

Trustees Annual Report and Financial Statements

YEAR ENDING 31ST MARCH 2017





	Page
Chairman and CEO Statements	4
Key Activities Summary	6
Trustees' Annual Report	8
Financial Statements for the Year Ended 31st March 2017	30
Notes to the Financial Statements for the Year Ended 31st March 2017	38

Chairman's opening remarks for the year ended 31 March 2017

Former Labour PM Harold Wilson is often attributed with saying that "a week is a long time in politics" during periods of two terms in office characterised by a government determined to modernise Britain through liberalising reforms whilst battling the UK's deep set economic problems. LGfL cannot claim that the last 12 months can match this turbulence but given the rate of change in education and the world of technology played out against a background of domestic and international uncertainty it is not difficult to empathise with the sentiment.

Whether it is the growth of the Trust with more schools and councils as customers than ever before, higher volume of cyberattacks on all ICT networks or the range of LGfL's services offered at lower prices, the last 12 months has witnessed enormous change. The Trust has entered into new relationships with emerging academy chains, with schools in different parts of the country and with councils especially in the capital. The Trust's two main suppliers Virgin Media and Atomwide have new owners-Liberty Global and Adept respectively who bring fresh perspectives to the work of the Trust and to the agenda of securing and providing a safe, secure and reliable public service network. One thing has stayed the same. LGfL is a charity operating in a challenging commercial environment-not driven by profits but by a commitment to deliver the best ICT services to schools and the whole public sector and a promise to plough back all surpluses into those services for the benefit of pupils, teachers and councils.

At the heart of the Trust's work however are people and I would like to take this opportunity in the annual report to thank all the Trust's staff, those working for us in partner organisations and to our customers for sharing and signing up to the Trust's unique vision, values and beliefs which combine business efficiency with building a better future for children, young people and their parents and for the generations to come.

Paul Robinson
Chairman,
London Grid for Learning Trust

CEO Statement 2016 - 2017

I am very privileged to lead the Trust at this seminal and challenging moment in our education system. Schools face unprecedented funding pressures that sit alongside the implementation of fundamental curriculum and assessment changes. Together these are placing enormous burdens on teachers and schools. In response, we are determined to help schools and focused on four key priorities this year to advance education and innovation:

- Saving schools money and delivering value for money;
- Energising teaching and learning and helping children reach their potential;
- Keeping schools and children safe online; and
- Tackling educational inequality;

I'm delighted to report that significant progress has been made. We completed a network upgrade which will save schools at least £13.5 million over five years and which more than doubled the overall capacity of our network, providing the bandwidth needed for cloud and media rich classroom resources. We enhanced the LGfL 'Pupil Premium Checker', making it simpler and easier to use for both schools and parents. The newly improved system subsequently generated a near fourfold increase in potential claims (circa £8 million) compared with last year.

We also doubled the turnover of our trading subsidiary, London Grid Limited (LGL), winning several strategic contracts, including provision of infrastructure and services to the London Borough of Ealing. The success of LGL delivered an approximate sevenfold increase in the amount gift-aided to the Trust in 2016/17. Alongside this growth, we expanded the Trust's footprint nationally into Liverpool and Sandwell – making us one of the largest educational

Internet Service Providers in the UK. Our track record in delivering innovative curriculum content continued, and we were delighted to win the prestigious Educational Resources Awards (ERA) for 'CyberPass', which is helping schools equip their young people for the risks and opportunities presented by the digital world they grow up in.

We continued to support the delivery of a shared admissions services for London which successfully placed nearly 200,000 children into primary, secondary and nursery schools. Through a combination of growth and robust cost control we have placed the Trust's finances on a sustainable and robust footing going forward. We have also begun building critical internal capacity through the establishment of Centres of Excellence for SEND and Safeguarding, which are now actively collaborating with hundreds of schools across London for the first time. Our impact on schools is set to continue with the appointment of additional staff, who are experienced teachers, from September to support our growth plans.

Of course, the year hasn't been without its challenges. Cyberthreats have been increasing in complexity and scale, and this has created operational pressures. In March 2017, our core network was brought down by a fundamental software bug in our suppliers' equipment. Also, the major investment in our network refresh created short term financial challenges for the Trust. However, we have responded positively to these challenges by refreshing our strategy and embarking on a modernisation programme called 'Fit for the Future'.

Our success owes much to the strength of our technology partners (Virgin Media Business and Atomwide), to the commitment of our volunteers, who contribute much to the work of our key Advisory Groups, and to the continuing loyalty of our schools. It is this spirit of partnership and shared endeavour that energises us, and I cannot wait to support schools to deliver the next generation of digital teaching and learning.

John Jackson
CEO, London Grid for Learning Trust

Key Activities Summary

Saving Schools Money



£300m



Since our inception we estimate that we have saved London schools over **£300 million**



InterceptX free to all London schools

£13.5m



The network upgrade delivered a direct saving of **£13.5 million** to London schools



LGfL Pupil Premium

Checker has identified nearly £6M in potential claims since 2014

Supercharging the Education System



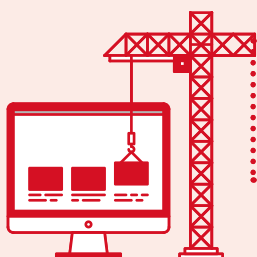
x4

Average connection speed across our infrastructure is 112 MBPS and we consume up to **37 GBs** of internet traffic every day. The network upgrade doubled the available bandwidth and increased minimum connection speeds 4 fold

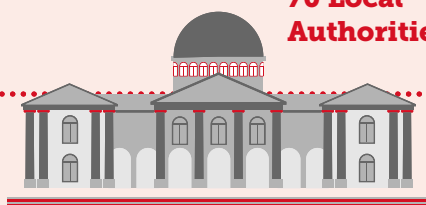
296.5 GB

Our network now provides **296.5 GB** from **268 GB** dedicated bandwidth to our customers

Our Customers



We now provide services to **nearly 3500** sites across the UK



We now serve over **70 Local Authorities** regionally and nationally

x70
70 Local Authorities



Despite a difficult climate we are growing our customer base

Co-ordinating London Admissions



In the latest admissions round we processed **226,904** applications for school places



Delivered **596,498** SMS text messages sent to parents

50k



ParentComms Sent over **38,311** mobile application alerts sent via ParentComms

On Line Safety



Our web filtering products process **1 billion** web access requests each day



Over 40,000 decisions are made every minute as to whether content is appropriate or otherwise



New Centre of Excellence for **CyberProtection** established for schools to protect from security and safeguarding threats



Over **3.3 million emails** are scanned and cleaned by our protection systems every day

Protecting Access to Information



2.2 million active accounts

253,000 staff



920,000 parents



Our user authentication system (USO)



1.1 million students



12,200 governors



Delivering Reliability



Our core network was available for **99.999%**



less than 1%

Our investments in high quality network equipment means failure rates on our customer sites are **less than 1%**



Our use of advanced design requirements mean that we had no outages in our web filtering and mail protection systems

Engaging Digital Content



5 million content pages are served to schools each month



BusyTHINGS, one of our key resources for primary schools averages **1,000,000** page views per month



Trustees Annual Report

The Trust's Objectives and Activities

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.

We deliver our Objects by focusing on the following priorities: -

- Saving schools money and delivering value for money;
- Energising teaching and learning and helping children reach their potential;
- Keeping schools and children safe online; and
- Tackling educational inequality;

In furtherance of our Objects, we: -

- cooperate 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 Continuous Professional Development 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.

Today, the Trust serves over 1 million children, 250,000 teachers and over 2,000 maintained schools in London, as well as nearly 500 sites nationally. The expansion of our non-education activities has resulted in our trading subsidiary (LGL) more than doubling its turnover in the last 12 months.

In delivering our services, the Trust is committed to delivering high standards; this year we were a double finalist at BETT and won the prestigious ERA Award for our work with Roar Educate on 'CyberPass' – a resource for schools to build up knowledge and skills in respect of online safety and digital resilience.

