020	3,142	-	9,162	9,439
Investments	4	10,283	-	-	10,283	2,256
TOTAL INCOME		395,583	3,795,014	77,014	4,267,611	4,620,457
EXPENDITURE ON:						
Charitable activities		360,707	3,593,392	289,247	4,243,346	3,938,667
TOTAL EXPENDITURE	7	360,707	3,593,392	289,247	4,243,346	3,938,667
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	34,876	201,622	(212,233)	24,265	681,790
		-	(208,722)	208,722	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		34,876	(7,100)	(3,511)	24,265	681,790
Actuarial losses on defined benefit pension schemes	23	-	(336,000)	-	(336,000)	(4,000)
NET MOVEMENT IN FUNDS		34,876	(343,100)	(3,511)	(311,735)	677,790
RECONCILIATION OF FUNDS:						
Total funds brought forward		636,481	(467,777)	9,152,441	9,321,145	8,643,355
TOTAL FUNDS CARRIED FORWARD		671,357	(810,877)	9,148,930	9,009,410	9,321,145

LUMEN LEARNING TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 8670599

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	2015 £
FIXED ASSETS				
Tangible assets	13		9,100,753	8,879,816
CURRENT ASSETS				
Stocks	14	10,457		12,052
Debtors	15	251,466		251,884
Cash at bank and in hand		1,683,053		1,685,772
		<u>1,944,976</u>		<u>1,949,708</u>
CREDITORS: amounts falling due within one year	16	(590,009)		(571,691)
NET CURRENT ASSETS			<u>1,354,967</u>	<u>1,378,017</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,455,720</u>	<u>10,257,833</u>
CREDITORS: amounts falling due after more than one year	17	(163,310)		(30,688)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>10,292,410</u>	<u>10,227,145</u>
Defined benefit pension scheme liability	23	(1,283,000)		(906,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>9,009,410</u></u>	<u><u>9,321,145</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	18	472,123		438,223
Restricted fixed asset funds	18	9,148,930		9,152,441
Restricted funds excluding pension liability		<u>9,621,053</u>		<u>9,590,664</u>
Pension reserve		<u>(1,283,000)</u>		<u>(906,000)</u>
Total restricted funds			<u>8,338,053</u>	<u>8,684,664</u>
Unrestricted funds	18		<u>671,357</u>	<u>636,481</u>
TOTAL FUNDS			<u><u>9,009,410</u></u>	<u><u>9,321,145</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 1/12/2016 and are signed on their behalf, by:


R Vango
Chair of Trustees

The notes on pages 24 to 44 form part of these financial statements.

LUMEN LEARNING TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	20	294,852	534,886
Cash flows from investing activities:			
Dividends, interest and rents from investments		10,283	2,256
Purchase of tangible fixed assets		(510,184)	(555,267)
Capital grants from DfE/EFA		67,659	652,244
Net cash (used in)/provided by investing activities		(432,242)	99,233
Cash flows from financing activities:			
Salix loan		134,671	32,733
Net cash provided by financing activities		134,671	32,733
Change in cash and cash equivalents in the year		(2,719)	666,852
Cash and cash equivalents brought forward		1,685,772	1,018,920
Cash and cash equivalents carried forward	21	1,683,053	1,685,772

LUMEN LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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.

1.1 Basis of preparation of financial statements

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Lumen Learning Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Company status

The academy is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

1.4 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

LUMEN LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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

All resources expended are inclusive of irrecoverable VAT.

1.6 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 academy 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.

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised.

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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	- 2% - 20% Straight line
Fixtures & fittings	- 20% Straight line
Computer equipment	- 33% Straight line

LUMEN LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.10 Taxation

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

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

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 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. 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.

1.13 Pensions

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

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 incorporating income and expenditure account 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.

