

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 9
Governance Statement	10 - 12
Statement on Regularity, Propriety and Compliance	13
Statement of Trustees' Responsibilities	14
Independent Auditors' Report on the Financial Statements	15 - 17
Independent Reporting Accountant's Assurance Report on Regularity	18 - 19
Statement of Financial Activities Incorporating Income and Expenditure Account	20
Balance Sheet	21
Statement of Cash Flows	22
Notes to the Financial Statements	23 - 40

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2018

Members	Mr C Hughes Mr G Cunningham Mr M Evans Mr P Fallon Ms K Moxom
Trustees	Mr G Cunningham, Headteacher Mr M Evans, Co-opted Governor Mr P Fallon, Local Authority Governor (resigned 22 October 2018) Mr M Gurney, Parent Governor Mr A Hales, Community Governor Mrs J Hewison, Community Governor Mr C Hughes, Community Governor (resigned 14 April 2018) Ms K McKerrell, Staff Governor Mr N Parsons, Co-opted Governor Mr R Upson, Community Governor Mr E Wilkinson, Staff Governor (resigned 31 August 2018) Mrs A Tattershall, Parent Governor (resigned 28 September 2018) Mr C Barling, Parent Governor (resigned 28 September 2018) Mrs K Falconer, Parent Governor Mr P Ramnarain, Parent Governor Mr K Falconer, Community Governor Mr N Hagan, Co-opted Governor (resigned 9 July 2018) Mrs M Quinn, Staff Governor (appointed 18 October 2017)
Company registered number	07695624
Company name	Longdean School
Registered and principal office	Rumballs Road, Hemel Hempstead, Hertfordshire HP3 8JB
Company Secretary	Ms T Doyle
Accounting Officer	Mr G Cunningham
Senior Leadership Team	Miss S Embrey, Assistant Headteacher Mr D Lawrence, Assistant Headteacher Mrs G Segal, Deputy Headteacher Mr R Muskett, Assistant Headteacher Mr P Ratcliffe, Assistant Headteacher Ms T Doyle, Finance Director Ms B Segalini, Assistant Headteacher

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent Auditors Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Bankers Lloyds TSB
PO Box 1000
BX1 1LT

Solicitors Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Longdean School (the Trust, the Academy or the Charitable Company) for the year ended 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an academy school for students aged 11-19 serving the catchment area of East Dacorum. It has a PAN of 1,432 a physical capacity of 1,500 in its new building, and a roll of 1,262 in the 2018 school census.

Structure, Governance and Management

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. A one year project is underway to update the constitution of the Members and the Board of Trustees, to reflect updates in the Academies Financial Handbook. The Charitable Company is known as Longdean School (the School).

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

Trustees and Officers' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim and details of the costs are disclosed in Note 11 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term. The Head Teacher is an ex officio member of the Board of Trustees. Parent Trustees and the Staff Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. Community Trustees are nominated and elected by the Board of Trustees. Two of the three co-opted Trustees are nominated by the Board of Trustees, with the option for a third co-opted Trustee to be nominated by the Members.

The Articles of Association make provision for 20 Trustees. These are the Head Teacher, 1 LEA representative, 6 Parents, 3 Staff, 6 Community and 3 Co-opted. There is a reciprocal clause that allows the head teachers of the Coop Schools to sit on the Board of Trustees and vote on matters relating to the Coop.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides an internal programme of continued professional development led by School staff and links with relevant training providers, as well as subscriptions to useful websites.

All new Trustees are entitled to an induction to the role, according to their need, which may include introductory sessions, mentoring and formal courses.

Trustees are linked to their own departments or specific areas of focus.

All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board of Trustees, which meets on at least 4 occasions per year, and each individual committee at least 3 times per year, is responsible for the strategic direction of the Academy. The Board reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Head Teacher with the School Improvement Partner, and reviews them.

The Head Teacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Trust. The Head Teacher has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Board of Trustees has committees which have devolved responsibility. These committees include Finance & Premises, Strategic Leadership & Personnel, and Achievement.

The overall financial responsibility (strategic and specific) is devolved by the Board of Trustees, Finance Committee and Head Teacher (Accounting Officer) to the Finance Director who in turn has agreed authority to devolve responsibilities to the Site Manager, Finance office, ICT Support and all other account holders. A system of financial controls is in place to manage and monitor this process.

The full details of this delegation, including decision-making responsibilities can be found in the Schedule of Financial Delegation.