Saving Schools Money And Delivering Value For Money

The Trust saves money and delivers value for money primarily through the aggregation of demand on behalf of our schools. With a community spanning more than 3,000 schools and public-sector bodies, the Trust brings economies of purchasing scale to the market. However, our scale also makes it possible for suppliers to reduce their cost of sale and accelerate revenue realisation, making the Trust an attractive partner. It is the Trust's ability to aggregate demand and support suppliers which has enabled the delivery of more than £300 million in cumulative savings since its inception in 2001.



LGfL Strategic Fibre Network

The Trust has provided a strategic network and related technology services to London schools for nearly 17 years. Initially, these services were provided to schools and other public bodies via contracts between the Trust and all London councils. 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.

Built almost exclusively on fibre to the premise, the Trust's network 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. It also means that the Trust is able to secure bandwidth and connectivity at highly discounted rates.

The Trust recognises that schools are now heavily reliant on its internet services to deliver lessons and support the efficient administration of the school. Failure to run this infrastructure reliably would negatively impact on school costs and efficient teaching practice.

To minimise disruption in the classroom and avoid additional costs to schools, 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 Trust's datacentres

to another. Investment to support this activity has included servers, storage, software licences and other licences, including anti-virus protection against ransomware.

The Trust also monitors the network 24 x 7, and has configured sophisticated alerts on its services and equipment which enable proactive failure identification and remedial action to take place sooner than would otherwise be the case.

TRUSTnet

Due to 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. Today, around 10% of our total customers are from outside of London, which is a significant expansion on 2015/16.

Pan London Admissions

The Trust works in partnership with Local Authorities and London Councils to coordinate admissions across London. This is a significant and critical task, involving hundreds of thousands of annual applications for school places across the capital.

By delivering this as a shared service, schools and local authorities save significant amounts of money by avoiding duplication and by delivering services efficiently through shared IT systems.

The shared service and accompanying systems have been a success for London. As a result, the service has now been extended to cover all phases including reception, primary and secondary placements.

Underpinning this process is a central IT register provided by the Trust, which processes parental applications for 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.

London Public Services Network

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. 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.

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.

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.

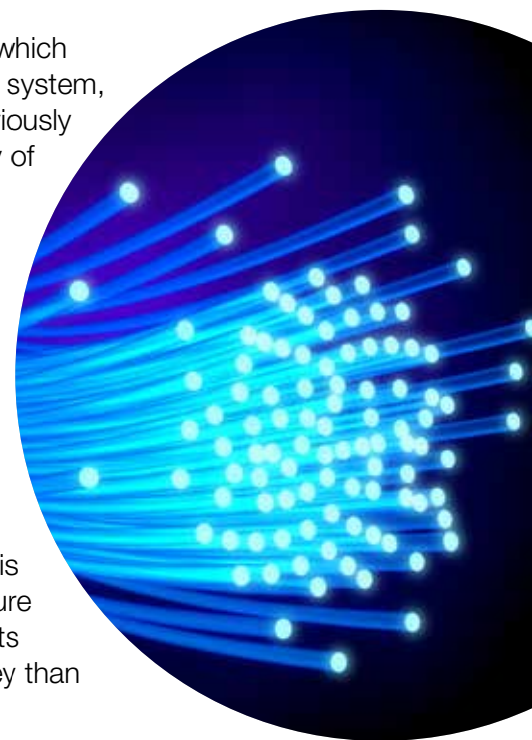
The provision of the LPSN network requires a high degree of security; the Trust has ensured that a gateway and agreed codes of connection are in place to provide connectivity to the 'Government Connect' gateway for central government services, as well as to the 'Health and Social Care Network'.

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, in 2015/16 LGL successfully procured a common platform for identity management that is now used by Councils. In the same year, LGL also extended the range of its customers to include Kingston and Sutton, which has generated savings and service improvements. Significant further service expansions have taken place in Ealing and Southwark, contributing significantly to the increased turnover of LGL.

Key Achievements

This was the thirteenth year of operation of the Pan-London register for school admissions, which has been successfully handling over 200,000 applications for school places.

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. In total, the new network offers launched in October 2015 represent savings to schools of £13.5 million over five years and an increase of 115 gigabits per second in bandwidth provided. 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.



The Trust also grew nationally: key successes include expanding TRUSTnet services to Liverpool City Council and Sandwell School Improvement Service. This added over 140 new schools to our community.

Alongside connectivity the Trust has used its scale to secure ongoing and significant savings for schools in respect of curriculum resources with a range of popular packages, including for example 'J2e' and 'Busy Things' along with filtering software, being made available at a fraction of the cost that individual schools would pay.

LGL more than doubled its turnover in 2016/17, enjoying significant growth with Councils and winning a number of strategic contracts including Ealing and Southwark. As a consequence of this growth, LGL increased its gift aid to the Trust sevenfold compared with 2015/16, and is set to continue in a similar vein in 2017/18.

Keeping Children and Schools Safe Online

The security of LGfL's 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. This is particularly important given the increased risk and regularity of security attacks.

The Trust's activities in respect of safeguarding are led by the Safeguarding Manager who draws on the Safeguarding Board's practising subject matter experts for support. This Advisory Group has played a key role in guiding the Trust's activities in respect of online safety over the course of 2016/17.

Cyber Protection

The LGfL infrastructure is architected for security, with schools benefitting from robust perimeter defences. JANET currently provides internet services to LGfL and JANET provides an added layer of protection by vigorously monitoring inbound and outbound connections to ensure they pose no threat to the Trust. Such monitoring also generates proactive alerts. Additional protection to the network is provided through the provision of network wide anti-virus services and centralised mail and web filtering services. This year we included SSL packet inspection to schools requesting this additional service.

One of the cornerstones of the Trust's security is the use of robust identity-management and user-authentication to ensure children are safe online. 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. Today over 1800 schools are actively using USO.

Tackling Extremism

In schools and society generally, the year has been marked by increasing concern regarding 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.

Safeguarding Portal

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. This portal is regularly updated to reflect the latest challenges facing schools and young people, including new sections during 2016/17 on body image and fake news. At the 2017 Educational Resources Awards, the Trust's LGfL's diagnostic online-safety tool 'CyberPass' received the award in the key 'Primary Resource or Equipment (including ICT)' category (**cyberpassinfo.lgfl.net**).

Safeguarding Centre of Excellence

LGfL is investing to provide additional capacity and expertise through the creation of a 'Safeguarding Centre of Excellence' (COE).

As part of the COE's work, the Trust has recognised the importance of social networks and the power of crowd collaboration to build resilience and awareness in schools at pace. Therefore, a core part of the work undertaken this year has been to develop networks of professionals to support the dissemination of resources and to engage in the development of online safety and safeguarding resources.

This has been complemented by the development of a rich suite of online resources available through the Trust's website. With the appointment of a dedicated Safeguarding Manager in 2017, we anticipate an acceleration of this progress and key opportunities to provide thought-leadership for our customers.

Training

As part of the LGfL Training Hub, regular online safety Continual Professional Development (CPD) was offered to a number of teachers who benefitted from insight into the latest online safety issues – dangers and opportunities – as well as to access to the CEOP 'Thinkuknow' Introduction programme, which focusses on the dangers around child sexual exploitation.

Strategic Partnering

As part of developing a wider network, the Trust has established a partnership with the Internet Watch Foundation (IWF) and is working with the IWF to further integrate their policies and advice into the technology platforms being deployed by the Trust to keep children safe online. This includes The Trust being the first schools network to implement the innovative and award-winning 'Image Hash List'. Over the next twelve months, the Trust will explore other possible partnerships including closer collaboration with the UK Safer Internet Centre and NSPCC.

Key Achievements

The Trust won a prestigious ERA award for its work with Roar Educate on 'CyberPass'. This is a digital platform that helps to build confidence and skills in online safety and digital resilience.

To promote safeguarding best practices, the Trust has established a network of over 800 safeguarding professionals in schools across London who now receive targeted bulletins and updates on resources and best practices via an interactive email newsletter (complemented by a new safeguarding blog). The Trust has also carried out a survey of safeguarding professionals to ensure it is developing resources, activities and educational and technical support that reflect the needs of the schools it serves.

Other key resources developed in 2016/17 include '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.

