

LONGDEAN SCHOOL

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

| | |
|--|--|
| Trustees | Mr G Cunningham, Headteacher Mr R Bowley, Community Governor Mr T Betteridge, Parent Governor Mrs S Edis, Staff Governor Mr M Evans, Co-opted Governor Mr P Fallon, Local Authority Governor Mr M Gurney, Parent Governor Mr A Hales, Community Governor Mrs J Hewison, Community Governor Mr C Hughes, Community Governor Ms K Mckerrell, Staff Governor Mr G Mellish, Co-opted Governor Mr N Parsons, Co-opted Governor Mr R Upson, Community Governor Mr E Wilkinson, Staff Governor Mrs A Tattershall, Parent Governor Mr C Barling, Parent Governor Ms K Moxom, Parent Governor (appointed 14 December 2015) Mr P Ramnarain, Parent Governor (appointed 14 December 2015) |
| Members | Mr C Hughes Mr G Cunningham Mr M Evans Mr P Fallon Ms K Moxom (from 14 December 2015) |
| Company name | Longdean School |
| Company registered number | 07695624 |
| Registered and principal office | Rumballs Road, Hemel Hempstead, Hertfordshire HP3 8JB |
| Company Secretary | Ms L Butler |
| Chief Executive 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
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

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 2016

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 2016. 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 capacity of 1290 and a roll of 1187 in the 2016 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. The Charitable Company is also 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 Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 any one loss and any one year. 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 Governing Body. 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 Governing Body. Co-opted Trustees are nominated by the Governing Body.

The Articles of Association make provision for up to 20 Trustees. These are the Head Teacher, 1 LEA representative, 6 Parents, 3 Staff, 6 Community and 3 Co-opted.

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.

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 5 occasions per year supported by each individual committee meeting 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.

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

The Head Teacher is the designated Accounting Officer of the Academy 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 Governing Body 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 Academy 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 Governing Body as required for approval. Each member of the SLT has specific responsibilities to assist the Head Teacher to manage certain aspects of the School.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Academy 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 management's 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 members of the Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy'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.

The Academy 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.

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

We want everyone in the Longdean Community to:

- Feel safe and secure so they are able to achieve their best
- Be inspired, challenged and motivated to seek out new challenges and opportunities to learn
- Express their views whilst respecting the opinions of others
- Raise money for charity, engage in voluntary work in or out of school
- Make appropriate decisions so they have control and choice over their future
- Be cutting edge and creative in our planning, teaching, marking and feedback
- Work with parents, students and teachers to ensure excellent outcomes for young people
- Follow a personalised curriculum so they develop the social and academic skills needed in society

Priorities

Our two priorities for the school year 2016/17 are as follows:

- develop leadership at all levels in the School; and
- develop students' ability to read, write and speak appropriately in different contexts

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 Academy 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 Academy have been conducted in accordance with the Hertfordshire LA admissions policy.

STRATEGIC REPORT

Achievements and Performance

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

- Longdean students 'are proud of their Academy. They enjoy coming to school.'

The 'Academy'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 Academy's strengths and where the academy needs to improve. His vision for the academy is communicated very effectively and his determination to create a high quality of education for pupils is a powerful factor in the Academy's success.'

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

Key Performance Indicators

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

- Academy admissions.
- Examination results and other indicators of student progress (including Pupil Premium).
- Staff and department performance monitoring.
- Attendance and wellbeing statistics.
- Financial health.
- Stakeholder survey outcomes.

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 2015-6 were as follows:

GCSE results Summer 2016

- The % of students achieving an A* - C in English and Mathematics has increased over 3 years and is now 59%.
- The % of students achieving 5A* - C including English and Mathematics has improved over the same period and is currently 54%. Both these measures have been achieved with cohorts whose starting points are below national.
- The % of students achieving the EBACC measure is consistent and the percentage taking EBACC subjects is above national. – 16.9%
- Attainment and Progress 8 have both improved from 2015 (47.2 & -0.22 respectively).
- Science outcomes have improved for four years in a row. The 2 A* - C indicator has improved by 4.7% with a 18.1 % improvement in students achieving 2 A* - G and 5.3% improvement achieving 3 C+ grades.
- English outcomes are good and improving for APS and Progress indicators from starting points. A*-C has improved to 59.2%
- Mathematics outcomes are good at 73% A* - C, with APS, expected and better than expected progress. Many indicators are above national for this subject.
- Through our unique one year GCSE option 61% of the current Year 11 already have 2 good GCSE passes and a further 20% have 1 good GCSE pass.
- The gap between Pupil Premium and non PP students has closed over the last 3 years due to our targeted intervention programme and close liaison between academic and pastoral staff as well as families.
- The percentage of students making and exceeding expected progress compares favourably with national figures.

Our School Improvement Plan Priorities focus on raising the achievement and aspirations of all Longdean students through outstanding teaching, effective monitoring, a broad and balanced curriculum and intervention driven by robust use of data.

Post 16 results

- Achievement at A2 (both A-B at 39% and A-E at 99.6%) has been consistent and improving for the last three years with cohorts who enter the Sixth Form below national.
- The PANDA shows Value Added for all courses at all levels is in line with national or better for these same cohorts.
- Success, achievement and retention rates for the vast majority of courses at all levels are at least in line and more often superior to national figures.

Priority School Building Programme

One of the Academy's objectives has been to progress the development of a new school building under the Priority School Building Programme (PSBP) in order to replace the existing buildings. We are delighted that construction has been progressing with an expected decant date into the new building over Christmas 2016.