1.14 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.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Depreciation

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations and other voluntary income	30,096	-	9,355	39,451	45,090
Capital grants	-	-	67,659	67,659	652,244
	<u>30,096</u>	<u>-</u>	<u>77,014</u>	<u>107,110</u>	<u>697,334</u>

In 2015, of the total income from donations and capital grants, £24,490 was to unrestricted funds and £672,844 was to restricted funds.

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	6,020	3,142	9,162	9,439

In 2015, of the total other trading income, £6,589 was to unrestricted funds and £2,850 was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	10,283	-	10,283	2,256

In 2015, of the total investment income, £2,256 was to unrestricted funds and £nil was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Educational operations (see below)	-	3,446,833	3,446,833	3,360,968
Local Authority	-	315,880	315,880	271,900
Other income from educational activities	349,184	29,159	378,343	278,560
	<u>349,184</u>	<u>3,791,872</u>	<u>4,141,056</u>	<u>3,911,428</u>

In 2015, of the total income from charitable activities, £243,606 was to unrestricted funds and £3,667,822 was to restricted funds.

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	3,068,581	3,068,581	3,002,927
Other DfE/EFA grants	-	378,252	378,252	358,041
	<u>-</u>	<u>3,446,833</u>	<u>3,446,833</u>	<u>3,360,968</u>

In 2015, of the total income from charitable activities, £nil was to unrestricted funds and £3,360,968 was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,796,495	1,770,330
National insurance	120,909	105,706
Pension cost	250,274	302,412
Educational supplies	37,779	29,399
Staff development	32,994	28,885
Staff insurance	43,355	52,767
Technology	31,296	35,892
Educational consultancy	74,533	66,013
Travel and subsistence	785	417
Depreciation	289,069	246,758
Other direct costs	263,346	195,283
	<u>2,940,835</u>	<u>2,833,862</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	432,702	387,698
National insurance	26,090	19,121
Pension cost	173,153	110,900
Recruitment and support	29,033	5,363
Maintenance of premises	65,573	53,235
Maintenance of equipment	32,536	31,872
Cleaning	82,094	79,993
Rent and rates	10,485	11,001
Water rates	7,182	6,018
Energy	41,418	43,865
Insurance	45,799	38,742
Security	150	890
Transport	6,017	6,406
Catering	205,527	150,924
Technology costs	37,972	34,022
Bank interest and charges	1,713	1,103
Travel and subsistence	456	571
Governance costs	9,837	35,767
Other support costs	94,774	87,314
	<u>1,302,511</u>	<u>1,104,805</u>
	<u><u>4,243,346</u></u>	<u><u>3,938,667</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. EXPENDITURE

	Staff costs	Premises	Other costs	Total	Total
	2016	2016	2016	2016	2015
	£	£	£	£	£
Academy's educational operations:					
Direct costs	2,274,601	-	666,234	2,940,835	2,833,862
Support costs	642,075	252,701	407,735	1,302,511	1,104,805
	<u>2,916,676</u>	<u>252,701</u>	<u>1,073,969</u>	<u>4,243,346</u>	<u>3,938,667</u>

In 2016, of the total expenditure, £360,707 (2015: £237,193) was to unrestricted funds and £3,882,639 (2015: £3,701,474) was to restricted funds.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	289,247	246,758
Auditors' remuneration	7,300	7,000
Auditors' remuneration - non audit services	2,500	2,967
Operating lease rentals	12,407	8,003
	<u>289,247</u>	<u>246,758</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	2,229,197	2,158,028
Social security costs	146,999	124,827
Pension costs	423,427	413,312
	<hr/>	<hr/>
Supply teacher costs	2,799,623	2,696,167
	117,053	56,882
	<hr/>	<hr/>
	2,916,676	2,753,049
	<hr/>	<hr/>

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

	2016 No.	2015 No.
Teachers	34	36
Administration and support	51	44
Management	7	7
	<hr/>	<hr/>
	92	87
	<hr/>	<hr/>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	1	0

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for this staff member amounted to £11,304 (2015: £9,686).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £193,734 (2015: £174,725).