Over the course of 2016/17, investments have included the enhancement of existing web-filtering systems (SSL) to help ensure that children are protected from accessing inappropriate content.

The Trust also purchased 'InterceptX', which is a system for protecting schools against ransomware. The new tool not only provides state of the art protection but has also saved schools millions of pounds.

In 2016/17 the Trust entered into a partnership with the Internet Watch Foundation, which is informing the development of the products and services that we provide to schools. IWF regard LGfL as a key partner and we were proud to be associated with the publication of their annual report in 2017, which featured a video of LGfL CEO John Jackson explaining the relevance of the partnership and mutual support.

Energising Teaching and Learning and Helping Children Reach their Potential

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 covering many aspects of the National Curriculum and works extensively with a range of Small to Medium Sized Enterprises (SMEs) to deliver cutting-edge and award-winning products.

A key focus of the Trust's Editorial Board is to ensure that resources are engaging, keep pace with changes in the National Curriculum and exploit the latest online technologies so they remain fresh and current for schools.

The modernisation of the Trust's website has been a priority over 2016/17 with a new-look site being deployed. This has been a major step forward for the Trust enabling us to deliver responsive content over multiple devices and simplify access to our digital resources.

To supplement and support the take-up of our content, the Trust provides several digital resource discovery tools that make it simple to search and find relevant content



online. These are supplemented by our annual conferences and established training hub which showcase best-practice and enable teachers to learn from leading thinkers on a weekly basis.

Curriculum and Educational Content

While investments continue to be made in licencing new and exceptional commercially available content, the main focus again has been on the creation of new, unique and innovative content, particularly drawing on a range of partnerships with institutions including, but not limited to:

- Women and Computing (made in partnership with the National Museum of Computing at Bletchley Park);
- 7 new authors have contributed to ReadingZone Live www.rzl.lgfl.net; and
- Developing British Values (featuring input from the Foreign Office and Michael Morpurgo) – www.bv.lgfl.net

These partnerships continue 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).

The content work of the Trust was recognised at BETT 2017 with the shortlisting of the ‘Balletboyz’ and ‘Cornerstone Maths’ resources produced in partnership with UCL and Stanford Research Institute. Two of LGfL’s key commercial partners both won multiple BETT Awards for their products which remain at the core of the learning resource offer for LGfL schools in London.

LGfL continues to show leadership in the development of both augmented and virtual reality resources to support the curriculum. Through its partnerships with Computeam, LGfL schools have been exploring the technologies to engage learners and support them in ways never previously possible. This promotion and leadership has resulted in the award funding from the NESTA Rocket Fund to Newington Green School for their pioneering work with LGfL.

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 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 enhance the resource’s curriculum coverage.

Assessment remains a key activity and challenge for teachers. In response, the Trust actively supported the development of ‘Worksheet Digitiser’, which provides useful gateway tools for teachers beginning to engage in cloud based technologies. Produced in partnership with acclaimed developer Max Wainewright, this new online system offers the ability for teachers to create their own self-marking assessment from a pre-existing offline assessment. This resource will be available during the Autumn term 2017.

Key Achievements

A range of curriculum resources were successfully launched to schools including a number supporting leading edge practices employing augmented and virtual reality including: -

- **Reading Zone Live** – Reading Zone Live - which connects children, via video conferencing, to the best contemporary children’s authors;
- **We Were There Too** - which is a First World War resource looking in depth at the response of an immigrant community, barely established in Civic Life at the time of the first world war;

- **BalletBoyz** - leading the field in using digital technology, this update on the 2009 resource offers unique stimulus for Key Stage 2 to 4 specialist and non-specialist teachers.
- **Developing British Values** - are resources that deliver high quality, safe and relevant teaching materials that foster deeper understanding and informed debate amongst young people on this key subject area;
- **Documenting the Holocaust** - includes videos of Director Ben Barkow describing artefacts from the Holocaust on display and in the archives at the Wiener Library.
- **Ancient Egypt** - gives us insight into classic themes such as pyramid-building, hieroglyphics and Egyptian gods, but also the role of women in contemporary society, farming and other less well-known subjects.

The Trust successfully delivered a whole day event for Secondary Maths teachers to share best-practice developed within LGfL schools involving subject matter experts including the Head of Maths from AQA exam board and Colin Hegarty from the award winning 'Hegarty Maths'

The Trust held a successful annual conference in April 2016, attended by circa 600 delegates from schools. The event provided a rich programme of keynote speakers and seminars, with themes ranging from pedagogical to technical.

Alongside the annual conference, the Trust funded additional events for teachers throughout the year to encourage the adoption of LGfL learning resources. The Trust has continued to develop the LGfL Training Hub, which provides high-quality CPD to teachers from all our subscribing schools at no additional cost.

A commission to develop 'Employability Skills' was launched at Christmas 2016. This resource supports learners with Special Educational Needs & Disabilities (SEND) and mainstream students as they learn 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 preparing to make career choices.



To help learners with a range of challenges related to SEND and EAL (English as an Additional Language) 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 is to be applied to all future LGfL resource developments. Point allows 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.

Finally, featuring animated versions of classic fairy tales and two Shakespeare 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.

Tackling Inequality

The Trust is committed to support advancement for all and minimising the risk of children and excluded groups being left behind. In 2016/17, the Trust continued to incubate and share resources with schools and professionals across London and beyond. This included an increased focus on and investment in support for children with Special Educational Needs & Disabilities (SEND). As such, several curriculum resources were developed to help children reach their potential.

Women in Computing

The Trust has actively sought to increase awareness and participation of women in British computing through the development of targeted curriculum resources.

SEND / EAL Centre of Excellence

The Trust has focused this year on increasing collaboration and information sharing amongst practitioners by creating a network of professionals through whom information can be shared and disseminated through the website and targeted best-practice bulletins.

Pupil Premium Checker

As part of our support for the admissions process, the Trust has developed a shared IT system for schools 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 which a school can claim from the Department for Education. In 2016/17, the Trust actively promoted the use of this system by schools, which led to a dramatic increase in take-up of the service.

Key Achievements

Several enhancements were made to the Pupil Premium Checker, which meant that the number of identified claims rose from £1.7 m to £3.7 million which is potentially a huge boost for schools in London.

Several SEND themed conferences and events were held over the course of the year, which were well received by practitioners both in schools and Local Authorities.

A range of new curriculum resources were made available to schools including: -

- LGfL.net accessibility improvements
- Widgit Symbols
- Women in Computing
- WordQ SpeakQ
- Inclusive Resources

The Trust has focused on developing its reach, and has now established a network of over 700 special needs co-ordinators for the sharing of information and best practices.

Future Plans

The Trust is refreshing its strategy to continue providing value for money and supporting the advancement of education.

Freedom First

‘Freedom First’ is about a fundamental change in how the Trust works with schools and delivers services in future. A core commitment is to ensure that the customer is placed at the heart of all activities, driving future product enhancements and service improvements.

Historically, the Trust has bundled all its services and connectivity into a single package for schools. Whilst this approach has delivered savings, a clear need has been identified from school feedback for the Trust to ‘unbundle’ its services, providing choice and empowering schools.

As part of ‘Freedom First’, the Trust is also seeking to provide greater interoperability and support for alternative technologies and platforms. This will include enabling other solutions to run unencumbered on the Trust’s infrastructure whenever there is no threat to its underlying security and integrity.



SuperCloud

A fundamental paradigm shift is taking place in the delivery of technology in the marketplace: the move towards ‘the cloud’. The Trust is committed to embracing cloud as the platform of choice, and putting in place the enabling technology investments and services that will support an acceleration of cloud technology in London.

This includes seeking to supercharge the connectivity of all its schools so they can consume cloud services, by for example raising the minimum connectivity speed for primary and secondary schools.

Let’s Get Digital

The Trust recognises that major investments in technology often fail to deliver the intended benefits or rate of progress originally envisaged.

One of the key reasons for this is the absence of support for the changes needed in leadership, skills and pedagogy.

Therefore, the Trust will complement its support for cloud acceleration by continuing and strengthening its capacity to support schools as they make this change. This includes the continued development of professional networks and crowd collaboration, along with incubating networks of ‘cloud champions’.