The Head Teacher manages the Trust on a daily basis, supported by a Senior Leadership Team (SLT). The SLT meet twice a week to discuss emerging matters and to help develop strategies for future development to be put to the Head Teacher and the Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Head Teacher to manage certain aspects of the Trust.

The Trustees have reviewed the current structure of committees and reporting to keep all Trustees aware of all School aspects. To this end the Trustees have agreed to change the committee structures to enable all Trustees to be aware of the students results rather than some having it reported at the Board of Trustees. The committees are Outcomes /Full Trustee Board (all Trustees), Personnel Pastoral and Teaching (50% of Trustees), Business Finance and Premises (50% of Trustees) and School Development committee (4 Trustees). This was introduced in Sept 2018 for 2018/19 and will be reviewed Sept 2019.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the School group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies. Annual progression is determined based on an appraisal of performance each year.

All amendments to key managers' pay and remuneration are approved by the appropriate sub-committee and ratified by the Board of Trustees.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust does not have a formal sponsor and is not related to any other charitable trust or other party.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

The Trust however, maintains its ethos of Mathematics and Computing by working closely with, and supporting its feeder primary schools, Dacorum Secondary Consortium, East Dacorum Co-operative Learning Trust, various community groups and International Schools through the Comenius project and curriculum links with Bedomase Methodist Junior High School in Ghana.

Objectives and Activities

Objects and aims

The principal object and activity of the Trust is the operation of Longdean School to provide free education and care for students of different abilities between the ages of 11 and 19.

Strategies and activities

Our vision is for every Longdean student to achieve their academic and social best in an engaging, inspiring, and challenging environment. Our Strap Line 'Rejoice in thy youth' illustrates this. Longdean School will empower all students to become confident, responsible, productive lifelong learners and engaged citizens.

We want everyone in the Longdean Community to:

- Feel safe and secure in our learning environment.
- Be inspired, challenged and motivated to learn.
- Possess the emotional and academic skills needed to be an independent learner and celebrate their talents.
- Leave Longdean highly literate and numerate as these are crucial skills needed to succeed in life beyond School.
- Have the aspiration and resilience to seek out new opportunities and overcome challenges.
- Recognise the role we play and make a positive contribution to the personal, local, national and international communities we are an integral part of.
- Leave Longdean with control and choice over our future.

Priorities

Our priorities for the school year 2018/19 are as follows:

- To further improve quality of teaching & learning by focusing on:
 - differentiation, especially stretch & challenge; and
 - Improving the quality and consistency of feedback to students.
- To further improve the literacy of students at Longdean with a particular focus on writing.
- To narrow the achievement gap between disadvantaged students and all other students.
- To narrow the attendance gaps between disadvantaged students, in year admissions and all other students in the School.
- To improve provision and outcomes for SEND students

Public Benefit

The Trustees believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The Trust has operated in accordance with its funding agreement as a non charging, not for profit organisation throughout the period in question. Student admissions to the Trust have been conducted in accordance with the Hertfordshire LA admissions policy.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Strategic Report

Achievements and Performance

OFSTED last inspected Longdean in December 2015, and rated the School as 'good', with the following highlighted comments on various aspects:

- Longdean students 'are proud of their Academy. They enjoy coming to School.' The 'Trust's commitment to the pupils' welfare is outstanding. A dedicated staff team have exceptionally effective systems for pupils' pastoral care.' Inspectors 'witnessed nothing but good behaviour in lessons and pupils told them that this was typical.'
- 'Pupils benefit from interesting and engaging lessons' in which 'teachers frequently model the skills needed to be a successful learner'. 'Achievement in many subjects is strong' and 'pupils' good and improving outcomes mean that they are well prepared for the next stage of their education, employment or training.'
- Core GCSEs studied over three years and a GCSE option sat in each of Yr 9, 10 and 11 are 'providing pupils with a good experience of taking examinations through these three years, and mean that they take their studies very seriously because they know that an examination is approaching. The outcomes of this approach have been successful. Pupils are very positive about this aspect of the Academy's curriculum.'
- The sixth form 'provides learning to meet a wide range of needs. Leadership in the sixth form is good' and leaders 'know learners and their circumstances well.'
- 'The Head Teacher has a very clear understanding of the Trust's strengths and where the Trust needs to improve. His vision for the Trust is communicated very effectively and his determination to create a high quality of education for pupils is a powerful factor in the Trust's success.'

Key Performance Indicators

The Trust measures its success partly through a series of performance indicators. These indicators comprise:

- Student numbers.
- Examination results.
- Recruitment and retention of staff.
- Staff and student attendance.
- Financial performance.