Included in staff costs are non-statutory/non-contractual severance payments totalling £3,000 (2015: £3,044).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees.

One trustee, Mr R Vango, is married to a teaching assistant at the school, Mrs C Vango. The remuneration of Mrs Vango was £nil - £5,000 (2015: £5,000 - £10,000).

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

		2016 £	2015 £
M E McCarthy (Executive Principal and Trustee) - Remuneration	Remuneration	75,000-80,000	65,000-70,000
	Pension contributions paid	10,000-15,000	5,000-10,000

During the year ended 31 August 2016, expenses totalling £363 (2015 - £70) were reimbursed to 1 Trustee (2015 - 1).

11. CENTRAL SERVICES

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

- Executive Principal
- Interim head teacher for Echelford Primary School
- Home school link worker and home school mentor
- Sports premium mentor
- Legal and professional services
- Finance and administration
- Drafting of trust policies

The academy charges for these services on the following basis:

The trust charged for these services on the basis of actual costs apportioned by pupil numbers; except where the exact time spent in each school is known e.g. for the Interim head teacher role that was charged 100% to Echelford Primary School.

The actual amounts charged during the year were as follows:

	2016 £	2015 £
Central staff	224,821	221,152
Central supplies and services	41,054	50,658
	<u>265,875</u>	<u>271,810</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

12. 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £2,443 (2015 - £2,372).

13. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	8,896,624	269,253	159,146	9,325,023
Additions	286,938	137,482	85,764	510,184
At 31 August 2016	<u>9,183,562</u>	<u>406,735</u>	<u>244,910</u>	<u>9,835,207</u>
Depreciation				
At 1 September 2015	308,181	70,768	66,258	445,207
Charge for the year	179,543	57,583	52,121	289,247
At 31 August 2016	<u>487,724</u>	<u>128,351</u>	<u>118,379</u>	<u>734,454</u>
Net book value				
At 31 August 2016	<u>8,695,838</u>	<u>278,384</u>	<u>126,531</u>	<u>9,100,753</u>
At 31 August 2015	<u>8,588,443</u>	<u>198,485</u>	<u>92,888</u>	<u>8,879,816</u>

The Academy took out a 125 year lease over the land and buildings transferred from Surrey County Council at the date of conversion. The land and buildings transferred and assigned at conversion have been valued at an estimate of their fair value at conversion. In determining this value, the Trustees have referred to an independent valuation of land and buildings by FHP Property Consultants. FHP Property Consultants are a member of the RICS registered valuation scheme.

This valuation was carried out on a depreciated replacement cost basis. Included in the value of land and buildings is land at a value of £2,216,800 which is not depreciated.

14. STOCKS

	2016 £	2015 £
School equipment	<u>10,457</u>	<u>12,052</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. DEBTORS

	2016 £	2015 £
Trade debtors	41,849	626
VAT recoverable	66,141	125,655
Other debtors	1,115	5,955
Prepayments and accrued income	142,361	119,648
	<u>251,466</u>	<u>251,884</u>

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Salix loans	4,094	2,045
Trade creditors	228,720	249,358
Other taxation and social security	46,597	36,966
Other creditors	122,657	43,302
Accruals and deferred income	187,941	240,020
	<u>590,009</u>	<u>571,691</u>

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	102,840	101,803
Resources deferred during the year	106,789	102,840
Amounts released from previous years	(102,840)	(101,803)
Deferred income at 31 August 2016	<u>106,789</u>	<u>102,840</u>

At the balance sheet date the Trust was holding funds received in advance from the EFA and the Local Authority. Deferred income includes the following:

£78,133 (2015: £82,560) in respect of the Universal Infant Free School Meals grant
£8,320 (2015: £8,532) in respect of the Surrey County Council Children's Centre grant.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

17. CREDITORS:
Amounts falling due after more than one year

	2016 £	2015 £
Salix loans	<u>163,310</u>	<u>30,688</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £	2015 £
Repayable by instalments	<u>73,287</u>	<u>14,328</u>

A Condition Improvement Fund loan from the EFA was received for replacing the pool enclosure at Saxon Primary School in the year ended 31 August 2016. The loan is repayable (as deduction of £1,535 from GAG each month) from September 2017 until August 2025 with an interest rate of 2.04% per annum.