CyberProtect

The scale and complexity of protecting schools from security breaches and inappropriate sharing of data is increasing and the Trust will develop a holistic and long-term approach to keeping schools secure through its ‘CyberProtect’ programme. This programme will continue to include investments in technology and services, but will also include a new ‘Centre of Excellence’ to foster collaboration and share best-practice.

To bolster its defences, the Trust will complete over the course of 2017/18 a procurement for a 'proactive technical monitoring solution' that can facilitate end-to-end safeguarding provision in schools which have deemed this to be appropriate in the light of their risk assessment under the new statutory guidance.

Safeguarding

The Trust will increase its overall investment in safeguarding through the development of its 'Centre of Excellence' and the continuous enhancement and improvement of its technical platforms. This will include the procurement of a proactive alerting system for schools and other providers.

SmartBuy

By virtue of its scale, LGfL has significant influence on the supplier market on price and contract terms. As a result, the Trust can secure price reductions and value-added products for its schools and other customers. Over the course of 2017/18, the Trust will look to create a 'Centre of Excellence' for procurement to help schools and other customers save money and deliver improved outcomes.

Fit for the Future

The Trust has embarked on an internal transformation programme that will modernise the Trust to become more efficient and sustainable over the long term. The programme includes investments in technology, improvements in working practices, and enhanced use of data.



Challenges

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

Continuing Austerity

Schools face significant reductions in funding over the next few years. London will experience further reductions due to the introduction of a new national funding formula. In this climate, it is vital that the Trust continues to save schools substantial amounts of money.

Mitigating Cyber Threats

The Trust is responsible for one of the world's largest educational networks, and our experience is that the complexity and scale of security threats is becoming ever greater. Over the last 12 months, there has been a rise in ransomware and 'Distributed Denial of Service' (DDOS) attacks. Schools, the Trust's public-sector customers and the Trust itself have to remain vigilant at all times.

Increasing Burdens on Schools

There remain far-reaching and structural changes underway in the UK education system, including academisation and changes to the National Curriculum. 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 its customers and offers services that meet their requirements, the Trust intends to stay true to its core values. Therefore, it will continue to invest in online safety and safeguarding and ensuring that teachers and pupils have a reliable and high-speed connection – one that enhances the learning experience rather than detracting from it.

Modernising LGfL Products and Services

The Trust recognises the need to ensure that its services and infrastructure keep pace with opportunity. Cloud-based delivery represents a paradigm shift that the Trust will embrace and work alongside strategic partners to deliver. As part of this drive towards modernisation, a fundamental review will be made of its current platforms and services to ensure they deliver value for money and are fit for purpose.

Successfully Implementing GDPR

New regulations in respect of information-sharing and data protection come into force in 2018. It is vital that the Trust is able to comply with new and more challenging requirements in this area. There will also be an expectation that the Trust will provide thought-leadership to schools and assist schools to ensure they are compliant. As part of its response, the Trust will appoint a lead for Data Protection and Information Security.

Ensuring Robust Project Delivery

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. To reduce risk, particularly in light of growth, the Trust will further enhance its internal project and investment governance to maximise investment and avoid unexpected delays and costs.

Increasing Content Usage in Schools

The Trust has identified that there are varying levels of adoption and use of its premium digital content, as well as other services. In response, the Trust has reached out proactively to schools and increased the number of staff with a curriculum focus. With additional resources and the creation of the social networks mentioned previously, there will be a drive to achieve higher levels of content consumption and adoption.

Securing Best Value from Procurement

The Trust has traditionally undertaken procurement activity through its technology partners, maintaining a lean client team to oversee contracting arrangements. As the Trust develops plans for

future investment activity, along with wider opportunities to generate new income through aggregated procurement, further capacity has been added. In 2017/18 a new internal 'Centre of Excellence' will be created to drive forward continuing opportunity and savings for LGfL and the schools it serves.

Risk Management

The management and mitigation of risk is a priority for the Trust. Consequently, the Trust maintains a Company Risk Register which is reviewed at each Board meeting. Any matters which represent a material risk are brought to the attention of the Trustees for consideration along with mitigating actions.

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. In 2016/17 the Trust brought in additional expert procurement support and market tested some services. Further, it is committed to strengthening its client skills, particularly in respect of technology management.

The Trust 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. Over the course of 2016/17, in line with its strategic priorities, additional fixed-term, contract and permanent appointments have been made in the areas of procurement, programme management, internal audit and technology strategy.

The Trust has two key strategic partners: Virgin Media Business and Atomwide. To ensure a fair apportionment of risk between key partners and the Trust, underpinning contracts have been reviewed and robust improvement plans have been developed.



As a major provider of technology services, the Trust recognises the need to proactively mitigate cyberthreats. Prudent and effective investments have been made 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 also undertook independent testing of its network security; this cyclical assurance will continue.

There is a risk that disruptive and fast-moving changes in new technology and associated services could render services obsolescent or expensive. 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.

The Trust also needs to ensure its internal capabilities can support and sustain growth and an increasingly diverse customer base. In mitigation, the Trust has recognised the need to update its digital platforms and business processes to meet future needs. Investments are planned particularly in respect of customer relationship management and data analysis.

Financial Review

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

Summary Position

Consolidated Accounts	2015/16 £M	2016/17 £M
Surplus	£0.47	£1.91
Unrestricted Funds	£3.19	£5.12
Income	£25.64	£25.84
Expenditure	£25.84	£23.27
Fixed Assets	£11.03	£8.64
Current Assets	£5.27	£6.27
Creditors	£12.83	£8.84

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.

We are pleased to report that overall income has increased compared to last year. Whilst a small number of schools have opted to change providers, this has been more than compensated for through the growth of our network nationally (TRUSTnet). The overall position has also been bolstered by the additional surpluses generated by London Grid Limited.

Following the major investment in the strategic network in 2015/16, there has been a significant and anticipated reduction in overall spend on infrastructure. In addition, the introduction of new investment controls has improved cost control and ensured optimum use of Trust resources.

The Trust experienced an increase in its underlying operational costs, partly due to the development of additional services provided at no additional charge, and partly due to increasing capacity necessary to meet the challenges and risks facing the Trust.

In conjunction with and with the full support of our external auditors, a new asset depreciation policy was agreed and implemented in 2015/16, which has been applied in 2016/17.

Going Concern

The Trust acknowledged that the size and scale of expenditure in 2015/16 necessarily created short term challenges in the financial position of the Trust in 2016/17. Subsequently, the Trust has considerably strengthened its position as a going concern by:

- Achieving better value and reduced costs from suppliers;
- Reducing the rate of customer attrition;
- Implementing improved investment and project management controls, including stopping initiatives that were not delivering benefit, sweating assets and improving long-term planning;
- Expanding its customer base in schools and across the public sector; and
- Improving financial controls and forecasts.

As a result, the Trust enters 2017/18 in a sustainable and financially robust position compared with the previous financial year. This has resulted in:

- A significant improvement in the debt position;
- Improved cash flow management;
- A reduction in the net liabilities of the Trust; and
- An improved position in respect of cash reserves.

The Trust's policy is 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 infrastructure up to date, and ensuring it can provide support to education in the event of a material change in government funding policy in respect to schools' broadband.

The Trust currently has net current liabilities of £2.57M million, which is a significant improvement on the previous financial year. The planned use and hence depletion of reserves in 2015/16 was necessary to fund the significant network upgrade which was provided for within the Trust's five-year financial plan at that time.

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 our accounts and financial statements on the basis that the charity is a going concern.

Pension Liability

The pension liability has increased in year from £102K to £885K. 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

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. Key plans will include a range of initiatives under the 'SmartBuy' programme referred to earlier.

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 in order 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 within the Customer Services Team and Board approval has been given to progress this.

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 2017/18 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.

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.

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. In the medium term, the pressures have been significantly alleviated by the increased turnover being enjoyed by LGL.

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 strategically and to make informed choices concerning the prioritisation of investments against competing demands. The Investment Strategy was refreshed in 2016-2017 and revisions made to processes for project and programme management to support a new approach.