The Trustees receive monthly information to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

Examination results and other indicators for 2017-18 were as follows:

GCSE results

Performance indicator	2017	2018
% achieving a Level 5+ in English & Mathematics	40.8%	41.8%
Progress 8 Score	-.37	-0.07
Attainment 8 Score	41.5	44.2

A Level results

Performance indicator	2017	2018
A*/A	20.3%	17.3%
A*/B	45.5%	36.4%
A* - E	98.5%	97.5%
Average Points Score per entry	31	31
Average Total Points Score per student	88	86

Expansion of the School

Having moved into the new building over Christmas 2016, the School quickly settled into its new and improved facilities. The exciting new environment fits the ethos of the School and will continue to contribute to School improvement. The Planned Admission Number for Year 7 is now increased to 240 in each year. Longdean is increasingly popular and for 2018/9 there were a number of School admission appeals.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2018 the Trust received £7,007,895 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £7,484,781 on general running costs and transferred £16,493 to support capital purchases of furniture, fixtures and equipment for the new building. The Trust brought forward from 16/17, £NIL restricted funds and £293,416 unrestricted funds. The carry forward for 17/18 is £10,980 restricted funding and £124,627 unrestricted funding. As the planned increase in pupil numbers takes effect, there is a requirement for staff numbers to be adjusted accordingly, with grant income following on a 'lagged' basis. Trustees have agreed to rebuild reserves whilst ensuring that the necessary staff are in post.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £1,011,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

The Internal Auditors proposed 3 recommendations for the Trustees to consider which would enhance our effectiveness. These have been implemented:

- a comprehensive skills review of individual members;
- review of Board performance against terms of reference; and
- annual review of the risk management framework including the Risk Register.

Reserves Policy

The Trustees must ensure that the Trust holds enough reserves to fund future strategy and minimise the financial risks around maintenance of working capital, cashflow, capital maintenance and other uncertainties relating to income and expenditure.

The Trustees review the reserves policy of the Trust annually as part of the Budget and Three Year Plan processes.

Having regard for the utilisation of the significant level of reserves that were set aside to equip the new building, the Trustees have determined it would be appropriate to maintain a level of free reserves at a minimum of 2% of the total annual revenue income budget (for illustrative purposes this would be no less than £130,000). The level set is anticipated as being sufficient to meet current needs and provides the platform for the rebuilding of reserves to the level that will be required for funding significant projects, i.e. those future projects that are unfunded and must be covered from (revenue) grant income alone.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2018 was £135,607.

A steady upward trend in pupil numbers, and the formally increased PAN (Planned Admission Number) from 2018, will generate increased grant income in years 2 and 3 of the current 3 year budget plan.

Investment Policy

The Trustees have a policy of investing cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment. The policy aims to invest cash such that its cash balances and liquid investments are at least equal to the figure outlined in the reserves policy.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Trust is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on a termly basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Finance & Premises Committee meeting. The principal risks facing the Trust are outlined below; those facing the Trust at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- the Trust has considerable reliance on continued Government funding through the ESFA and after 8 years of an effective freeze in income, while costs increase, we, along with many other schools, are grappling with the difficulty of maintaining our activities while remaining financially sustainable;
- the ever-changing national agenda in education brings the risk of uncertainty about the long term trajectory for schools and academies in the UK;
- changes to demographics in Hemel Hempstead, and the relaunch of West Herts College, together with the possibility in future of an additional secondary school in the east of the town, raise the possibility of a future drop of student numbers at some time in the future;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks, with the assistance of our Internal Auditor;
- reputational - the continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Trust is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning. Our involvement with the new Dacorum Teaching Schools Alliance is one way for us to continue to attract teachers to Longdean;
- fraud and mismanagement of funds - The Trust has historically used a Responsible Officer (RO) to carry out checks on financial systems and records as required by the Academy Financial Handbook. With effect from 1st September 2017 an Internal Auditor was appointed to take over the monitoring role and to report to the Trustees on matters of financial control. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area;
- as we approach the 2 year anniversary of the move into our new building, we are understandably wary as to how the PFI contract will work out in practice and are accustoming ourselves with the fine print of the project agreement and payment mechanisms, with the help of our solicitors and other professional advisors; and
- new legal requirements around data protection came into force in May 2018, and policies and procedures have been updated accordingly, and staff trained.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Plans for Future Periods

The Trust will continue striving to improve the levels of performance of its students at all levels, through embedding current initiatives such as:

- Development of the post 16 curriculum.
- Partnership working and collaboration between schools
- Continued priority given to staff development, and close involvement in the Dacorum Teaching Schools Alliance.
- Development of the School estate to further enhance opportunities for our young people.

