

Registered number: 04205579
Charity number: 1090412

LONDON GRID FOR LEARNING TRUST
(A company limited by guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' annual report and Chairman's opening remarks	2
Directors' and strategic report	3 - 20
Independent auditor's report	21 - 22
Consolidated statement of financial activities	23
Consolidated balance sheet	24
Company balance sheet	25
Consolidated cash flow statement	26
Notes to the financial statements	27 - 45

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

Directors

Mr P Robinson, Chair
Mr G Hipple
Ms G Palmer (resigned 29 February 2016)
Ms Y Stanley
Mr N Mitchell
Mr J Jackson (resigned 1 January 2016)
Mrs H Warner
Mr M Robinson
Mr G Jelks
Mr S Green, Other - Director (appointed 1 July 2016)

Company registered number

04205579

Charity registered number

1090412

Registered office

4th Floor, CI Tower, St George's Square, New Malden, Surrey, KT3 4TE

Company secretary

Mr J Jackson

Chief executive officer

Mr J Jackson

Independent auditor

Menzies LLP, Ashcombe House, 5 The Crescent, Leatherhead, Surrey, KT22 8DY

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

TRUSTEES' ANNUAL REPORT CHAIRMAN'S OPENING REMARKS FOR THE YEAR ENDED 31 MARCH 2016

What a momentous year. The successful completion of a new high speed and more resilient fibre network at reduced cost to schools was perhaps the most significant milestone. The vote in confidence in the Trust and its ICT offer demonstrated by schools choosing LGfL services was satisfying and vindicated the Trustees decision in 2015 to make a substantial investment using cutting edge technology in a high quality, secure, safe and innovative infrastructure. The positive feedback from London schools and the increasing demand for the Trust's services from education establishments in other parts of the country is encouraging. LGfL remains unique within the sector as a not for profit charity but cannot and should not remain complacent. The challenge facing schools and other parts of the public sector-financially and in providing children and young people with the right tools to enhance their learning are immense and the Trust knows that in operating in a highly competitive environment it must always offer the best service at the best possible price.

The backdrop to the Trust's work is an ever changing and complex schools landscape with academies, free schools and multi academy trusts featuring alongside maintained and voluntary schools with local authorities playing a different role. The Trust is sensitive to these developments and has worked hard simultaneously to forge new relationships whilst maintaining existing ones. A major challenge for the Trust in the months and years to come is to evolve both its offer- providing what schools, councils and other public bodies need as well as the way it engages with the emerging education community.

Of course it would be wrong to fail to mention the other milestone in the Trust's history - the retirement of the founding Chief Executive Brian Durrant and the appointment of his successor John Jackson. Brian helped transform LGfL from the germ of an idea into the leading ICT provider it is today. He did so with style, professionalism and humility and no one should underestimate the debt owed to him. In John Jackson the Trust has a new outstanding Chief Executive. As a longstanding Trustee with vast experience John knows the business well and has wasted no time in realigning the direction of and preparing the Trust for the future-opportunities and challenges alike. That the baton was handed over seamlessly should not come as a surprise given the passion and commitment of both the former and present Chief Executives.

Finally, I would like to thank our partners-principally Virgin Media and Atomwide who as commercial organisations have signed up completely to the Trust's public service objectives. They have served LGfL well and are ready to deepen, develop and evolve the partnership in providing first class services to schools and other public bodies for the future.



Paul Robinson

Chairman

28/9/16

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2016

TRUSTEES' ANNUAL REPORT – 2015-2016

I'm delighted to set out the activities of LGfL and present our financial statements for the year ended 31 March 2016. I am very grateful to Brian Durrant, who was Chief Executive of the Trust for almost the whole of the financial year, having retired in March 2016

There are enormous challenges facing schools today, including continuing austerity, new legislative burdens and fundamental changes to the National Curriculum. To support schools in these difficult conditions, the Trust has focused on delivering savings directly to schools, providing current and innovative digital content for teachers, and at all times: keeping children safe online.

This year, the Trust invested in the next-generation network for schools (LGfL 3.0) which "supercharges" our infrastructure with more capacity, as well as delivering a £13.5 million saving for our schools.

Despite difficult market conditions, the Trust has continued to expand and I am delighted that we now serve hundreds of schools outside of London spread across over 30 different local authorities. Similarly, our trading company, London Grid Limited, continues to go from strength to strength supporting Councils through the London Public Services Network as they share information and safeguard children.

The Trust has invested in technology and digital content to keep children safe and to support counter-terrorism. At the 2016 BETT Awards the Trust was a runner-up for its resource 'Counter-Extremism: narratives and conversations' (counterextremism.lgfl.net).

This year, we enabled London to successfully co-ordinate admissions to all secondary schools, as well as supporting eligible families to claim Free-School Meals that led to Pupil Premium allocations for their schools, bringing much-needed investment into the education system.

These achievements would not have been possible without our partners. I would particularly like to thank Atomwide and Virgin Media Business for their considerable efforts this year. We are also indebted to a range of Small to Medium Sized Enterprises that are collaborating with the Trust to deliver innovation and exciting products, such as Roar Educate with CyberPass (cpinfo.lgfl.net).

Finally, the work of the Trust relies on LGfL staff and committed volunteers from schools and a range of other educational backgrounds who play a key role in our advisory boards and in the work of the Trust more generally. For this I am very grateful.

In this year of growth and innovation, it has been a privilege to work and support everyone advancing education for the benefit of children in London and beyond.



John Jackson

CEO, London Grid for Learning Trust

28/9/16

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

THE TRUSTS OBJECTIVES AND ACTIVITIES

1. The Trust was founded in 2001 to advance education, in particular by providing and assisting in the provision of information and communications technology to London schools for the benefit of the children attending those schools.
2. We deliver our Objects through four key objectives: -
 - Provision of fast, reliable and safe internet connectivity for London's maintained schools;
 - Provision of high-quality and engaging educational content across all Key Stages of the National Curriculum;
 - Provision of shared platforms that underpin the efficient delivery of education in London; and
 - Raising additional funding to deliver our Objects through the trading activities of London Grid Limited.
3. In furtherance of our Objects, we: -
 - co-operate with and work with schools, academies and colleges of further education, other charities, voluntary bodies and statutory authorities; operating in furtherance of the Objects or similar charitable purposes and assisting them to exchange information and advice;
 - procure and enter into contracts to provide services to or on behalf of other bodies, establish or acquire subsidiary undertakings, and establish or take part in joint procurements, ventures and undertakings;
 - set aside funds for special purposes with a view to meeting long term commitments or requirements;
 - share safeguarding best-practice in terms of online safety and beyond, working with stakeholders to train and equip school staff with the technologies and human expertise that best keep children safe in education; and
 - provide high-quality CPD for school staff at no additional cost that fosters the innovative use of cutting-edge technologies in the classroom and complements teaching & learning best-practice.
4. Today, the Trust serves over 1 million children, 250,000 teachers and over 2,000 maintained schools in London, as well as an increasing number nationally.
5. In delivering our services, the Trust is committed to delivering high standards; we are delighted to have achieved a steady and consistent increase in customer-satisfaction levels in all six of the 6-monthly surveys undertaken since we started them.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