Structure, Governance and Management

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

All 33 London Local Authorities are members of the London Grid for Learning Trust Company, and are responsible for appointing the Executive Board at the Annual General Meeting.

The company has held Annual General Meetings annually since its inception, to appoint Directors and Auditors and receive and approve Directors' Report and Accounts.

No Directors are appointed unless their candidacy has been notified to the Members in sufficient detail and in sufficient time to enable any Member to comment on the proposed appointment in writing to the Trust prior to the appointment being made.

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 Ltd.

Trustee Induction

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.

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.

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; and
- That Trustees are aware of their legal obligations under Charities Law, including areas such as Public Benefit and Responsibilities of Charity Trustees (CC3).

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 2017/18.

Organisation

The Trust's Executive Board of seven members meets bi-monthly 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.

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 and Safeguarding Board.

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 25 full-time equivalent. To facilitate effective operations, the Chief Executive has delegated authority for all matters including finance, employment, technology services and commercial activity.

In 2016/17, the Articles of LGfL were refreshed to ensure they reflected best practice; contracting arrangements between LGfL and LGL were captured in an intercompany agreement between the Trust and its trading subsidiary.

Remuneration

The Board of Trustees is responsible for CEO remuneration and the employee salary-management and benefits framework. CEO remuneration is reviewed and set by the Human Resources subcommittee annually.

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.

Remuneration will continue to be scrutinised to ensure value for money and alignment with the market generally.

Public Benefit Guidance

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. Refresher training will be provided to Trustees on changes to the legal and reporting framework for charities during the course of 2017-18.

Corporate Governance

The Trust undertook a review of corporate governance in 2016/17, and a report was given to the Board on progress and key actions taken. These actions included:

- Improvements in financial controls and risk management;
- The introduction of new procurement guidelines;
- An increase in the use of external Subject Matter Experts to advise on commercial and legal matters, providing the Trust with appropriate challenge and input on strategic matters; and
- Greater transparency and more comprehensive reporting to the Board;

The changes above, along with a continued focus on governance through the Fit for the Future programme, will ensure the Trust is positioned appropriately to meet future challenges and deliver continued benefit to schools and children in London.

The Trust is increasingly supporting the delivery of services across the public sector. This reflects the changing nature of service delivery, particularly for vulnerable clients, where multi-disciplinary teams spanning health, council services and education are working in partnership to deliver improved outcomes.

In light of the above, the Trust will be approaching the Charities Commission, following approval at its AGM, to seek an extension of its Objects to encompass health and community development. This will enable the Trust to deliver increased benefit to schools and other stakeholders and, if approved by the Charities Commission, be subject to ratification by its stakeholders.



Related Parties

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 bi-monthly 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 **£358K** to LGfL over the course of 2016-2017.

Reference And Administrative Details

Name of the Charity:	London Grid for Learning Trust Charity Registration Number: 1090412
Company Chairman	London Grid for Learning, CI Tower, St George's Square, New Malden, KT3 4TE
Directors and Trustees	Paul Robinson
Elected Representative	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:
Retired	Yvette Stanley – Elected Representative
Elected Representative	Gary Jelks – Elected Representative (retired March 2017)
Elected Representative	Gary Hipple – Elected Representative
Elected Representative	Nick Mitchell– Elected Representative
Elected Representative	Mark Robinson – Elected Representative
Elected Representative	Helen Warner – Elected Representative
London CIO Nominee	Sean Green – London CIO Nominee (elected July 2016)
Company Secretary	John Jackson

Key Management Personnel

John Jackson – Chief Executive Officer

Bob Usher – Content Manager

Ian Lehmann – Chief Operations Officer

Shamaila Ahmed – Finance Manager

Leeanne O'Connor – Customer Manager

John Bagley – London Grid Limited

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

Menzies LLP – Auditors. Menzies LLP, 1st Floor, Midas House, 62 Goldsworth Road, Woking, Surrey GU21 6LQ

Lloyds Bank Commercial Banking – Bankers. Lloyds Bank, 4th Floor, 25 Gresham Street, London EC2V 7HN

Exemptions from Disclosure

None

Funds held as custodian trustee on behalf of others

LGfL holds the following fund: -

- RBC (NEN) Budget is held on behalf of the Regional Broadband Consortia and there was **£40K** left in the fund as of the 31/03/17

Additionally, the funds of LGfL include the following restricted and designated amounts: -

- LA Fund Holdings is held on behalf of Local Authorities and there was: **£128K** left in fund as of the 31/03/2017
- LGfL has earmarked investment funds of **£233K** for the Pan London Admissions project as of the 31/03/2017

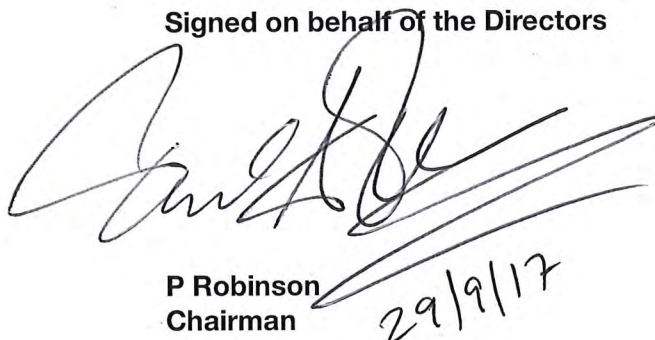
Strategic report

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 Strategic Report the Company's Strategic 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.

Registered office:

CI Tower
St Georges Square
New Malden
Surrey
KT3 4TE

Signed on behalf of the Directors



P Robinson
Chairman

29/9/17



Financial statements for the year
ended 31 March 2017

Directors' Responsibilities Statement

The Directors (who are also the trustees of London Grid for Learning Trust for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Trust and the income and expenditure of the Trust for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

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

Auditor

A resolution approving the re-appointment of Menzies LLP will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make them self-aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

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 2017 set out on pages 34 to 58. 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 directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 charitable company's affairs as at 31 March 2017 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.

Opinion On Other Matter Prescribed By The Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

Matters On Which We Are Required To Report By Exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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

M Lucas (Senior statutory auditor)

for and on behalf of

Menzies LLP

Chartered Accountants, *Statutory Auditor*

Ashcombe House

5 The Crescent

Leatherhead

Surrey

KT22 8DY

Date:

11 October, 2017

Consolidated Statement Of Financial Activities

Incorporating Income And Expenditure Account For The Year Ended 31 March 2017

		Unrestricted funds 2017	Restricted funds 2017	Total funds 2017	Total funds 2016
	Notes	£000	£000	£000	£000
Income From:					
Charitable activities	2	21,351	8	21,359	23,115
Other trading activities		4,475	-	4,475	2,496
Investments	3	7	-	7	24
Total Income		25,833	8	25,841	25,635
Expenditure On:					
Raising funds		4,031	-	4,031	2,413
Charitable activities		19,206	32	19,238	23,428
Total Expenditure	7	23,237	32	23,269	25,841
Net Income / (Expenditure) Before Other Recognised Gains And Losses		2,596	(24)	2,572	(206)
Actuarial gains/(losses) on defined benefit pension schemes	24	(662)	-	(662)	676
Net Movement In Funds		1,934	(24)	1,910	470
Reconciliation Of Funds:					
Total funds brought forward		3,190	26	3,216	2,746
Total Funds Carried Forward		5,124	2	5,126	3,216

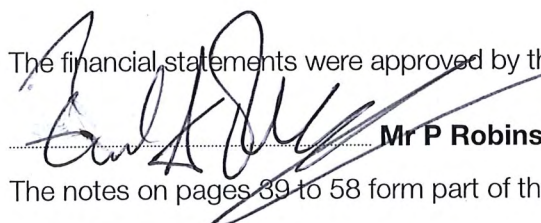
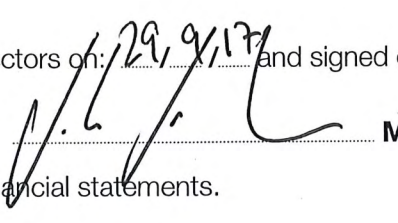
All activities relate to continuing operations.

The notes on pages 39 to 58 form part of these financial statements.