Trade Union

During the year one employee of the Trust on a 100% full time equivalent contract acted as a union official. The employee did not spend any time on union facility.

Fundraising

The Trust only held small fundraising events during the year including non-uniform days, cake sales and performing arts events. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 17 December 2018 and signed on the Board's behalf by:

Mr M Evans
Chair of Governors

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Longdean School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Longdean School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr G Cunningham, Headteacher	4	5
Mr M Evans, Co-opted Governor	5	5
Mr P Fallon, Local Authority Governor	2	5
Mr M Gurney, Parent Governor	3	5
Mr A Hales, Community Governor	2	5
Mrs J Hewison, Community Governor	5	5
Mr C Hughes, Community Governor	4	5
Ms K McKerrell, Staff Governor	0	5
Mr N Parsons, Co-opted Governor	3	5
Mr R Upson, Community Governor	5	5
Mr E Wilkinson, Staff Governor	2	5
Mrs A Tattershall, Parent Governor	5	5
Mr C Barling, Parent Governor	5	5
Mrs K Falconer, Parent Governor	4	5
Mr P Ramnarain, Parent Governor	5	5
Mr K Falconer, Community Governor	4	5
Mr N Hagan, Co-opted Governor	0	5
Mrs M Quinn, Staff Governor	1	4

Both staff and parent Trustee elections are scheduled for the Autumn term in 2018/19. There is the potential to appoint new Community Trustees. The biggest challenge for the Board was the future of sports at Longdean and the need to consider the possibility of starting/joining a MAT.

The Trustees have reviewed the current structure of committees and reporting to keep all Trustees aware of all School aspects. To this end the Trustees have agreed to change the committee structures to enable all Trustees to be aware of the students' results. The committees are Outcomes, Full Trustee Board (all Trustees), Personnel Pastoral and Teaching (half of the Trustees), Business Finance and Premises (half of the Trustees) and School Development (4 Trustees). This is to be introduced in September 2018 for 2018/19 and will be reviewed September 2019

The Finance and Premises Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- prepare and review financial policy, procedures and long term financial plans;
- agree the School's delegated budget and other revenue;
- monitor spend against the School budget and take necessary action to ensure expenditure remains within the prescribed limits; and
- authorise the placement of contracts over £10,000, review the School's charging policy.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr C Barling	4	4
Mr G Cunningham	4	4
Mr M Evans	4	4
Mr M Gurney	3	4
Mr A Hales	1	4
Mr C Hughes	4	4
Mr R Upson	4	4

During the year the committee reviewed budget plans for the next 3 years along with continuing focus on their experience in a new PSBP building.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer has delivered improved value for money during the year by:

- outsourcing the catering offering with effect from 1 September 2017, previously the in-house service had been making a loss;
- carefully reviewing cleaning costs with the the help of external advice via Herts County Council and scrutinising the level of service, Cleaning is now operated largely on a term time only basis plus specific tasks carried out in the holidays; and
- benchmarking on a regular basis prices for stationery and paper to ensure our selected suppliers are providing best value.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Longdean School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance & Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Price Bailey as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- a review of the ESFA "Musts" and
- a review of the Academy's key financial controls

On a semi-annual basis, the Auditor reports to the Board of Trustees through the Finance and Premises Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of work as planned.

REVIEW OF EFFECTIVENESS

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

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Trustees on 17 December 2018 and signed on their behalf, by:

Mr M Evans
Chair of Trustees

Mr G Cunningham
Accounting Officer

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Longdean School I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2017.

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

Mr G Cunningham
Accounting Officer

Date: 17 December 2018

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who act as Governors of Longdean School and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Board of Trustees on 17 December 2018 and signed on its behalf by:

Mr M Evans
Chair of Governors

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LONGDEAN SCHOOL

OPINION

We have audited the financial statements of Longdean School (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LONGDEAN SCHOOL

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements .
- the Trustees' Report and the Strategic Report 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 Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LONGDEAN SCHOOL**

USE OF OUR REPORT

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

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

19 December 2018

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LONGDEAN SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 16 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Longdean School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to Longdean School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Longdean School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Longdean School and the ESFA, for our work, for this Report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF LONGDEAN SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Longdean School's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Academy, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LONGDEAN SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Chartered Accountants