Deductions to GAG for the Salix loans which were provided in the previous year did not commence until September 2016. A total of £2,045 is repayable each March and September for 8 years.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	636,481	395,583	(360,707)	-	-	671,357
Restricted funds						
General Annual Grant (GAG)	438,223	3,059,338	(2,816,716)	(208,722)	-	472,123
Other DfE/EFA grants	-	381,495	(381,495)	-	-	-
Local authority Educational activities	-	321,880	(321,880)	-	-	-
Pension reserve	-	32,301	(32,301)	-	-	-
	(906,000)	-	(41,000)	-	(336,000)	(1,283,000)
	<u>(467,777)</u>	<u>3,795,014</u>	<u>(3,593,392)</u>	<u>(208,722)</u>	<u>(336,000)</u>	<u>(810,877)</u>
Restricted fixed asset funds						
DfE/EFA capital grants	812,652	67,659	(47,857)	-	-	832,454
Capital from GAG	152,861	-	(63,269)	208,722	-	298,314
Assets on conversion	8,160,001	-	(176,676)	-	-	7,983,325
Other capital grants	26,927	9,355	(1,445)	-	-	34,837
	<u>9,152,441</u>	<u>77,014</u>	<u>(289,247)</u>	<u>208,722</u>	<u>-</u>	<u>9,148,930</u>
Total restricted funds	<u>8,684,664</u>	<u>3,872,028</u>	<u>(3,882,639)</u>	<u>-</u>	<u>(336,000)</u>	<u>8,338,053</u>
Total of funds	<u>9,321,145</u>	<u>4,267,611</u>	<u>(4,243,346)</u>	<u>-</u>	<u>(336,000)</u>	<u>9,009,410</u>

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

Restricted funds

The General Annual Grant (GAG) represents funding received from the Education Funding Agency during the period in order to fund the continuing activities of the school. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Local Authority grants represent money given to the Academy through grants. This year the grants included funding for: Children's Centre based at Saxon Primary School; Growing Schools; and pupils with a statement of special educational needs.

Educational activities represents monies given for activities carried out as part of the academy's operations. These funds are to be spent on educational needs.

The pension reserve represents the Local Government Pension Scheme deficit. In the event of academy

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS (continued)

closure the outstanding LGPS liabilities would be met by the Department for Education. The trust is able to meet its current obligation to the pension fund, the employer contributions.

Fixed asset funds

Other capital grants represents funds given to the academy through donations for specific capital purposes which were unspent at 31 August 2016.

Fixed assets transferred on conversion represent the land and building and equipment donated to the school from Surrey County Council on conversion to an Academy.

Fixed assets purchases from GAG represents amounts spent on fixed assets from the GAG funding received from the EFA.