STRATEGIC REPORT

OBJECTIVE ONE - PROVIDING HIGH-SPEED, SCHOOL-SAFE INTERNET CONNECTIVITY FOR SCHOOLS

6. The Trust has provided a strategic network and related technology services to London schools since its inception in 2001. Initially, these services were provided to schools and other public bodies via contracts between the Trust and all London councils.
7. After the 2010 general election, the Trust responded proactively to the change of government and subsequent termination of the Harnessing Technology Grant (HTG) by consulting with schools and offering the opportunity to contract directly for connectivity and a range of digital services such as web filtering and e-mail.
8. By doing, so the Trust ensured the successful continuation of the capital's education network, with 97% of London schools choosing to contract with the Trust over a minimum 5-year term. Subsequently, a new supply contract let to Virgin Media Business (VMB) has provided a transformational foundation upon which to advance education. VMB and the Trust have designed and built one of the world's largest dedicated educational networks.
9. Built almost exclusively on fibre to the premise, the Trust's strategic network (LGfL 3.0) provides almost infinite capacity to deliver exciting and engaging learning opportunities for children – both now and into the future. The existence of this dedicated network is a major strategic asset for the capital, supporting London's ambition to be a world leader in digital-service delivery.
10. As a consequence of the success of its procurement activities, the Trust has put processes in place to offer its services to, and receive orders from, schools beyond the London region, under the name 'TRUSTnet'. At this point, around 30 local-authority areas outside Greater London now benefit from the Trust's services under the TRUSTnet brand. The Trust expects that around 8 percent of schools in receipt of its services will be drawn from outside London by the end of 2016.
11. The security of LGfL 3.0, individual schools' networks, and the associated safeguarding of pupils has remained the highest priority. Consequently, the Trust has consistently invested in technologies such as web filtering, mail protection and anti-virus services to keep schools and children safe online. Throughout this period, investment in new technology has afforded the opportunity to review and substantially reinforce the security policies, systems and practices implemented within the network and within schools.
12. One of the cornerstones of the Trust's network is the use of robust identity-management and user-authentication. The Trust, in partnership with Atomwide, continues to invest in technology to ensure that only authorised users can access the network and resources through the Universal Sign On (USO) authentication system.
13. In schools and society generally, the year has been marked by increasing concern in respect to the grooming of children by radical and extremist groups – notably through online contact. New duties and responsibilities have emerged for schools, including the statutory guidance for schools from the Department for Education 'Keeping Children Safe in Education'. As an extension to its existing work in online safety and the safeguarding of children, the Trust works proactively with partners to develop resources for teachers which apprise them of the techniques used by extremists and effective measures to counteract them.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

KEY ACHIEVEMENTS IN 2015-2016

Delivering LGfL 3.0

14. In pursuit of its aim to secure best value for schools, the Trust secured an in-life improvement in the terms of its contract with VMB and has proceeded to offer schools contract variations providing higher bandwidth and lower charges, predicated on extending the term of their agreement. This change marks a key transition point, with the Trust and VMB moving on to the next generation of the Trust's strategic network: LGfL 3.0 (previously LGfL 2.0). This has been welcomed and taken up by the great majority of schools, while a minority have been content to retain existing terms in preference to making a longer term commitment, and a small number have elected to migrate to alternative providers.
15. In total, the offers launched in October 2015 represent savings to schools of £13.5 million over five years and an increase of 115 GBPS (gigabits per second) in bandwidth provided. Overall, capacity has doubled on LGfL 3.0 compared to LGfL 2.0 and the minimum connection speed has increased fourfold from 10 MBPS (megabits per second) to 40 MBPS. In addition, each school's circuit has been subject to rigorous testing, and connection equipment has been upgraded or renewed, thereby futureproofing schools and providing the digital platform for schools, pupils and teachers to harness the next generation of media-rich applications.

Providing Resilience

16. Schools are now heavily reliant on their Internet services to deliver lessons and support the efficient administration of the school. To minimise disruption in the classroom, the Trust has invested in an infrastructure for schools that is highly resilient, maximising availability and taking steps to reduce the risk of outages from cyberthreats such as viruses. This includes investment in resilient connections and the capacity to failover services from one of the Trusts datacentres to another. Investment to support this activity has included servers, storage, software licences, additional IP transit (internet) connections and other licences, including anti-virus protection for school staff and students in school and at home.

Keeping Schools and Children Safe & Tackling Extremism

17. The Trust takes its safeguarding role very seriously, and has developed the online-safety portal at os.lgfl.net as an open-access repository of the latest and best advice, guidance and resources drawn from leading online-safety organisations across the globe.
18. At the 2016 BETT Awards, the Trust was a runner-up for its resource "Counter-Extremism: narratives and conversations" (counterextremism.lgfl.net).
19. Other key resources that underline the Trust's commitment to online safety and extremism include the forthcoming "Cyber Security". This is a unique resource written by an expert educator in the field. Exploring the complex world of the Dark Web, Cyber Psychology and Social Engineering, the topics are covered with engaging stimulus material and related assessments that will link in with the new Assessment Maker system.
20. Significant investment in new technology has also afforded the opportunity to review and substantially reinforce the security policies, systems and practices implemented within the network and within schools. Over the course of this year, major investments have included the enhancement of existing web-filtering systems to help us ensure that children are protected from accessing inappropriate content. This includes a commitment to a procurement process for a 'proactive technical monitoring solution' that can facilitate end-to-end safeguarding provision in the schools which have deemed this to be appropriate in the light of their risk assessment under the new statutory guidance.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

OBJECTIVE TWO - PROVIDING HIGH QUALITY, ENGAGING CONTENT

21. The Trust has continued to invest in the development of its premium educational-content provision for schools through the work of its full-time Content Manager supported by the Content Team and Editorial Board. The Trust prides itself on providing learning resources across the whole National Curriculum and works extensively with a range of Small to Medium Sized Enterprises (SMEs) to deliver cutting-edge and award-winning products.
22. A key focus of the Trust's Editorial Board is to ensure that resources are engaging and keep pace with changes in the National Curriculum so they remain fresh and current for schools.
23. To supplement and support the take-up of our content, the Trust provides a number of digital resources that make it simple to search and find relevant content online. These are supplemented by our annual conferences and upcoming training hub to showcase best-practice and enable teachers to learn from leading thinkers.

KEY ACHIEVEMENTS IN 2015-2016

Annual Teaching Conference

24. The Trust held a major conference in April 2015, attended by over 700 delegates from schools. The event provided a rich programme of keynote speakers and seminars, with themes ranging from pedagogical to technical. Thanks to sponsorship from commercial partners, the event was provided free of cost to schools.
25. Alongside the Annual conference, the Trust funded additional events for teachers throughout the year to encourage the adoption of content. Colin Hegarty, one of the world's leading maths teachers, was a keynote speaker at one such event focusing on support for secondary schools <https://www.lgfl.net/news/2016/18-01-16>. The Trust has now begun to develop the new LGfL Training Hub, which provides high-quality CPD to teachers from all our subscribing schools at no additional cost.

The London Managed Learning Environment

26. As reported last year, the Trust's contract with Pearson for the London Managed Learning Environment was extended to December 2015: the limit of the allowable term under EU procurement law. In readiness for the end of the Trust's contract term, arrangements were made within each school's Service User Service Agreement to enable schools to continue to benefit by means of contract novation directly to the Trust's supplier.

Award-Winning Curriculum and Educational Content

27. While investments continue to be made in licencing new and exceptional commercially available content, the main focus has again been on the creation of new, unique and innovative content, particularly drawing on a range of partnerships with institutions including, but not limited to:
 - the British Museum (vikingsinfo.lgfl.net)
 - HM Coast Guard (sarinfo.lgfl.net), and
 - Scott Polar Research Institute. (polarinfo.lgfl.net)
28. These partnerships have continued to produce new media-rich resources, available to schools not only in London, but often also nationally through collaboration with other regional grids via the National Education Network (NEN).

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

29. The content work of the Trust was recognised at BETT 2016 with the Trust winning an award for its "Maya – a journey through the Maya World" resource (mayainfo.lgfl.net) which featured cutting-edge augmented-reality technology and the subject expertise of Dr Diane Davies, a leading Mayan archaeologist.
30. Other innovative resources include "Archaeology: Learn | Practice | Excavate!" (ldiginfo.lgfl.net). This resource uses augmented reality to develop an understanding of the role of archaeology and challenges learners to use their new skills to solve a historical mystery. It even features the recreation of an archaeological 'dig' in the grounds of a London school, showing through extensive video material how to set up a dig in any school to develop real-world experience of exploring the past through archaeology.
31. The Trust worked in partnership with Rising Stars to enhance the existing BETT Award shortlisted "Switched On Science" resource, which provides full coverage of the Science curriculum for all Trust primary schools.
32. To support Maths teachers, the Trust developed "Cornerstone Maths" in partnership with Stanford Research Institute and the London Knowledge Lab at the University College London Institute of Education. This product is now exclusively hosted for UK schools by LGfL and is part of the LGfL / TRUSTnet service. The Trust has invested in the development of an additional fourth module to further enhance the resource's curriculum coverage.
33. In the light of the new grammar requirements of the revised literacy curriculum, the Trust also invested in "Grammar Explained". Launching in autumn 2016 and from the same author as the popular "Maths at Home" resource, this resource provides 75 new videos in an easily accessible format for use by schools.
34. Assessment remains a key activity and challenge for teachers. In response, the Trust actively supported the development of Assessment Maker. Produced by acclaimed developer Max Wainwright, this new assessment system offers both the ability for teachers to create their own self-marking assessment, but also for the Trust to create ready-made assessments that teachers can download and use with their class. We anticipate this being available during the Autumn term 2016.