19 December 2018

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	20,204	198,626	25,162	243,992	234,990
Charitable activities	3	227	6,616,543	-	6,616,770	6,822,661
Other trading activities	4	145,755	-	-	145,755	108,007
Investments	5	1,378	-	-	1,378	1,487
TOTAL INCOME		<u>167,564</u>	<u>6,815,169</u>	<u>25,162</u>	<u>7,007,895</u>	<u>7,167,145</u>
EXPENDITURE ON:						
Charitable activities		<u>336,353</u>	<u>6,954,189</u>	<u>232,150</u>	<u>7,522,692</u>	<u>7,616,370</u>
TOTAL EXPENDITURE	6	<u>336,353</u>	<u>6,954,189</u>	<u>232,150</u>	<u>7,522,692</u>	<u>7,616,370</u>
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(168,789)	(139,020)	(206,988)	(514,797)	(449,225)
Actuarial gains/(losses) on defined benefit pension schemes	21	<u>-</u>	<u>314,000</u>	<u>-</u>	<u>314,000</u>	<u>829,000</u>
NET MOVEMENT IN FUNDS		<u>(168,789)</u>	<u>174,980</u>	<u>(206,988)</u>	<u>(200,797)</u>	<u>379,775</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		<u>293,416</u>	<u>(1,175,000)</u>	<u>5,706,242</u>	<u>4,824,658</u>	<u>4,444,883</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>124,627</u></u>	<u><u>(1,000,020)</u></u>	<u><u>5,499,254</u></u>	<u><u>4,623,861</u></u>	<u><u>4,824,658</u></u>

The notes on pages 23 to 40 form part of these financial statements.

LONGDEAN SCHOOL

**(A Company Limited by Guarantee)
REGISTERED NUMBER: 07695624**

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	As restated 2017 £
FIXED ASSETS					
Tangible assets	12		5,490,585		5,706,242
CURRENT ASSETS					
Debtors	13	341,733		254,740	
Cash at bank and in hand		557,415		495,073	
		<u>899,148</u>		<u>749,813</u>	
CREDITORS: amounts falling due within one year	14	(754,872)		(456,397)	
NET CURRENT ASSETS			<u>144,276</u>		<u>293,416</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,634,861</u>		<u>5,999,658</u>
Defined benefit pension scheme liability	21		(1,011,000)		(1,175,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>4,623,861</u></u>		<u><u>4,824,658</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	10,980		-	
Restricted fixed asset funds	16	5,499,254		5,706,242	
		<u>5,510,234</u>		<u>5,706,242</u>	
Restricted income funds excluding pension liability		5,510,234		5,706,242	
Pension reserve		(1,011,000)		(1,175,000)	
		<u>4,499,234</u>		<u>4,531,242</u>	
Total restricted income funds			4,499,234		4,531,242
Unrestricted income funds	16		124,627		293,416
TOTAL FUNDS			<u><u>4,623,861</u></u>		<u><u>4,824,658</u></u>

The financial statements on pages 20 to 40 were approved by the Trustees, and authorised for issue, on 17 December 2018 and are signed on their behalf, by:

Mr M Evans
Chair of Governors

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	18	52,295	115,691
		<hr/>	<hr/>
Cash flows from investing activities:			
Interest		1,378	1,487
Purchase of tangible fixed assets		(16,493)	(897,022)
Capital grants from DfE Group		25,162	-
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		10,047	(895,535)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		62,342	(779,844)
Cash and cash equivalents brought forward		495,073	1,274,917
		<hr/>	<hr/>
Cash and cash equivalents carried forward		557,415	495,073
		<hr/> <hr/>	<hr/> <hr/>

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Longdean School constitutes a public benefit entity as defined by FRS 102.

The Academy's functional and presentational currency is pounds sterling.

1.2 Company status

The Academy is a company limited by guarantee. The Members of the Company are noted on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member. The Academy's registered office is Rumballs Road, Hemel Hempstead, England, HP3 8JB.

1.3 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.4 Income

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

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

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

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

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

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

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

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

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.6 Going concern

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

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. 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:

Long term leasehold land	-	over the life of the lease
Long term leasehold buildings	-	50 years
Furniture and fixtures	-	between 1 and 25 years
Motor vehicles	-	over 10 years

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

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

PFI obligations are accounted for as lease commitments.

1.9 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 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.