Consolidated Balance Sheet As At 31 March 2017

		Unrestricted funds 2017	Restricted funds 2017	Total funds 2017	Total funds 2016
	Notes	£000	£000	£000	£000
Fixed Assets					
Intangible assets	13		773		745
Tangible assets	14		7,862		10,285
			8,635		11,030
Current Assets					
Debtors	16	2,494		3,001	
Cash at bank and in hand		3,775		2,270	
		6,269		5,271	
Creditors: Amounts falling due within one year	17	(8,842)		(12,833)	
Net Current Liabilities			(2,573)		(7,562)
Total Assets Less Current Liabilities			6,062		3,468
Creditors: amounts falling due after more than one year	18		(51)		(150)
Net Assets Excluding Pension Scheme Liabilities			6,011		3,318
Defined benefit pension scheme liability	24		(885)		(102)
Net Assets Including Pension Scheme Liabilities			5,126		3,126
Charity Funds					
Restricted funds	20		2		26
Unrestricted funds:					
Unrestricted funds excluding pension liability		6,009		3,292	
Pension reserve		(885)		(102)	
Total unrestricted funds			5,124		3,190
TOTAL FUNDS			5,126		3,216

The financial statements were approved by the Directors on: 29/9/17 and signed on their behalf, by:


Mr P Robinson

Mr J Jackson

The notes on pages 39 to 58 form part of these financial statements.

Financial statements for the year ended 31 March 2017

Company Balance Sheet As At 31 March 2017

		Unrestricted funds 2017	Restricted funds 2017	Total funds 2017	Total funds 2016
	Notes	£000	£000	£000	£000
Fixed Assets					
Intangible assets	13		770		745
Tangible assets	14		7,818		10,285
Investments	15		-		-
			8,588		11,030
Current Assets					
Debtors	16	2,168		2,609	
Cash at bank and in hand		3,145		2,051	
		5,313		4,660	
Creditors: Amounts falling due within one year	17	(7,886)		(12,224)	
Net Current Liabilities			(2,573)		(7,564)
Total Assets Less Current Liabilities			6,015		3,466
Creditors: amounts falling due after more than one year	18		(51)		(150)
Net Assets Excluding Pension Scheme Liabilities			5,964		3,316
Defined benefit pension scheme liability	24		(885)		(102)
Net Assets Including Pension Scheme Liabilities			5,079		3,214
Charity Funds					
Restricted funds	20		2		26
Unrestricted funds:					
Unrestricted funds excluding pension liability		5,962		3,290	
Pension reserve		(885)		(102)	
Total unrestricted funds			5,077		3,188
TOTAL FUNDS			5,079		3,214

The financial statements were approved by the Directors on: 12/9/17 and signed on their behalf, by:

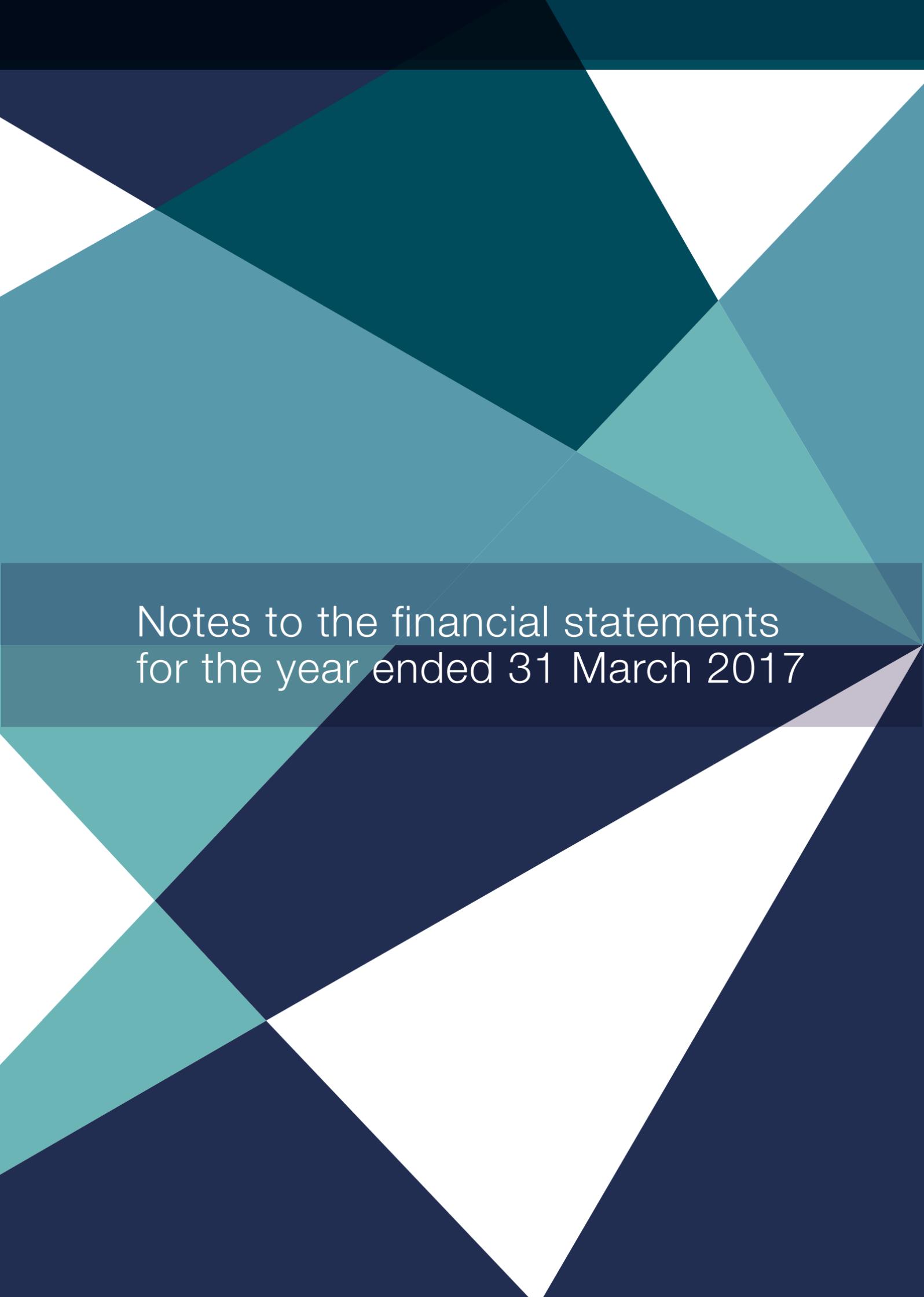
 Mr P Robinson

 Mr J Jackson

The notes on pages 39 to 58 form part of these financial statements.

Consolidated Cash Flow Statement For The Year Ended 31 March 2017

		Unrestricted funds 2017	Restricted funds 2016
	Note	£000	£000
Cash flows from operating activities			
Net cash provided by operating activities	22	2,666	4,707
Cash flows from investing activities:			
Dividends, interest and rents from investments		6	24
Purchase of tangible fixed assets		(529)	(8,735)
Proceeds from sale of investments		-	4,028
Purchase of intangible assets		(329)	-
Net cash used in investing activities		(852)	(4,683)
Cash flows from financing activities:			
Repayments of borrowings		(309)	(752)
Net cash used in financing activities		(309)	(752)
Change in cash and cash equivalents in the year		1,505	(728)
Cash and cash equivalents brought forward		2,270	2,998
Cash and cash equivalents carried forward		3,775	2,270



Notes to the financial statements
for the year ended 31 March 2017

1. Accounting Policies

London Grid for Learning Trust (04205579) is a charitable company limited by guarantee, incorporated and domiciled in England and Wales. The address of its registered office and principal place of business is disclosed on page 27 and its principal activities described in the Strategic and Directors' Reports.

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.

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) No cash flow statement has been presented for the parent company.
- (b) Disclosures in respect of financial instruments for the parent company have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel for the parent company.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Directors named on page 27. 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.

1.3 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.

1. Accounting Policies (Continued)

1.4 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.

Income received from Local Authorities and schools for subscriptions and contributions to core activities is recognised in the period to which it relates. Income invoiced 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.