Supporting Children with Special Educational Needs & Disabilities

35. A new development for the Trust is its increased focus on and investment in support for children with Special Educational Needs & Disabilities (SEND). This included a commission for "Employability Skills", which will be launched by Christmas 2016 to support both learners with SEND and mainstream students in learning about the expectations, skills and demands of the modern workplace. It includes role play, audio and structured offline activities and will be of value to all secondary school students, as they prepare to make their career choices.
36. To help learners with a range of SEND and EAL (English as an additional language) challenges, access to the topics studied in and out of school, the Trust has invested in access to the entire 14,000 image database of symbols provided by Widgit. The development also includes the 'Point' system which will be applied to all future LGfL resource developments – allowing automatic symbol recognition and translation for SEND and EAL learners when reading new LGfL learning resources (and on lgfl.net). There are also over 1,000 learning resource worksheets supplied with integrated Widgit symbols that are mapped directly to different parts of the National Curriculum.
37. Featuring animated versions of classic fairy tales and two Shakespearean plays, "Early Shakespeare" and "Fairy Tales" offer SEND students an accessible route into well-known stories, with sophisticated options to engage learners within a range of SEND contexts.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

OBJECTIVE THREE - EFFICIENT DELIVERY OF EDUCATION

38. The Trust works in partnership with Local Authorities and London Councils to co-ordinate admissions across London. This is a significant and critical task, involving over 220,000 annual applications for school places across the capital.
39. Underpinning this process is a central IT register provided by the Trust which processes parental applications for secondary school places. Using the centralised system placement results are available earlier in the admissions round than previously was the case with manual systems run by individual councils. The utility of this system has been increased by the development of ParentComms, which is a mobile application that parents can download to receive messages and alerts regarding the status of their application.
40. As part of its support for the admissions process, the Trust has also developed an IT system for the schools it serves which enables parents to check their child's eligibility for Free School Meals, and therefore Pupil Premium allocation for their school. This is particularly important, as the Pupil Premium could be worth around £1,000 per pupil for the school, which can then be claimed by the school.

KEY ACHIEVEMENTS IN 2015-2016

41. This was the twelfth year of operation of the Pan-London register for school admissions, which has been successfully handling over 200,000 applications for school places.
42. Due to the successful operation of the eAdmissions system, it has now been extended to cover admissions to nursery schools, junior schools and 14-19 establishments, serving Surrey and the entire Greater London region.
43. This Pupil Premium system continues to be a key resource for London with over £2M of potential claimants identified to date.

OBJECTIVE FOUR – FUND RAISING THROUGH LONDON GRID LIMITED

44. London Grid Limited (LGL), a wholly owned trading company of the Trust, provides access to TRUSTnet services for local government and a range of other public bodies. Surpluses from LGL are gift-aided to the Trust to enable the furtherance of its Objects.
45. A core part of LGL's activities relate to 'The London Public Services Network' (LPSN). LPSN is a separate logical network which employs the same physical infrastructure as schools, generating savings for the public purse. The Trust, through its contracts and purchasing power, is able to secure better value for money than Councils and other local bodies operating individually.
46. The LPSN infrastructure also facilitates the integration of local and central government services through secure gateways which enable the digital delivery of services, ranging from benefit claims to blue-badge applications.
47. Joining up different networks also fulfils the requirements of the Children's Act for public bodies to share appropriate information. This is particularly significant given the focus on the further integration of health and social care at national and regional level.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

KEY ACHIEVEMENTS IN 2015-2016

48. The provision of the LPSN network requires a high degree of security and the Trust has ensured that a gateway and agreed codes of connection are in place to provide connectivity to the 'Government Connect' gateway for central government services as well as the 'Health Service Network'.
49. One of the key barriers to delivering secure and trusted online services is the absence of secure authentication and identity management services. To address this, LGL successfully procured a common platform for identity management that is now available for use by Councils in London.
50. LGL also extended the range of its customers to include Kingston and Sutton, which has generated savings and service improvements.

FUTURE PLANS

51. The Trust has appointed a new Chief Executive Officer, John Jackson, following the retirement of Brian Durrant. This has provided the Trustees with an opportunity for the Trust to reflect on its priorities for 2016/17 which are to:
 - Enable continued innovation in the services the Trust provides to schools, including a new centre of excellence for online safety and developing an expanded training programme to help teachers make the best use of the learning resources the Trust has to offer;
 - Expand the number of schools and other public bodies benefiting from TRUSTnet services nationally;
 - Retain existing schools by investing to enhance the services the Trust provides, particularly in respect of educational content and online safety, and packaging them in such a way to offer the schools more choice and improved Value for Money;
 - Diversify the Trust's income streams by increasing the trading activities of London Grid Limited, including the further development of shared platforms for London; and
 - Underpin the Trust's ambitions for growth and innovation through the implementation of an internal transformation programme ("Fit for the Future") which includes modernising the Trust's ways of working, investing in modern digital platforms to ensure the efficient conduct of operations, and reviewing its contractual and commercial arrangements to ensure they offer value for money.

CHALLENGES

52. Whilst the Trust continues to innovate and advance education across London and beyond, it recognises that challenges lie ahead that require a measured and thoughtful response in both the short and the long term.

Responding Flexibly to Change

53. There are far-reaching and structural changes underway in the UK education system, including academisation and changes to the National Curriculum. Schools face significant financial challenges, with reductions in budgets coupled with increasing burdens arising from new duties. New competitive dynamics are emerging in the market with the emergence of alternative technology solutions. The impact of these changes is being felt differently in Primary and Secondary schools. Schools are seeking to fundamentally reduce costs and achieve much more flexibility in the services they are offered.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

54. The Trust will be seeking to positively support and engage with these changes, by repackaging its services to deliver schools more choice and freedom. However, whilst it is important that the Trust is sensitive to the needs of our customers and offers services that meet their requirements, our intention is that the Trust will stay true to its core values. As a result, we will continue to invest in online safety and safeguarding to ensure that teachers and pupils have a reliable and high-speed connection – one that enhances the learning experience rather than detracting from it.

Ensuring Value for Money

55. Following negative press from the BBC, the new CEO will be engaging with the Trust's education community, including schools, to ensure that the products and services offered deliver choice and freedom. A review of the contractual and commercial arrangements with the Trust's key suppliers will take place to ensure they offer value for money.

Robust Project Delivery

56. The Trust manages an increasingly complex and diverse portfolio of technologies and services. Whilst the majority of projects have delivered their anticipated benefits, there have been delays to a minority of its technology projects, including the network upgrade programme and the implementation of enhanced security – primarily due to logistical difficulties and complex technology challenges. These have not, however, resulted in material financial or service difficulties for schools and corrective actions have been taken to accelerate progress.

Embedding Content and Services in Schools

57. The Trust has identified that there are different levels of adoption and use of its premium digital content, as well as services which need to be researched and better understood through engagement with schools. This engagement will inform follow-up actions and key strategic choices for the Trust, including future investment priorities and service packaging.

Securing Best Value from Procurement

58. The Trust has traditionally undertaken procurement activity through its technology partners, maintaining a lean client team to oversee its contracting arrangements. As the Trust develops its plans for future investment activity, along with wider opportunities to generate new income through aggregated procurement, the Trust recognises there are opportunities to secure efficiencies and value for money through a new procurement centre of excellence which will lead this work.