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 Critical accounting estimates and areas of judgment

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Donations	20,204	198,626	-	218,830	210,470
Capital grants	-	-	25,162	25,162	24,520
	<u>20,204</u>	<u>198,626</u>	<u>25,162</u>	<u>243,992</u>	<u>234,990</u>
Total 2017	<u>43,858</u>	<u>166,612</u>	<u>24,520</u>	<u>234,990</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,144,476	6,144,476	6,018,752
Other DfE / ESFA grants	-	383,109	383,109	466,669
	<u>-</u>	<u>6,527,585</u>	<u>6,527,585</u>	<u>6,485,421</u>
Other government grants				
Local Authority grants	-	88,958	88,958	135,537
	<u>-</u>	<u>88,958</u>	<u>88,958</u>	<u>135,537</u>
Other funding				
Catering Income	227	-	227	201,703
	<u>227</u>	<u>-</u>	<u>227</u>	<u>201,703</u>
	<u>227</u>	<u>6,616,543</u>	<u>6,616,770</u>	<u>6,822,661</u>
Total 2017	<u>201,703</u>	<u>6,620,958</u>	<u>6,822,661</u>	

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Hire of facilities	34,957	-	34,957	22,430
Other income	110,798	-	110,798	85,577
	<u>145,755</u>	<u>-</u>	<u>145,755</u>	<u>108,007</u>
Total 2017	<u>108,007</u>	<u>-</u>	<u>108,007</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Bank interest	1,378	1,378	1,487
Total 2017	<u>1,487</u>	<u>1,487</u>	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	As restated Total 2017 £
Provision of Education:					
Direct costs	5,347,403	-	687,084	6,034,487	5,806,975
Support costs	379,603	782,924	325,678	1,488,205	1,809,395
	<u>5,727,006</u>	<u>782,924</u>	<u>1,012,762</u>	<u>7,522,692</u>	<u>7,616,370</u>
Total 2017	<u>5,694,773</u>	<u>866,480</u>	<u>1,055,117</u>	<u>7,616,370</u>	

In 2017, of total expenditure, £219,057 was to unrestricted funds, £7,112,351 was to restricted funds and £284,962 was to restricted fixed asset funds.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. CHARITABLE ACTIVITIES

	2018 £	As restated 2017 £
Direct costs	6,034,487	5,806,975
Support costs	1,488,205	1,809,395
	<u>7,522,692</u>	<u>7,616,370</u>
	<u>7,522,692</u>	<u>7,616,370</u>

Analysis of support costs

	2018 £	2017 £
Support staff costs	379,603	472,080
Depreciation	232,150	284,962
Technology costs	86,507	89,966
Premises costs	550,774	581,518
Other support costs	225,901	365,141
Governance costs	13,270	15,728
	<u>1,488,205</u>	<u>1,809,395</u>
	<u>1,488,205</u>	<u>1,809,395</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned or leased by the Academy	232,150	212,772
Auditors' remuneration	7,160	6,950
Auditors' non audit costs	4,630	4,500
Operating lease rentals	181,510	138,640
	<u>181,510</u>	<u>138,640</u>
	<u>181,510</u>	<u>138,640</u>

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,386,018	4,356,621
Social security costs	440,213	434,594
Operating costs of defined benefit pension schemes	883,696	879,049
	5,709,927	5,670,264
Agency staff costs	17,079	24,509
	5,727,006	5,694,773

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	85	80
Administration and support	63	72
Management	8	8
	156	160

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £ 60,001 - £ 70,000	1	2
In the band £ 70,001 - £ 80,000	1	0
In the band £100,001 - £110,000	1	1

The above employees participated in the Teachers' Pension Scheme.

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy was £550,379 (2017: £529,338).

Included in the above are employer pension contributions of £75,657(2017: £72,735).

Included in the above are employer national insurance contributions of £49,890 (2017: £48,426)

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018 £	2017 £
G Cunningham	Remuneration	105,000 - 110,000	100,000-105,000
	Pension contributions paid	15,000-20,000	15,000-20,000
E Wilkinson	Remuneration	40,000-45,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
K McKerrell	Remuneration	45,000-50,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
S Edis	Remuneration	NIL	25,000-30,000
	Pension contributions paid	NIL	0-5,000
M Quinn	Remuneration	20,000 - 25,000	NIL
	Pension contributions paid	5,000-10,000	NIL

During the year ended 31 August 2018, travel and subsistence expenses totalling £453 (2017: £1,165) were reimbursed to 2 Trustees (2017: 3) in their roles as members of staff.

Other related party transactions involving the Trustees are set out in note 23.