1.5 Expenditure

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

Fundraising costs represent the trading costs of the company's trading subsidiary. 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 carrying out 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.

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.

Audit and accountancy costs have been allocated to governance costs, staff costs are allocated to the appropriate activity based on time spent on that activity.

1. Accounting Policies (Continued)

1.6 Going concern

At 31 March 2017, the charitable group had net current liabilities of £2,573,000. This was however entirely represented by income received in respect of future periods and carried forwards as deferred income, which amounted to £5,343,000 at the balance sheet date. The Trustees having considered the position and detailed cash flows projections believe that the company and group remain a going concern for at least twelve months from the date of approval of these financial statements and for the foreseeable future. The financial statements are accordingly prepared on the Going Concern basis.

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 £1,863,000 (2016 - £176,000).

1.8 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
Office equipment	-	33.3% straight line
Computer equipment	-	20-33.3% straight line

1.9 Investments

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.

1.10 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. Accounting Policies (Continued)

1.11 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.

1.12 Operating leases

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

1.13 Debtors

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

1.14 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.

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

1.16 Deferred income

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

1.17 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. Accounting Policies (Continued)

1.18 Pensions

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2016.

1.19 Critical Accounting Estimates And Areas Of Judgement

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

Critical accounting estimates and assumptions:

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

In the opinion of the Trustees the main estimate and assumption that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to the useful life of fixed assets, which are written off in accordance with the depreciation policies set out in note 1.8.

The valuation of the pension scheme assets and liabilities is carried out by the scheme actuary based on various assumptions and estimates. Details are given in Note 24.

2. Income from charitable activities

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2017 £000	2017 £000	2017 £000	2016 £000
Main LGfL Income	19,183	-	19,183	19,491
Other LGfL Income	1,012	-	1,012	1,046
LGfL Managed Services Income	590	-	590	1,950
Funded Projects Income	566	8	574	628
	21,351	8	21,359	23,115

In 2016, of the total income from charitable activities, £23,053,000 was to unrestricted funds and £62,000 was to restricted funds.

3. Investment income

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2017 £000	2017 £000	2017 £000	2016 £000
Investment income	7	-	7	24

In 2016, of the total investment income, £24,000 was to unrestricted funds and £ NIL was to restricted funds.

4. Direct Costs

	Main LGfL Income	Other LGfL Income	LGfL Managed Service	Funded Project Income	Total 2017	Total 2016
	£000	£000	£000	£000	£000	£000
VMB Expenditure	8,180	-	-	-	8,180	10,198
Operations	4,207	-	-	-	4,207	3,745
Content	1	296	-	-	297	433
Promotions	-	56	-	-	56	150
Fronter MLE Expenditure	-	-	581	-	581	1951
Pan London Expenditure	1	-	-	507	508	516
Free School Meals	-	-	-	138	138	114
RBC Joint Activities	-	-	-	32	32	146
Other Direct Costs	59	-	-	-	59	140
Discounts Allowed and Commissions paid	-	-	-	-	-	163
Bank and Finance lease charges	1	-	-	-	1	40
Wages and Salaries	-	38	-	-	38	-
Depreciation	2,797	332	-	-	3,129	3,952
	15,246	722	581	677	17,226	21,548

In 2016, the company incurred the following Direct Costs

- £17,894,000 in respect of Main LGfL Income
- £927,000 in respect of Other LGfL Income
- £1,951,000 in respect of LGfL Managed Services Income
- £776,000 in respect of Funded Projects Income

5. Support Costs				
	Fundraising trading	Main LGfL Income	Total 2017	Total 2016
	£000	£000	£000	£000
Net pension scheme finance costs/income	-	6	6	22
Rent, Electricity and Rates	-	140	140	158
Other professional fees	4	340	344	175
Repairs and maintenance	-	5	5	6
Other office costs	-	48	48	84
Insurance	-	15	15	28
Wages and salaries	139	1,038	1,177	1,075
National insurance	-	103	103	104
Pension cost	-	253	253	290
Depreciation	23	2	25	1
At 31 March 2017	166	1,950	2,116	1,943

In 2016, the company incurred the following Support costs:

- £1,782,000 in respect of Main LGfL Income
- £162,000 in respect of Fundraising Trading

6. Governance costs				
	Unrestricted funds	Restricted funds	Total funds	Total funds
	2017 £000	2017 £000	2017 £000	2016 £000
Governance Auditors' remuneration	20	-	20	23
Governance Auditors' non audit costs	29	-	29	13
Governance expense - wages and salaries	13	-	13	63
	62	-	62	99

7. Analysis of resources expended by expenditure type

	Staff costs	Depreciation	Other costs	Total	Total
	2017 £000	2017 £000	2017 £000	2017 £000	2016 £000
Expenditure on fundraising trading	139	23	3,869	4,031	2,412
Costs of generating funds	139	23	3,869	4,031	2,412
Main LGfL Income	1,394	2,799	13,003	17,196	19,676
Other LGfL Income	38	332	352	722	927
LGfL Managed Services Income	-	-	581	581	1,951
Funded Projects Income	-	-	677	677	776
Charitable activities	1,432	3,131	14,613	19,176	23,330
Expenditure on governance	13	-	49	62	99
	1,584	3,154	18,531	23,269	25,841

8. Turnover

The whole of the turnover is attributable to the provision of services.
All turnover arose within the United Kingdom.

9. Net incoming resources/(resources expended)

	2017	2016
	£000	£000
This is stated after charging:		
Amortisation - intangible fixed assets	301	344
Depreciation of tangible fixed assets:		
- owned by the charitable group	2,842	2,821
- held under finance leases	312	1,148
Operating lease rentals:	54	53

Permission has been obtained from the Charity Commission in order to pay for the professional services of the Chairman (P Robinson). During the year £3,000 including expenses were paid for these services (2016: £12,000).

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 £14,000 (2016 - £5,000) for the period.

10. Auditors' remuneration		
	2017	2016
	£000	£000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	20	24
Fees payable to the company's auditor and its associates in respect of:		
All other non-audit services not included above	30	13

11. Staff costs		
Staff costs were as follows:	2017	2016
	£000	£000
Wages and salaries	1,190	1,138
Social security costs	116	104
Other pension costs (Note 23)	278	274
	1,584	1,516
The average number of persons employed by the company during the year was as follows:		
	2017	2016
	No.	No.
Administrative staff	25	22
The number of higher paid employees was:		
	2017	2016
	No.	No.
In the band £ 60,001 - £ 70,000	2	2
In the band £ 70,001 - £ 90,000	1	1
In the band £110,001 - £120,000	1	2
Remuneration and benefits received by key management personnel was £452,000 (2016 - £425,000).		

12. Other finance income		
	2017	2016
	£000	£000
Interest income on pension scheme assets	186	161
Interest on pension scheme liabilities	(192)	(183)
	(6)	(22)

13. Intangible fixed assets	Company	Group
	Content & Software	Content & Software
	£000	£000
Cost		
At 1 April 2015	3,794	3,794
Additions	324	329
At 31 March 2017	4,118	4,123
Amortisation		
At 1 April 2016	3,049	3,049
Charge for the year	299	301
At 31 March 2017	3,348	3,350
Carrying amount		
At 31 March 2017	770	773
At 31 March 2016	745	745

14. Tangible fixed assets				
	Fixtures and fittings	Computer equipment	Computer equipment	Total
Group	£000	£000	£000	£000
Cost				
At 1 April 2016	23	-	19,146	19,169
Additions	1	66	363	430
At 31 March 2017	24	66	19,509	19,599
Depreciation				
At 1 April 2016	20	-	8,864	8,884
Charge for the year	1	22	2,830	2,853
At 31 March 2017	21	22	11,694	11,737
Net book value				
At 31 March 2017	3	44	7,815	7,862
At 31 March 2016	3	-	10,282	10,285

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

	2017	2016
Group and Company	£000	£000
Computer equipment	195	506

24. Tangible fixes assets (continued)

	Fixtures and fittings	Computer equipment	Total
Company	£000	£000	£000
Cost			
At 1 April 2016	23	19,146	19,169
Additions	1	363	364
At 31 March 2017	24	19,509	19,533
Depreciation			
At 1 April 2016	20	8,864	8,884
Charge for the year	1	2,830	2,831
At 31 March 2017	21	11,694	11,715
Net book value			
At 31 March 2017	3	7,815	7,818
At 31 March 2016	3	10,282	10,285

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

	2017	2016
Company	£000	£000
Computer equipment	195	506

15. Fixed asset investments

	Shares in group undertakings
Company	£
Market value	
At 1 April 2016 and 31 March 2017	1
Historical cost	1

Company investments at market value comprise:

	2017	2016
	£	£
Group	1	1

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 (05122783), a company with the principal activity of providing the group's surplus broadband capacity to the public sector. In the year ended 31 March 2017, the company generated turnover of £4,475,000 (2016 - £2,496,000) and generated a profit of £47,000 (2016 - £nil). The company had net assets of £47,000 (2016 - £1).