Fit for the Future – Modernising the Trust

59. The Trust is experiencing growth in the number of schools it serves and the number of public bodies consuming its services. Whilst this brings continuing stability to the Trust, growth also brings additional risk, including increased levels of financial exposure and new demands and requirements, particularly in relation to customer and service management. The Trust will address these emerging demands through new appointments and the modernisation of its activities through the "Fit for the Future" programme.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

RISK MANAGEMENT

60. The management and mitigation of risk is a priority for the Trust. The Trust maintains a Risk Register; any matters which represent a material risk are brought to the attention of the Trustees for consideration. As part of its "Fit for the Future" transformation programme, the Trust will invest in specialist independent advice and support to address the areas deemed to be of highest risk.
61. The Trust has traditionally maintained a small staff in relation to its annual financial turnover. However, the Trust recognises that growth and new demands will require targeted and prudent growth in staffing levels. The Trust will seek to achieve a sustainable increase in capacity through a flexible resourcing model that envisages a modest increase in permanent staff, supplemented by contracted resources to meet specialist areas of need or peaks in demand.
62. The Trust recognises the need to update its digital platforms and business processes to meet future needs. Investments are planned over a number of years to improve the LGfL website (lgfl.net), to digitise operations, and to provide enhanced customer insight.
63. With the bulk of service provision administered through contracts with substantial supply partners, there remains the risk that one of these could fail. In mitigation, the Trust undertakes regular review meetings and financial checks through Dunn & Bradstreet and similar agencies. As reported previously, the Trust will also seek expert procurement support to diversify its supply chain and potentially in-source some activities to further reduce exposure.
64. The Trust, as a major provider of technology services, recognises the need to proactively mitigate cyberthreats. As stated previously, the Trust has invested prudently and effectively in technologies such as firewalls and alerting systems to mitigate the risk of such breaches. In recognition of the increased threat to information and systems, the Trust undertook independent testing of its network security; this cyclical assurance will continue going forward.
65. The Trust recognises it is only as strong as its main partner contractors and that it needs to be cognisant of the pressures and changes they face, as well as of the quality of partner relationships that currently exist. Going forward and in light of the challenges facing schools and emerging wider competitive pressures, the challenge will be to maintain these relationships and retain proper balance.
66. Finally, the Trust recognises that there are disruptive and fast-moving changes in the way technology and associated services are being consumed by schools, such as the significant growth in new platforms, including cloud based services. Work is already underway to ensure that the Trust can support these changes and deliver the interoperability and flexibility that schools now expect. In doing so, there will be ongoing challenges and a constant balancing act for the Trust and its delivery partners to manage between providing a secure network and the need for more flexibility.

LONDON GRID FOR LEARNING TRUST**(A company limited by guarantee)**

**DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

FINANCIAL REVIEW

67. The results for the year and the Trust's financial position at the end of the year are shown in the attached financial statements.

THE YEAR IN SUMMARY

	2014/15 £M	2015/16 £M
Surplus	£0.174	£0.468
Unrestricted Funds	£2.635	£3.187
Turnover	£26.451	£25.612
Expenditure	£26.039	£25,841
Fixed Asset	£4.098	£11.030
Current Asset	£18.826	£5.268
Creditors	£19.570	£12.982

68. The major part of the Trust's income is derived directly from schools for the provision of broadband connectivity, related services (Internet filtering, e-mail hosting, e-mail filtering, anti-virus protection, web hosting, secure remote access, etc.) and online educational resources. The Trust also receives income from its trading subsidiary, London Grid Limited, as well as London Councils for the co-ordination of admissions across London.
69. The Trust is pleased to report that overall income, taking into account the exceptional provision made for the London MLE, remains consistent with previous years, with around 97% of schools continuing to contract with the Trust for the provision of internet and related services. Whilst a small number of schools have opted to change providers, this has been more than compensated for through the growth of its network nationally (TRUSTnet).
70. The reduction in the turnover of the Trust is due to the novation of the London MLE contract to schools, which was required due to the expiration of the current contract. A marginal fall also occurred in LGL income due to exceptional payments for the identity-management solution the Trust has purchased. Significant changes have occurred in our fixed assets as a result of the upgrade of the network. The Trust has now taken ownership of network equipment used in schools to connect to the internet.
71. The Trust experienced a significant increase in its underlying operational costs, partly due to the development of additional services provided at no additional charge, and partly due to maintaining capacity against increasing use and hence load on core systems.
72. In conjunction with and with the full support of the Trust's external auditors, a new asset depreciation policy was agreed and implemented in 2015/16.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

GOING CONCERN

73. The Trust's policy has been to maintain a level of free reserves consistent with its responsibilities and liabilities as an employer and its anticipated costs in regard to maintaining continuity of service, keeping its infrastructure up to date and ensure that it can provide support to education in the capital in the event of a material change in government funding policy in respect to schools' broadband. This change, for example, occurred following the 2010 General Election and reserves have been used during the year to support a transition from grant funding, from the old network to a new infrastructure and new service matrix and contractual model offered directly to schools.
74. The Trust currently has net current liabilities of £7.5 million after taking into account cash reserves of £2.2 million, after an investment of nearly £11m in fixed assets, including the new network. This compares with the position at the end of March 2015 of net current liabilities of only £389,000. The planned use and hence depletion of reserves was necessary to fund the significant network upgrade during 2015 and 2016 and was provided for within the Trust's five-year financial plan.
75. In order to fund the scale of investment required in infrastructure and services, the Trust used its free reserves and agreed revised payment terms with VMB. Together with the funds received for the ongoing supply of services, these sources provide sufficient resources to enable the Trust to manage its liabilities and pay for the network upgrade. The Trust also has detailed plans to replenish its reserves over the next five years. This will be enabled through rigorous management of cash flow and planned reductions in the cost base through (amongst other activities) new procurement processes and a robust phasing and reprioritisation of planned investments. In light of this activity, the Trust expects to generate savings that will be used to eliminate its net liabilities.
76. Given the above, the Trust's financial planning takes into consideration the current economic climate, and we, the Trustees, believe that the Trust has adequate resources to meet all liabilities as they fall due, and to continue in operational existence for the foreseeable future. Therefore we have prepared the accounts and financial statements on the basis that the charity is a going concern.

PENSION LIABILITY

77. The pension liability, as calculated under the FRS17 convention, has reduced in year from £608,000 to £102,000. FRS17 is an international convention which is used to calculate pension fund liability in a standard way. This deficit is long term and the Trust expects to clear the deficit prior to it falling due; the charity is making all contributions as required by the actuary.

FINANCIAL PRESSURES

78. Austerity measures are continuing in the public sector, and all providers face significant pressures to deliver price reductions and changes to service provision. The Trust is committed to achieving savings to help prevent cuts in front-line teaching staff by passing savings onto schools directly through price reductions or priority service improvements, such as the upgrade to LGfL 3.0.
79. The changing landscape of education is bringing new challenges in terms of procurement and contracting practices amongst schools. The Trust is finding that significant numbers of schools are proactively market testing all services. Whilst this is important to secure best value, responding to the volume and complexity of individual tender documents and contracts is costly and time-consuming. In mitigation, the Trust will source additional capacity and expertise to support these activities.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

**DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

80. The Trust has maintained overwhelming coverage in London. However, there remains a small but important group of schools who have yet to make their intentions clear in respect of future service provision. It will be a priority for the Trust to review its commercial and marketing strategy for these schools over the course of 2016/17 to encourage a continuation in service provision to them. In mitigation of customer attrition, the Trust has also made prudent changes to its reserves policy as set out above.
81. There will be a phased reduction in funding for JANET internet services by the DfE. The shortfall in funding will pass to JANET's customers and this will present a potentially significant additional burden to the Trust unless alternative and cheaper provision can be found. Alternative options are currently being explored.
82. There are risks to LGL's overall turnover and income generation in respect of PSN services where services are under review nationally. At this stage, it is unclear when a decision will be made, and how this will affect the Trust. However, the Trust is actively engaged with central government to mitigate and manage any policy changes that may result, and is developing new products and services to supersede LPSN.
83. In the future, the Trust will need to continue planned investments in Infrastructure to keep pace in a rapidly developing market. Given the ongoing pressures in respect of austerity and supplier competition, the Trust recognises the need to plan ahead strategically and to make informed choices concerning the prioritisation of investments against competing demands. The Investment Strategy will be refreshed during 2016-2017 and revisions made to processes for project and programme management to support a new approach.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

84. The London Grid organisation consists of the following legal entities:-

Name	Status
London Grid for Learning Trust	Private, limited by guarantee, no share capital, section 30 of the Companies Act – Companies House no. 4205579. Members are London's 33 Local Councils Charity Number 1090412
London Grid Limited	Private Limited Company– Companies House no. 05122783. Wholly owned by London Grid for Learning Trust.