11. TRUSTEES' AND OFFICERS' INSURANCE

The Academy has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. TANGIBLE FIXED ASSETS

	Leasehold land and property - as restated £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2017	4,953,870	1,577,471	4,625	6,535,966
Additions	-	16,493	-	16,493
At 31 August 2018	4,953,870	1,593,964	4,625	6,552,459
Depreciation				
At 1 September 2017	311,889	513,210	4,625	829,724
Charge for the year	62,378	169,772	-	232,150
At 31 August 2018	374,267	682,982	4,625	1,061,874
Net book value				
At 31 August 2018	4,579,603	910,982	-	5,490,585
At 31 August 2017	4,641,981	1,064,261	-	5,706,242

13. DEBTORS

	2018 £	2017 £
Trade debtors	326	-
VAT recoverable	29,548	20,347
Prepayments and accrued income	311,859	234,393
	341,733	254,740

14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	178,810	114,025
Taxation and social security	108,936	107,529
Other creditors	96,318	87,850
Accruals and deferred income	370,808	146,993
	754,872	456,397

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. CREDITORS: Amounts falling due within one year (continued)

	2018 £	2017 £
Deferred income		
Deferred income at the brought forward	42,238	51,120
Resources deferred during the year	317,794	42,238
Amounts released from previous years	(42,238)	(51,120)
	317,794	42,238
Deferred income carried forward	317,794	42,238

Deferred income as at 31 August 2018 refers to various School trips and grant funding received in advance.

15. PRIOR YEAR ADJUSTMENT

An adjustment of £1,705,984 was made to the prior year figures in respect of leasehold property which was originally depreciated to nil in line with the former school buildings. Certain of these buildings were never scheduled for demolition and their original value has been reinstated and depreciated. The impact on the total free reserves brought forward was £Nil.

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	293,416	167,564	(336,353)	-	-	124,627
	293,416	167,564	(336,353)	-	-	124,627
Restricted funds						
General Annual Grant (GAG)	-	6,144,476	(6,144,476)	-	-	-
Other DfE/ESFA grants	-	383,109	(383,109)	-	-	-
Other Government grants	-	88,958	(88,958)	-	-	-
Restricted donations	-	198,626	(187,646)	-	-	10,980
Pension reserve	(1,175,000)	-	(150,000)	-	314,000	(1,011,000)
	(1,175,000)	6,815,169	(6,954,189)	-	314,000	(1,000,020)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	5,706,242	-	(232,150)	16,493	-	5,490,585
Devolved Formula Capital (DFC)	-	25,162	-	(16,493)	-	8,669
	5,706,242	25,162	(232,150)	-	-	5,499,254
Total restricted funds	4,531,242	6,840,331	(7,186,339)	-	314,000	4,499,234
Total of funds	4,824,658	7,007,895	(7,522,692)	-	314,000	4,623,861

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. STATEMENT OF FUNDS (continued)

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

Unrestricted funds

This represents income received that does not have restrictions.

General Annual Grant (GAG)

The General Annual Grant (GAG) represents the core funding for the educational activities of the School that has been provided to the Academy via the ESFA by the DfE.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/ESFA grants

Other DfE/ESFA grants relate to the restricted income received from both the Department for Education and the Education and Skills Funding Agency to assist with the costs of the Trust in relation to specific activities.

Other Government grants

This represents various grants received from Government bodies for the provision of specific services to pupils of the Academy.

Restricted donations

This represents contributions made by parents to the running of educational visits for the students of the School and the associated costs of running the trips, along with other donations made that are to be spent on a specific purpose.

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from the Local Authority.

Restricted fixed asset funds

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

Devolved Formula Capital (DFC) fund

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities.

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
General funds						
Unrestricted funds	696,307	355,055	(238,469)	(519,477)	-	293,416
Restricted funds						
General Annual Grant (GAG)	467,616	6,018,752	(6,155,178)	(331,190)	-	-
Other DfE/ESFA grants	-	466,669	(466,669)	-	-	-
Other Government grants	-	135,537	(135,537)	-	-	-
Restricted donations	6,943	166,612	(173,555)	-	-	-
Pension reserve	(1,842,000)	-	(162,000)	-	829,000	(1,175,000)
	(1,367,441)	6,787,570	(7,092,939)	(331,190)	829,000	(1,175,000)
Restricted fixed asset funds						
Fixed Assets Fund - restated	5,094,182	-	(284,962)	897,022	-	5,706,242
Devolved Formula Capital (DFC)	21,835	24,520	-	(46,355)	-	-
	5,116,017	24,520	(284,962)	850,667	-	5,706,242
Total restricted funds	3,748,576	6,812,090	(7,377,901)	519,477	829,000	4,531,242
Total of funds	4,444,883	7,167,145	(7,616,370)	-	829,000	4,824,658