DfE/EFA Capital grants included devolved formula capital funding and amounts received from the Capital Improvement Fund.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	<i>Total 2015 £</i>
Saxon Primary School	433,111	363,637
Echelford Primary School	608,604	633,557
Children's Centre	9,012	13,345
Central costs	92,753	64,165
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	1,143,480	1,074,704
Restricted fixed asset fund	9,148,930	9,152,441
Pension reserve	(1,283,000)	(906,000)
	<hr/>	<hr/>
Total	<u>9,009,410</u>	<u>9,321,145</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding deprecia- tion £	Total 2016 £	Total 2015 £
The Echelford Primary School	1,385,975	318,365	216,692	372,750	2,293,782	2,071,318
Saxon Primary School	760,250	233,224	150,952	234,497	1,378,923	1,214,824
Saxon Children's Centre	-	73,702	1,053	30,958	105,713	102,958
Central costs	87,375	16,785	8,468	22,053	134,681	271,808
LGPS pension finance cost	23,175	17,825	-	-	41,000	18,000
	<u>2,256,775</u>	<u>659,901</u>	<u>377,165</u>	<u>660,258</u>	<u>3,954,099</u>	<u>3,678,908</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	9,100,753	9,100,753	8,879,816
Current assets	671,357	1,083,186	190,433	1,944,976	1,949,708
Creditors due within one year	-	(585,915)	(4,094)	(590,009)	(571,691)
Creditors due in more than one year	-	(25,148)	(138,162)	(163,310)	(30,688)
Pension liability	-	(1,283,000)	-	(1,283,000)	(906,000)
	<u>671,357</u>	<u>(810,877)</u>	<u>9,148,930</u>	<u>9,009,410</u>	<u>9,321,145</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

**20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	24,265	681,790
Adjustment for:		
Depreciation charges	289,247	246,758
Investment income	(10,283)	(2,256)
Decrease/(increase) in stocks	1,595	(5,085)
Decrease in debtors	418	91,742
Increase in creditors	16,269	118,181
Capital grants from DfE and other capital income	(67,659)	(652,244)
Defined benefit pension scheme finance cost	41,000	56,000
Net cash provided by operating activities	294,852	534,886

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	1,683,053	1,685,772
	1,683,053	1,685,772

22. CAPITAL COMMITMENTS

At 31 August 2016 the academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	244,038	395,808

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £21,015 were payable to the schemes at 31 August 2016 (2015 - £40,454) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £299,528 (2015 - £185,561).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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23. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £231,000 (2015 - £221,000), of which employer's contributions totalled £182,000 (2015 - £174,000) and employees' contributions totalled £49,000 (2015 - £47,000). The agreed contribution rates for future years are 18.7%-27.5% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.05 %	3.70 %
Rate of increase in salaries	2.40 %	4.00 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %

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

	2016	2015
Retiring today		
Males	22.5	22.5
Females	24.6	24.6
Retiring in 20 years		
Males	24.5	24.5
Females	26.9	26.9

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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	898,000	609,000
Bonds	204,000	140,000
Property	72,000	58,000
Cash	24,000	17,000
	<u>1,198,000</u>	<u>824,000</u>
Total market value of assets	<u>1,198,000</u>	<u>824,000</u>

The actual return on scheme assets was £122,000 (2015 - £(5,000)).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	<u>(189,000)</u>	<u>(200,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	1,725,000	1,435,000
Current service cost	189,000	200,000
Interest cost	69,000	57,000
Contributions by employees	49,000	47,000
Actuarial losses/(gains)	458,000	(14,000)
	<u>2,490,000</u>	<u>1,725,000</u>
Closing defined benefit obligation	<u>2,490,000</u>	<u>1,725,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	832,000	589,000
Expected return on assets	35,000	39,000
Actuarial gains and (losses)	122,000	(18,000)
Contributions by employer	182,000	175,000
Contributions by employees	49,000	47,000
	<u>1,220,000</u>	<u>832,000</u>
Closing fair value of scheme assets	<u>1,220,000</u>	<u>832,000</u>

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24. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	11,055	10,737
Between 1 and 5 years	19,806	19,806
Total	30,861	30,543

25. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the prior period.

26. CONTROLLING PARTY

The ultimate controlling party is that of its trustees as detailed on page 1 of the financial statements.

27. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure in the financial statements.

28. 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.

29. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure. However, as a result of the conversion to FRS 102, there has been a reallocation between actuarial gains/(losses) on defined benefit pension schemes and interest costs within charitable activities expenditure which has no impact on the net movement in funds for the prior year.