APPOINTMENT OF TRUSTEES

85. All 33 London Local Authorities are members of the London Grid for Learning Trust Company and are responsible for appointing the Executive Board.
86. Trustees are nominated by the Council. Each Member that is a Council may nominate a person as a Director, who shall be appointed as a Nominated Director by a resolution of the Directors.
87. The Nominated Directors appoint one or more persons as Directors. Directors are chosen by reference to their relevant qualifications, skills, experience, knowledge, professional, commercial or community standing and, where possible, their contribution to making the board of Directors appropriately diverse.
88. No Directors are appointed unless their candidacy has been notified to the Members in sufficient detail and in sufficient time to enable any Member so minded to comment on the proposed appointment in writing to the Trust prior to the appointment being made.
89. The company has held Annual General Meetings annually since its inception, to appoint Directors and Auditors and receive and approve Directors' Report and Accounts.
90. In light of the expected growth and diversification of activity, the Board will be looking to review governance, particularly given the growth of London Grid.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

TRUSTEE INDUCTION

91. The Trustees recognise that poor corporate governance and decision making have been the main cause of failure in other charities, and that Trustees have not been effective in these incidences. According to research, much of this ineffectiveness is due to inadequate induction and support offered to Trustees.
92. The Trust recognises that a new Trustee will make a much more substantial contribution if their induction is handled effectively and they have the information and skills needed to undertake their duties effectively.
93. The Trust recognises that it is vital that new Trustees have all the necessary information to make an effective contribution to the Trust's affairs. An induction programme for the Trust includes:
- Ensuring that new Trustees are fully conversant with the Articles and Activities of the Trust;
 - Providing a comprehensive overview of governance processes and how decisions are made;
 - Organising focused briefings to ensure that new Trustees are familiar with the strategy, operational plans and risks that the Trust currently faces;
 - Provision of additional relevant material, including Board papers and the statement of accounts;
 - That Trustees are aware of their legal obligations under Charities Law, including areas such as Public Benefit and Responsibilities of Charity Trustees (CC3).
94. The Trust will be reviewing and updating its induction policies as part of its "Fit for the Future" programme, and a Skills Audit will be undertaken in 2016/17.

ORGANISATION

95. The Trust's Executive Board of eight members meets quarterly to advise, review and direct strategy and investment plans, and to provide oversight of the Trust's performance. An Audit Committee meets to review the accounting and financial management practices of the Trust. The Audit Committee is responsible for reviewing the report from the External Auditors and for providing assurance to the Board.
96. The Trust is also accountable to its members through the active engagement of key stakeholders in the form of Local Authority Officers and school representatives who meet regularly at the London Grid Sector Group. This work is augmented through the time and effort given by representative staff who sit on the Trust's Advisory Boards: the Editorial Board, Safeguarding Board and Technical Steering Group.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

97. The day-to-day operation of the company is the responsibility of the Chief Executive, who is accountable to the Board, and the Members. The Chief Executive manages the two teams supporting the London Grid for Learning Trust. The two teams have a total staffing establishment of 24 full-time equivalent. To facilitate effective operations, the Chief Executive has delegated authority for all matters including finance, employment, technology services and commercial activity.
98. In March 2016, the founding CEO and company secretary, Brian Durrant retired. The Trust is pleased to have secured John Jackson, formerly Chief Information Officer, Camden Council, a knowledgeable and nationally recognised thought leader on digital transformation, to lead the work of the Trust in the years ahead. The Trust will also benefit from the new CEO's experience in successfully managing large-scale delivery of complex technology services and business-transformation programmes.

REMUNERATION

99. The Board of Trustees is responsible for CEO remuneration and the employee salary-management and benefits framework. These are periodically reviewed by the Human Resources subcommittee, and are recommended to the Board of Trustees for approval.
100. The remuneration of staff is the responsibility of the CEO. All staff are appointed under local-government terms and conditions. Pay grades for Trustee Officers are comparable with public-sector employees undertaking similar roles.
101. Remuneration will be reviewed during the course of 2016/17 as part of a wider review of corporate governance.

PUBLIC BENEFIT GUIDANCE

102. The Trustees have due regard to the Charity Commission's public benefit guidance. All Trustees have recently received a copy of the guidance and are aware of it. Over the course of 2015-16, there were no decisions taken in relation to the charity's purposes to which the guidance is relevant, and therefore the Trustees have not departed from this guidance. Refresher training will be provided to Trustees on changes to the legal and reporting framework for charities during the course of 2016-17.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued) FOR THE YEAR ENDED 31 MARCH 2016

CORPORATE GOVERNANCE

103. Given the impact of the cumulative changes set out in this report, the Trust will be undertaking a review of its corporate governance with the support of specialist advisers. This will ensure it is positioned appropriately to meet future challenges and deliver continued benefit to schools and children in London.
104. One of the key changes in governance will be the additional investment in external assurance activity and support. From 2016-2017, the Trust will be appointing Internal Auditors to support the Trust in identifying and focussing on areas of risk and priority. This is likely to be further enhanced through a partnership to support procurement work. This assurance will provide important additional challenge and independent oversight to the Trustees.

RELATED PARTIES

105. The Trust has a trading subsidiary, London Grid Limited. LGfL Trust is the sole shareholder in London Grid Limited (LGL). LGL provides access to Trustnet services for the wider public sector, particularly Councils. The LGL Board meets quarterly with the CEO, LGL Officers and a representative of London CIOs on the board. An intercompany memorandum ensures that the appropriate contracting arrangements are in place between the LGfL and LGL. LGL gift aided £49,011 to LGfL over the course of 2015- 2016.

REFERENCE AND ADMINISTRATIVE DETAILS

Name of the Charity: London Grid for Learning Trust

Charity Registration Number: **1090412**

London Grid for Learning, CI Tower, St George's Square, New Malden, KT3 4TE

Company Chairman

Paul Robinson

Directors and Trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

Yvette Stanley – Elected Representative

Gillian Palmer – retired (11/03/16)

Gary Jelks – Elected Representative

Gary Hipple – Elected Representative

Nick Robinson – Elected Representative

Helen Warner – Elected Representative

Sean Green – London CIO Nominee (elected July 2016)

Company Secretary: John Jackson

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

**DIRECTORS' REPORT (INCORPORATING THE STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2016**

Key Management Personnel

John Jackson – Chief Executive Officer
Bob Usher – Content Manager
Ian Lehmann – Chief Operations Officer
Shamaila Ahmedi – Finance Manager
Leeanne O'Connor – Customer Manager
John Bagley – LGL

Other Relevant Organisations

Ashfords LLP – advice and support for commercial and legal matters relating to the Trust.
Ashfords LLP, 1 New Fetter Lane London EC4A 1AN

Harrow Shared Procurement Services – support for commercial and procurement activity of the Trust.

Harrow Shared Procurement Services, Harrow Council Civic Centre Station Road Harrow HA1 2XF

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS /
RESTRICTED AND DESIGNATED FUNDS**

LGfL holds 3 funds: -

- RBC (NEN) Budget is held on behalf of the Regional Broadband Consortia and there was £26731.34 left in the fund as of the 31/03/16
- LA Fund Holdings is held on behalf of Local Authorities and there was: £195369.93 left in fund as of the 31/03/2016
- Pan London Admissions has earmarked Investment funds of £173686.02 as of the 31/03/2016.

STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the report, information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

The Trustees' Report (incorporating the Strategic Report) was approved by the Board of Trustees on 28th September 2016 and signed on its behalf by P Robinson (Chair).