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	5,490,585	5,490,585
Current assets	124,627	765,852	8,669	899,148
Creditors due within one year	-	(754,872)	-	(754,872)
Provisions for liabilities and charges	-	(1,011,000)	-	(1,011,000)
	124,627	(1,000,020)	5,499,254	4,623,861

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets - restated	-	-	5,706,242	5,706,242
Current assets	293,416	456,397	-	749,813
Creditors due within one year	-	(456,397)	-	(456,397)
Provisions for liabilities and charges	-	(1,175,000)	-	(1,175,000)
	<u>293,416</u>	<u>(1,175,000)</u>	<u>5,706,242</u>	<u>4,824,658</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(514,797)	(449,225)
Adjustment for:		
Depreciation charges	232,150	212,772
Investments Income	(1,378)	(1,487)
Loss on the sale of fixed assets	-	72,190
Increase in debtors	(86,993)	(63,186)
Increase in creditors	298,475	182,627
Capital grants from DfE and other capital income	(25,162)	-
Pension adjustments	150,000	162,000
Net cash provided by operating activities	<u>52,295</u>	<u>115,691</u>

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	557,415	495,073
Total	<u>557,415</u>	<u>495,073</u>

20. MEMBERS' LIABILITY

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

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £94,370 were payable to the schemes at 31 August 2018 (2017 - 87,850) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £ 544,127 (2017 - £512,076).

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

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £250,000 (2017 - £283,000), of which employer's contributions totalled £201,000 (2017 - £228,000) and employees' contributions totalled £49,000 (2017 - £55,000). The agreed contribution rates for future years are 12.3% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.50 %	2.50 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.5	22.5
Females	24.9	24.9
Retiring in 20 years		
Males	24.1	24.1
Females	26.7	26.7

As at the 31 August 2018 the Academy had a pension liability of £1,011,000 (2017 - £1,175,000). The sensitivity analysis detailed below would increase/ (decrease) the closing defined benefit obligation in the following way:

	At 31 August 2018	At 31 August 2017
Sensitivity Movement	£	£
Discount rate +0.1%	(80,982)	(77,330)
Discount rate -0.1%	80,982	77,330
Mortality assumption - 1 year increase	29,448	21,090
Mortality assumption - 1 year decrease	(29,448)	(21,090)
CPI rate +0.1%	66,258	49,210
CPI rate -0.1%	(66,258)	(49,210)

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,415,000	1,521,000
Gilts	934,000	585,000
Corporate bonds	214,000	164,000
Property	107,000	70,000
	<u>2,670,000</u>	<u>2,340,000</u>

The actual return on scheme assets was £ 131,000 (2017 - £(234,000)).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £	2017 £
Current service cost	(320,000)	(352,000)
Interest income	61,000	50,000
Interest cost	(92,000)	(88,000)
	<u>(351,000)</u>	<u>(390,000)</u>
Actual return on scheme assets	<u>131,000</u>	<u>(234,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	3,515,000	4,230,000
Current service cost	320,000	352,000
Interest cost	92,000	88,000
Employee contributions	49,000	55,000
Actuarial gains	(244,000)	(1,113,000)
Benefits paid	(51,000)	(97,000)
	<u>3,681,000</u>	<u>3,515,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	2,340,000	2,388,000
Interest income	61,000	50,000
Actuarial losses/(gains)	70,000	(284,000)
Employer contributions	201,000	228,000
Employee contributions	49,000	55,000
Benefits paid	(51,000)	(97,000)
	<u>2,670,000</u>	<u>2,340,000</u>

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	PFI contract		Other	
	2018 £	2017 £	2018 £	2017 £
Amounts payable:				
Within 1 year	137,856	132,137	30,788	42,755
Between 1 and 5 years	551,424	528,548	28,911	45,778
After more than 5 years	2,894,976	2,587,683	-	-
Total	<u>3,584,256</u>	<u>3,248,368</u>	<u>59,699</u>	<u>88,533</u>

The annual payments made for the PFI contract are not fixed, instead they are uplifted each year depending on inflation. For the purposes of disclosure, the agreed cost for 2017/18 has been taken as the annual cost to the Academy, as inflationary changes are unknown.

23. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 10.

Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

There were no related party transactions during the period ended 31 August 2018.