16. Debtors

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	1,778	1,131	1,183	868
Amounts owed by group undertakings	-	-	596	43
Other debtors	362	920	272	751
Prepayments and accrued income	354	950	117	947
	2,494	3,001	2,168	2,609

17 . Creditors:

Amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£000	£000	£000	£000
Net obligations under finance leases and hire purchase contracts	140	352	140	352
Trade creditors	2,967	5,158	2,140	5,050
Other creditors	22	22	22	22
Accruals and deferred income	5,713	7,301	5,584	6,800
	8,842	12,833	7,886	12,224

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

	Group		Company	
	£000	£000	£000	£000

Deferred income

Deferred income at 1 April 2016	6,580	5,839	6,580	5,839
Resources deferred during the year	5,343	6,567	5,263	6,567
Amounts released from previous years	(6,580)	(5,826)	(6,580)	(5,826)
Deferred income at 31 March 2017	5,343	6,580	5,263	6,580

18. Creditors:**Amounts falling due after more than one year**

	Group			Company
	2017	2016	2017	2016
	£000	£000	£000	£000
Net obligations under finance leases and hire purchase contracts	51	150	51	150

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

	Group			Company
	2017	2016	2017	2016
	£000	£000	£000	£000
Between one and five years	51	150	51	150

19. Financial Instruments

	Total funds	Total funds
	2017	2016
	£000	£000
Financial assets measured at amortised cost	1,805	1,255
Financial liabilities measured at amortised cost	3,339	6,402

Financial assets measured at amortised cost comprise debtors excluding prepayments and VAT refunds due.

Financial liabilities measured at amortised cost comprise creditors excluding deferred income.

20. Statement of funds					
	Brought Forward	Income	Expenditure	Gains/ (Losses)	Carried Forward
	£000	£000	£000	£000	£000
Designated funds					
Pan London Admissions	173	566	(507)	-	232
General funds					
General Funds	3,118	20,792	(18,180)	-	5,730
Non-charitable trading funds	-	4,475	(4,429)	-	46
Pension reserve	(101)	-	(121)	(662)	(884)
	3,017	25,267	(22,730)	(662)	4,892
Total Unrestricted funds	3,190	25,833	(23,237)	(662)	5,124
Restricted funds					
RBC Joint Activities	26	8	(32)	-	2
Total of funds	3,216	25,841	(23,269)	(662)	5,126

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.

	Brought Forward	Income	Expenditure	Gains/ (Losses)	Carried Forward
	£000	£000	£000	£000	£000
Designated funds	173	566	(507)	-	232
General funds	3,017	25,267	(22,730)	(662)	4,892
	3,190	25,833	(23,237)	(662)	5,124
Restricted funds	26	8	(32)	-	2
	3,216	25,841	(23,269)	(662)	5,126

21. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2017 £000	2017 £000	2017 £000	2016 £000
Intangible fixed assets	740		740	745
Tangible fixed assets	7,894		7,894	10,285
Current assets	6,316	2	6,318	5,268
Creditors due within one year	(8,890)		(8,890)	(12,832)
Creditors due in more than one year	(51)		(51)	(150)
Provisions for liabilities and charges	(885)		(885)	(102)
	5,124	2	5,126	3,214

22. Reconciliation of net movement in funds to net cash flow from operating activities

	2017	2016
	£000	£000
Net (expenditure)/income for the year (as per Statement of financial activities)	2,572	(206)
Adjustment for:		
Amortisation of intangible assets	333	344
Depreciation of tangible assets	2,821	3,609
Current pension service cost	253	277
Defined benefit pension scheme contributions paid	(138)	(131)
Net interest/finance cost	6	22
Decrease in debtors	508	8,802
Decrease in creditors	(3,682)	(7,986)
Interest received	(7)	(24)
Net cash provided by operating activities	2,666	4,707

23. Analysis Of Cash And Cash Equivalents

	2017	2016
	£000	£000
Cash in hand	3,775	2,270
Total	3,775	2,270

24. Pension commitments

The group operates a Defined benefit pension scheme.

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

	2017	2016
Discount rate at 31 March	2.60 %	3.50 %
Expected return on scheme assets at 31 March	22.80 %	3.70 %
Future salary increases	2.80 %	4.20 %
Future pension increases	2.40 %	2.20 %
Mortality Current Pensioners	22.5 years	22.5 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 or career average revalued earnings, depending on when the member joined the scheme.

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 2018 are estimated to be £137,000. In addition, Strain on Fund Contributions may be required.

The latest actuarial valuation of LGfL's liabilities took place as at 31 March 2016. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the fund for FRS102 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 2017.

24. Pension Commitments (continued)

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

	Fair value at	Fair value at
	31 March	31 March
	2017	2016
	£000	£000
Equities	591	458
Debt instruments	144	166
Property	32	33
Cash	32	7
Total market value of assets	799	664

The actual return on scheme assets was £186,000 (2016 - £161,000).

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

	2017	2016
	£000	£000
Current service cost	(253)	(274)
Interest on obligation	(192)	(183)
Expected return on scheme assets	186	161
Total	(259)	(296)
Actual return on scheme assets	186	161

24. Pension commitments (continued)

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

	2017	2016
	£000	£000
Opening defined benefit obligation	5,383	5,575
Current service cost	253	274
Interest cost	192	186
Contributions by scheme participants	70	93
Actuarial losses/(gains)	1,330	(652)
Benefits paid	(108)	(93)
Closing defined benefit obligation	7,120	5,383

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

	2017	2016
	£000	£000
Opening fair value of scheme assets	5,281	4,967
Expected return on assets	186	161
Actuarial gains and (losses)	668	22
Contributions by employer	138	131
Contributions by scheme participants	70	93
Benefits paid	(108)	(93)
	6,235	5,281

The group expects to contribute £137,000 to its Defined benefit pension scheme in 2018.

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

	2017	2016
Equities	74.00%	69.00%
Bonds	18.00%	25.00%
Property	4.00%	5.00%
Cash	4.00%	1.00%

24. Pension commitments (continued)

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

Defined benefit pension schemes

	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Defined benefit obligation	(7,120)	(5,383)	(5,378)	(4,576)	(4,684)
Scheme assets	6,235	5,281	4,880	4,338	4,068
Surplus/(deficit)	(885)	(102)	(498)	(238)	(616)
Experience adjustments on scheme liabilities	(1,330)	652	(803)	596	4
Experience adjustments on scheme assets	668	22	470	(149)	212

25. Operating lease commitments

At 31 March 2017, the total of the group's future minimum lease payments under non-cancellable operating leases was:

		Other
	2017	2016
Group	£000	£000
Payments due:		
Within 1 year	54	54
Between 1 and 5 years	107	161
Total	161	215

26. 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.

At 31 March 2017, the Trust was owed £596,000 (2016, £43,000) by its subsidiary company London Grid Limited. Donations to the Trust by London Grid Limited in respect of the year amounted to £358,000 (2016, £43,000) and management charges to London Grid Limited by the Trust amounted to £284,860 (2016, £216,884).

27. Principal subsidiaries

Company name	Country	Percentage Share holding	Description
London Grid Limited	England & Wales	100%	Provision of broadband capacity to the public sector.