On behalf of the Board



P Robinson (Chair)

Dated 28th September 2016

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON GRID FOR LEARNING TRUST

We have audited the financial statements of London Grid for Learning Trust for the year ended 31 March 2016 set out on pages 23 to 45. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement, the Directors (who are also the trustees of the charitable company for the purposes of charity 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's 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.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON GRID FOR LEARNING TRUST

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Menzies LLP

P Earle (Senior statutory auditor)
for and on behalf of
Menzies LLP
Chartered Accountants

Ashcombe House
5 The Crescent
Leatherhead
Surrey
KT22 8DY

Date: 11 October 2016

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

		Unrestricted funds	Restricted funds	Total funds	Total funds
	Note	2016 £	2016 £	2016 £	2015 £
INCOME FROM:					
Other trading activities		2,496,242	-	2,496,242	2,419,739
Investments	3	23,598	-	23,598	94,942
Charitable activities	2	23,053,403	62,207	23,115,610	24,031,156
TOTAL INCOME		<u>25,573,243</u>	<u>62,207</u>	<u>25,635,450</u>	<u>26,545,837</u>
EXPENDITURE ON:					
Raising funds		2,412,230	-	2,412,230	1,713,050
Charitable activities	5	23,282,925	146,281	23,429,206	24,326,125
TOTAL EXPENDITURE	6	<u>25,695,155</u>	<u>146,281</u>	<u>25,841,436</u>	<u>26,039,175</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES		(121,912)	(84,074)	(205,986)	506,662
Actuarial losses on defined benefit pension schemes	23	674,000	-	674,000	(333,000)
NET MOVEMENT IN FUNDS		552,088	(84,074)	468,014	173,662
RECONCILIATION OF FUNDS:					
Total funds brought forward		<u>2,635,288</u>	<u>110,466</u>	<u>2,745,754</u>	<u>2,572,092</u>
TOTAL FUNDS CARRIED FORWARD		<u>3,187,376</u>	<u>26,392</u>	<u>3,213,768</u>	<u>2,745,754</u>

All activities relate to continuing operations.

The notes on pages 26 to 45 form part of these financial statements.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)
REGISTERED NUMBER: 04205579

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Intangible assets	12		744,646		326,254
Tangible assets	13		<u>10,285,175</u>		<u>3,772,134</u>
			11,029,821		4,098,388
CURRENT ASSETS					
Debtors	15	2,998,111		11,799,634	
Investments	16	-		4,027,712	
Cash at bank and in hand		<u>2,270,235</u>		<u>2,998,404</u>	
		5,268,346		18,825,750	
CREDITORS: amounts falling due within one year	17	<u>(12,832,391)</u>		<u>(19,214,907)</u>	
NET CURRENT LIABILITIES			<u>(7,564,045)</u>		<u>(389,157)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,465,776		3,709,231
CREDITORS: amounts falling due after more than one year	18		<u>(150,008)</u>		<u>(355,477)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			3,315,768		3,353,754
Defined benefit pension scheme liability	23		<u>(102,000)</u>		<u>(608,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>3,213,768</u>		<u>2,745,754</u>
CHARITY FUNDS					
Restricted funds	19		26,392		110,466
Unrestricted funds:					
Unrestricted funds excluding pension liability		3,289,376		3,243,288	
Pension reserve		<u>(102,000)</u>		<u>(608,000)</u>	
Total unrestricted funds			<u>3,187,376</u>		<u>2,635,288</u>
TOTAL FUNDS			<u>3,213,768</u>		<u>2,745,754</u>

The financial statements were approved by the Directors on 28th September 2016 and signed on their behalf, by:

The notes on pages 26 to 45 form part of these financial statements.

LONDON GRID FOR LEARNING TRUST

**(A company limited by guarantee)
REGISTERED NUMBER: 04205579**

**COMPANY BALANCE SHEET
AS AT 31 MARCH 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Intangible assets	12		744,646		326,254
Tangible assets	13		10,285,175		3,772,134
Investments	14		<u>1</u>		<u>1</u>
			11,029,822		4,098,389
CURRENT ASSETS					
Debtors	15	2,609,704		11,969,338	
Investments	16	-		4,027,712	
Cash at bank		<u>2,050,605</u>		<u>2,488,199</u>	
		4,660,309		18,485,249	
CREDITORS: amounts falling due within one year	17	<u>(12,224,355)</u>		<u>(18,874,407)</u>	
NET CURRENT LIABILITIES			<u>(7,564,046)</u>		<u>(389,158)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,465,776		3,709,231
CREDITORS: amounts falling due after more than one year	18		<u>(150,008)</u>		<u>(355,477)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			3,315,768		3,353,754
Defined benefit pension scheme liability	23		<u>(102,000)</u>		<u>(608,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>3,213,768</u>		<u>2,745,754</u>
CHARITY FUNDS					
Restricted funds	19		26,392		110,466
Unrestricted funds:					
Unrestricted funds excluding pension liability			3,289,376		3,243,288
Pension reserve		<u>(102,000)</u>		<u>(608,000)</u>	
Total unrestricted funds			<u>3,187,376</u>		<u>2,635,288</u>
TOTAL FUNDS			<u>3,213,768</u>		<u>2,745,754</u>

The financial statements were approved by the Directors on 28th September 2016 and signed on their behalf, by:

The notes on pages 26 to 45 form part of these financial statements.

LONDON GRID FOR LEARNING TRUST**(A company limited by guarantee)**

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>4,731,373</u>	<u>3,405,535</u>
Cash flows from Investing activities:			
Purchase of property, plant and equipment		(8,734,981)	(2,384,894)
Proceeds from sale of Investments		4,027,712	-
Purchase of investments		<u>-</u>	<u>(24,094)</u>
Net cash used in Investing activities		<u>(4,707,269)</u>	<u>(2,408,988)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(752,273)</u>	<u>(1,140,292)</u>
Net cash used in financing activities		<u>(752,273)</u>	<u>(1,140,292)</u>
Change in cash and cash equivalents in the year	22	<u>(728,169)</u>	<u>(143,745)</u>
Cash and cash equivalents brought forward		<u>2,998,404</u>	<u>3,142,149</u>
Cash and cash equivalents carried forward	22	<u>2,270,235</u>	<u>2,998,404</u>

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006

London Grid for Learning Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

1.3 Company status

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

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Income

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

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income received from Local Authorities and schools for subscriptions and contributions to core activities is recognised in the period to which it relates. Income in respect of future periods is deferred to that period. Income received from Local Authorities and schools in respect of Edge connections and services is in respect of the set up and provision of broadband services. Set up charges are recognised as incurred and annual charges are recognised in the period to which they relate. Annual charges in respect of future periods are deferred to that period. Income received in respect of Edge connections and services is expended on infrastructure.

Other project income is recognised as receivable. Commissions receivable are recognised as invoiced.

1.6 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.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure incurred in a particular activity has been allocated directly to the appropriate activity.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Installation fees for broadband lines are recognised as a liability at the date when each installation is completed. The cost is deferred and recognised on a straight line basis over the five year period of each individual contract.

Resources expended on charitable activities comprise expenditure incurred in delivery of the activities and services of the trust.

Resources expended on governance comprise those costs incurred in meeting constitutional and statutory requirements and costs of strategic management of the Trust.

Audit and accountancy costs have been allocated to governance costs, staff costs are allocated to the appropriate activity on the basis of time spent on that activity. Accommodation, office costs and other costs are allocated to projects on bases agreed within the contracts with the remainder being allocated to the main activities of the charity.

1.7 Basis of consolidation

The financial statements consolidate the accounts of London Grid for Learning Trust and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the company was £175,985 (2015 - £506662).

1.8 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.9 Tangible fixed assets and depreciation

All assets which are expected to have a useful life in excess of one year are capitalised.

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.

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:

Fixtures and fittings	-	20% straight line
Computer equipment	-	20-3.33% straight line

1.10 Investments

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

1.11 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.12 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of financial activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.13 Operating leases

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

1.14 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount repaid net of any trade discounts due.

1.15 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.

1.16 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 company 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

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.17 Deferred Income

Income received for activities that will be carried out in future periods is carried forwards as deferred income.

1.18 Financial Instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.19 Pensions

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2015.

2. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Main LGfL Income	19,490,294	-	19,490,294	19,477,784
Other LGfL Income	1,046,930	-	1,046,930	1,126,297
LGfL Managed Services Income	1,950,183	-	1,950,183	2,777,337
Funded Projects Income	565,996	62,207	628,203	649,738
	<u>23,053,403</u>	<u>62,207</u>	<u>23,115,610</u>	<u>24,031,156</u>

In 2015, of the total income from charitable activities, £23,966,756 was to unrestricted funds and £64,400 was to restricted funds.

3. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income - local cash	23,598	-	23,598	33,942
Net pension scheme finance costs/income	-	-	-	61,000
	<u>23,598</u>	<u>-</u>	<u>23,598</u>	<u>94,942</u>

In 2015, of the total investment income, £94,942 was to unrestricted funds and £NIL was to restricted funds.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

4. SUPPORT COSTS

	Basis of Allocation	Fundraising expenses £	Main LGfL Income £	Total 2016 £	Total 2015 £
Net pension scheme finance costs/income	Actual	-	22,000	22,000	-
Rent, Electricity and Rates	Actual	-	157,415	157,415	90,135
Other professional fees	Actual	-	175,241	175,241	205,076
Repairs and maintenance	Actual	-	6,141	6,141	11,114
Other office costs	Actual	29,663	54,177	83,840	62,843
Insurance	Actual	-	28,387	28,387	26,600
Wages and salaries	Actual	105,938	969,092	1,075,030	974,537
National insurance	Actual	10,054	94,027	104,081	86,019
Pension cost	Actual	15,891	274,097	289,988	239,773
Depreciation	Actual	-	1,035	1,035	-
		<u>161,546</u>	<u>1,781,612</u>	<u>1,943,158</u>	<u>1,696,097</u>

5. GOVERNANCE COSTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Governance Auditors' remuneration	24,100	-	24,100	31,000
Governance Auditors' non audit costs	12,500	-	12,500	25,349
Governance expense - wages and salaries	57,186	-	57,186	55,240
Governance expense - NI	2,663	-	2,663	2,253
Governance expense - pension costs	2,903	-	2,903	2,932
	<u>99,352</u>	<u>-</u>	<u>99,352</u>	<u>116,774</u>

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

6. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2016 £	Depreciation 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	131,883	-	2,280,347	2,412,230	1,713,050
Costs of generating funds	131,883	-	2,280,347	2,412,230	1,713,050
Main LGfL Income	1,337,216	3,609,278	14,729,471	19,675,965	19,883,315
Other LGfL Income	-	344,108	582,890	926,998	832,006
LGfL Managed Services Income	-	-	1,951,196	1,951,196	2,748,323
Funded Projects Income	-	-	775,695	775,695	745,707
Charitable activities	1,337,216	3,953,386	18,039,252	23,329,854	24,209,351
Expenditure on governance	62,752	-	36,600	99,352	116,774
	1,531,851	3,953,386	20,356,199	25,841,436	26,039,175

7. TURNOVER

The whole of the turnover is attributable to the provision of services.

All turnover arose within the United Kingdom.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Amortisation - intangible fixed assets	344,108	346,485
Depreciation of tangible fixed assets:		
- owned by the charitable group	2,805,420	1,034,215
- held under finance leases	1,147,966	1,147,966
Operating lease rentals:		
- land and buildings	52,623	52,623

Permission has been obtained from the Charity Commission in order to pay for the professional services of the Chairman (P Robinson). During the year £12,001 including expenses were paid for these services (2015: £3,419).

No emoluments or expenses were paid to any other director during the current or preceding year.

The Trust has indemnity insurance and insurance to indemnify the directors and employees of the trust costing £4,890 (2015 - £4,890) for the period.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

9. AUDITORS' REMUNERATION

	2016 £	2015 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	24,100	31,000
Fees payable to the company's auditor and its associates in respect of:		
All other non-audit services not included above	<u>12,500</u>	<u>25,349</u>

10. STAFF COSTS

Staff costs were as follows:	2016 £	2015 £
Wages and salaries	1,132,216	1,029,777
Social security costs	106,744	88,272
Other pension costs (Note 23)	292,891	242,705
	<u>1,531,851</u>	<u>1,360,754</u>

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

	2016 No.	2015 No.
Administrative staff	<u>22</u>	<u>21</u>

The number of higher paid employees was:

	2016 No.	2015 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	1
In the band £110,001 - £120,000	2	0
In the band £130,001 - £140,000	0	1

Remuneration and benefits received by key management personnel was £425,290 (2015 - £444,176).

11. OTHER FINANCE INCOME

	2016 £	2015 £
Expected return on pension scheme assets	161,000	258,000
Interest on pension scheme liabilities	(183,000)	(197,000)
	<u>(22,000)</u>	<u>61,000</u>

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

12. INTANGIBLE FIXED ASSETS

Group and Company	Content & Software £
Cost	
At 1 April 2015	3,097,995
Additions	762,500
Disposals	<u>(66,891)</u>
At 31 March 2016	<u>3,793,604</u>
Amortisation	
At 1 April 2015	2,771,741
Charge for the year	344,108
On disposals	<u>(66,891)</u>
At 31 March 2016	<u>3,048,958</u>
Carrying amount	
At 31 March 2016	<u>744,646</u>
At 31 March 2015	<u>326,254</u>

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

13. TANGIBLE FIXED ASSETS

Group and Company	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2015	25,573	9,195,169	9,220,742
Additions	1,561	10,120,761	10,122,322
Disposals	<u>(4,129)</u>	<u>(169,722)</u>	<u>(173,851)</u>
At 31 March 2016	<u>23,005</u>	<u>19,146,208</u>	<u>19,169,213</u>
Depreciation			
At 1 April 2015	22,683	5,425,925	5,448,608
Charge for the year	1,035	3,608,246	3,609,281
On disposals	<u>(4,129)</u>	<u>(169,722)</u>	<u>(173,851)</u>
At 31 March 2016	<u>19,589</u>	<u>8,864,449</u>	<u>8,884,038</u>
Net book value			
At 31 March 2016	<u>3,416</u>	<u>10,281,759</u>	<u>10,285,175</u>
At 31 March 2015	<u>2,890</u>	<u>3,769,244</u>	<u>3,772,134</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Group and Company		
Computer equipment	<u>506,443</u>	<u>1,654,409</u>

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

14. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
Market value	
At 1 April 2015 and 31 March 2016	<u>1</u>
Historical cost	<u>1</u>
Company investments at market value comprise:	
	2016 £
Group	<u>1</u>

All the fixed asset investments are held in the United Kingdom

The Trust holds one ordinary share being 100% of the issued share capital of London Grid Limited, a company with the principal activity of providing the group's surplus broadband capacity to the public sector. In the year ended 31 March 2016, the company generated turnover of £2,496,242 (2015 - £2,419,739) and generated a profit of £nil (2015 - £nil). The company had net assets of £1 (2015 - £1).

15. DEBTORS

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Due after more than one year				
Prepayments and accrued income	-	4,818,551	-	4,818,551
Due within one year				
Trade debtors	1,131,029	1,523,095	869,154	953,696
Amounts owed by group undertakings	-	-	43,011	885,431
Other debtors	920,149	575,034	750,605	428,701
Prepayments and accrued income	946,933	4,882,954	946,934	4,882,959
	<u>2,998,111</u>	<u>11,799,634</u>	<u>2,609,704</u>	<u>11,969,338</u>

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

16. CURRENT ASSET INVESTMENTS

	<u>Group</u>		<u>Company</u>	
	2016 £	2015 £	2016 £	2015 £
Unlisted investments (liquid)	<u>-</u>	<u>4,027,712</u>	<u>-</u>	<u>4,027,712</u>

17. CREDITORS:

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2016 £	2015 £	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	352,423	899,222	352,423	899,222
Trade creditors	5,157,659	4,648,532	5,050,260	4,566,563
Other creditors	21,779	21,779	21,779	21,779
Accruals and deferred income	7,300,530	13,645,374	6,799,893	13,386,843
	<u>12,832,391</u>	<u>19,214,907</u>	<u>12,224,355</u>	<u>18,874,407</u>

Included within creditors is deferred income relating to fees for services relating to future periods.

	<u>Group</u>		<u>Company</u>	
	£	£	£	£
Deferred income				
Deferred income at 1 April 2015	5,839,046	5,188,716	5,839,046	5,188,716
Resources deferred during the year	6,566,829	5,572,085	6,566,829	5,572,085
Amounts released from previous years	<u>(5,825,904)</u>	<u>(4,921,755)</u>	<u>(5,825,904)</u>	<u>(4,921,755)</u>
Deferred income at 31 March 2016	<u>6,579,971</u>	<u>5,839,046</u>	<u>6,579,971</u>	<u>5,839,046</u>

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

18. CREDITORS:

Amounts falling due after more than one year

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Net obligations under finance leases and hire purchase contracts	<u>150,008</u>	<u>355,477</u>	<u>150,008</u>	<u>355,477</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Between one and five years	<u>150,008</u>	<u>355,477</u>	<u>150,008</u>	<u>355,477</u>

19. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/(Losses) £	Carried Forward £
Designated funds						
Pan London Admissions	<u>122,317</u>	<u>565,996</u>	<u>(515,627)</u>	-	-	<u>172,686</u>
General funds						
General Funds - all funds	3,120,971	25,007,247	(25,179,528)	168,000	-	3,116,690
Pension reserve	(608,000)	-	-	(168,000)	674,000	(102,000)
	<u>2,512,971</u>	<u>25,007,247</u>	<u>(25,179,528)</u>	-	<u>674,000</u>	<u>3,014,690</u>
Total Unrestricted funds	<u>2,635,288</u>	<u>25,573,243</u>	<u>(25,695,155)</u>	-	<u>674,000</u>	<u>3,187,376</u>
Restricted funds						
RBC Joint Activities	<u>110,466</u>	<u>62,207</u>	<u>(146,281)</u>	-	-	<u>26,392</u>
Total of funds	<u>2,745,754</u>	<u>25,635,450</u>	<u>(25,841,436)</u>	-	<u>674,000</u>	<u>3,213,768</u>

The trustees have set aside surpluses generated from the Pan London Admissions activity for the enhancement of this service.

Monies provided for RBC Joint Activities are restricted to be used for this activity.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

19. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	122,317	565,996	(515,627)	-	-	172,686
General funds	2,512,971	25,007,247	(25,179,528)	-	674,000	3,014,690
	<u>2,635,288</u>	<u>25,573,243</u>	<u>(25,695,155)</u>	<u>-</u>	<u>674,000</u>	<u>3,187,376</u>
Restricted funds	110,466	62,207	(146,281)	-	-	26,392
	<u>2,745,754</u>	<u>25,635,450</u>	<u>(25,841,436)</u>	<u>-</u>	<u>674,000</u>	<u>3,213,768</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Intangible fixed assets	744,646	-	744,646	326,254
Tangible fixed assets	10,285,174	-	10,285,174	3,772,129
Debtors due after more than 1 year	-	-	-	4,818,551
Current assets	5,241,956	26,392	5,268,348	14,007,204
Creditors due within one year	(12,832,392)	-	(12,832,392)	(19,214,907)
Creditors due in more than one year	(150,008)	-	(150,008)	(355,477)
Provisions for liabilities and charges	(102,000)	-	(102,000)	(608,000)
	<u>3,187,376</u>	<u>26,392</u>	<u>3,213,768</u>	<u>2,745,754</u>

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(205,986)	506,662
Adjustment for:		
Amortisation of intangible assets	344,108	346,485
Depreciation of tangible assets	3,609,281	1,835,697
Current pension service cost	277,000	230,000
Defined benefit pension scheme contributions paid	(131,000)	(132,000)
Net interest/finance cost	22,000	(61,000)
Decrease in debtors	8,801,527	3,014,752
Decrease in creditors	(7,985,557)	(2,335,061)
Net cash provided by operating activities	4,731,373	3,405,535

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	2,270,235	2,998,404
Total	2,270,235	2,998,404

23. PENSION COMMITMENTS

The group operates a Defined benefit pension scheme.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate at 31 March	3.50%	3.20%
Expected return on scheme assets at 31 March	3.70%	- %
Future salary increases	4.20%	4.30%
Future pension increases	2.20%	2.40%
Mortality Current Pensioners	22.5 years	24.7 years

The trust is an admitted body to the Royal Borough of Kingston upon Thames pension fund, a multi-employer pension fund in which there are many participating employers. The disclosures relate to the funded liabilities within the Royal Borough of Kingston upon Thames Pension Fund (the 'fund') which is part of the local government pension scheme. London Grid for Learning ('LGFL') participates in the fund which provides defined benefits, based on members' final pensionable salary.

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

23. PENSION COMMITMENTS (continued)

In accordance with Financial Reporting Standard no.102 disclosure of certain information concerning assets, liabilities income and expenditure relating to pension schemes is required.

The Employer's regular contributions to the Fund for the accounting period to 31 March 2016 are estimated to be £131,000. In addition, Strain on Fund Contributions may be required.

The latest actuarial valuation of LGFL's liabilities took place as at 31 March 2015. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the fund for FRS17 purposes are detailed below.

LGFL employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2016.

The assets in the scheme and the expected rates of return were:

	Fair value at 31 March 2016 £	Fair value at 31 March 2015 £
Equities	458,350,440	520,942,720
Debt instruments	166,069,000	82,588,480
Property	33,213,800	25,411,840
Cash	6,642,760	6,352,960
Total market value of assets	<u>664,276,000</u>	<u>635,296,000</u>

The actual return on scheme assets was £22,000 (2015 - £544,000).

The amounts recognised in the Statement of financial activities are as follows:

	2016 £	2015 £
Current service cost	(277,000)	(230,000)
Interest on obligation	(183,000)	(197,000)
Expected return on scheme assets	161,000	258,000
Past service cost	(15,891)	(12,705)
Other item - user input	15,891	12,705
Total	<u>(299,000)</u>	<u>(169,000)</u>
Actual return on scheme assets	<u>161,000</u>	<u>184,000</u>

LONDON GRID FOR LEARNING TRUST**(A company limited by guarantee)**

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

23. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	5,378,000	4,576,000
Current service cost	277,000	230,000
Interest cost	93,000	87,000
Actuarial (Gains)/losses	(652,000)	803,000
Exchange differences on foreign schemes	(93,000)	(318,000)
Closing defined benefit obligation	<u>5,003,000</u>	<u>5,378,000</u>

Changes in the fair value of scheme assets were as follows:

	2016 £	2015 £
Opening fair value of scheme assets	4,880,000	4,338,000
Expected return on assets	161,000	258,000
Actuarial gains and (losses)	22,000	470,000
Contributions by employer	131,000	132,000
Assets acquired in a business combination	(93,000)	(318,000)
	<u>5,101,000</u>	<u>4,880,000</u>

The group expects to contribute £131,000 to its Defined benefit pension scheme in 2017.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2016	2015
Equities	69.00%	82.00%
Bonds	25.00%	13.00%
Property	5.00%	4.00%
Cash	1.00%	1.00%

Amounts for the current and previous four periods are as follows:

LONDON GRID FOR LEARNING TRUST

(A company limited by guarantee)

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

23. PENSION COMMITMENTS (continued)

Defined benefit pension schemes

	2016 £	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(5,003,000)	(5,378,000)	(4,576,000)	(4,684,000)	(3,975,000)
Scheme assets	<u>5,101,000</u>	<u>4,880,000</u>	<u>4,338,000</u>	<u>4,068,000</u>	<u>3,550,000</u>
Surplus/(deficit)	<u>98,000</u>	<u>(498,000)</u>	<u>(238,000)</u>	<u>(616,000)</u>	<u>(425,000)</u>
Experience adjustments on scheme liabilities	652,000	(803,000)	596,000	4,000	(28,000)
Experience adjustments on scheme assets	<u>22,000</u>	<u>470,000</u>	<u>(149,000)</u>	<u>212,000</u>	<u>(260,000)</u>

24. OPERATING LEASE COMMITMENTS

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

Group	2016 £	Other 2015 £
Payments due:		
Within 1 year	53,623	53,623
Between 1 and 5 years	<u>160,869</u>	<u>214,492</u>
Total	<u>214,492</u>	<u>268,115</u>

25. RELATED PARTY TRANSACTIONS

Due to the nature of the Trust's operations procuring services on behalf of the Local Authorities and the composition of the Board of Directors drawn from the Local Authorities it is inevitable that transactions take place with organisations in which the directors have an interest. No specific transactions have been identified where a director has an involvement and which should be disclosed as a related party transaction.

Advantage has been taken of the exemption under FRS 102 from disclosing intra group transactions or balances between the charity and its subsidiary.

LONDON GRID FOR LEARNING TRUST**(A company limited by guarantee)**

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

26. FIRST TIME ADOPTION OF FRS 102

It is the first year that the company 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 March 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 April 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The net book value of software costs have been recategorised as intangible from tangible fixed assets. The value of assets recategorised at 01/04/2016 were £326,254. With this exception the policies applied under the company's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

27. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding
London Grid Limited	England & Wales	100%