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.

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

FINANCIAL REVIEW

Key Financial Performance Indicators

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education Funding Agency (EFA). For the year ended 31 August 2016 the Trust received £6,544,806 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £6,823,783 on expenditure. The Academy brought forward from 14/15, £3,269,786 restricted funds and £545,069 unrestricted funding. The carry forward for 15/16 is £2,004,681 restricted funding and £696,307 unrestricted funding. Further spending on FF&E for the new building is taking place during autumn 2016.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £1,842,000. 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.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs. The Trustees always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments, the nature of the reserves and to support future projects. This is against a background of anticipated reductions in future funding (from general government cuts and falls in the real value of grants) it is anticipated that the finances of the Academy will become increasingly tight.

The Trustees previously determined that the appropriate normal level of free/unrestricted reserves should be equivalent to six weeks gross salary expenditure (approximately £650,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent repairs.

In the 2014/15 financial year, this policy was reassessed based upon the emerging details of the building programme and the appropriateness and advisability of using free reserves, restricted funds, or in year GAG income to fund relevant parts of the build. The PSBP only involves the cost and maintenance of a new building and does not include new equipment and resources. Whilst some of the school's existing resources will decant into the new building, there is a requirement to provide a wide range of new equipment and materials. The current estimate for this is £1.2 million. As such, the normal level of reserves was increased in order to build up funds which will be used to provide furniture, equipment and resources for the new school building. The Academy is now part of the way through the procurement exercise. The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2016 was £1,192,701.

Free reserves excluding the funds set aside for the FF&E procurement total some £200,000 at 31st August 2016, and it is recognised that rebuilding of these reserves to form a 'cushion' must be a priority going forward.

A steady upward trend in pupil numbers, and a formally increased Planned Admission Number (PAN) from 2017, will generate increased grant income in years 2 and 3 of the current 3 year budget plan.

Investment Policy

The Academy has a policy of investing its cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment. To this end, a proportion of the balance is now distributed across several different banking institutions.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy 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 Academy 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.

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

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 Academy has considerable reliance on continued Government funding through the EFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy'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;
- reputational - the continuing success of the Academy 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 Academy 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;
- fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

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

Plans for Future Periods

The Academy will be decanting into new school buildings over Christmas 2016 as part of the PSBP. There is a planned expansion from 1,300 to 1,500 students. This will be complemented by curriculum development, changes to staffing structures and system changes to cope with the expansion.

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

- Restructuring of School staffing to ensure School priorities in new and expanding School can be delivered.
- Appointment of Assistant Headteacher Post 16, two Lead Practitioners, Intervention Teacher, Assistant Director of Learning and new Pastoral Managers to focus on delivering School priorities and improving outcomes for all learners.
- Implementing a new intervention strategy through a revamped Intervention Group that is more tightly linked to accurate and robust use of data at all levels in the School. The introduction of Go4Schools as a new data tracking, monitoring and reporting system has underpinned this.
- Introduction of DEAR (Drop Everything and Read) to promote reading and literacy in the School. A Literacy Group has been formed to focus on writing strategies across the School.
- Introduction of a new curriculum for Year 7 students focusing on study skills including reading and writing.
- Reviewed and redesigned the mission, vision and aims statements for the School to link them to our strap line of 'Rejoice in thy Youth' and align them with the Cooperative values.
- Introduced a new system for setting and monitoring homework to improve transparency and accountability.

The Academy will continue to develop partnership working with other schools, and play a role in creating capacity both within and between schools, via involvement in Initial Teacher Training, Teaching Schools and Leadership Exchange opportunities.

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

Auditor

in so far 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 19 December 2016 and signed on the Board's behalf by:

.....
Mr M Evans
Chair of Governors

LONGDEAN SCHOOL
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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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------------------|-------------------|-------------------|
| Mr G Cunningham, Headteacher | 4 | 6 |
| Mr R Bowley, Community Governor | 4 | 6 |
| Mr T Betteridge, Parent Governor | 3 | 6 |
| Mrs S Edis, Staff Governor | 5 | 6 |
| Mr M Evans, Co-opted Governor | 6 | 6 |
| Mr P Fallon, Local Authority Governor | 4 | 6 |
| Mr M Gurney, Parent Governor | 5 | 6 |
| Mr A Hales, Community Governor | 5 | 6 |
| Mrs J Hewison, Community Governor | 5 | 6 |
| Mr C Hughes, Community Governor | 5 | 6 |
| Ms K McKerrell, Staff Governor | 2 | 6 |
| Mr G Mellish, Co-opted Governor | 1 | 6 |
| Mr N Parsons, Co-opted Governor | 3 | 6 |
| Mr R Upson, Community Governor | 5 | 6 |
| Mr E Wilkinson, Staff Governor | 3 | 6 |
| Mrs A Tattershall, Parent Governor | 5 | 6 |
| Mr C Barling, Parent Governor | 5 | 6 |
| Ms K Moxom, Parent Governor | 5 | 5 |
| Mr P Ramnarain, Parent Governor | 3 | 5 |

The Finance and Premises Committee is a sub-committee of the main Board of Trustees. Its purpose is to address financial and property matters.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------------------------|-------------------|-------------------|
| Mr R Bowley | 5 | 5 |
| Mr G Cunningham, Headteacher | 4 | 5 |
| Mrs S Edis | 5 | 5 |
| Mr A Hales | 3 | 5 |
| Mr C Hughes | 4 | 5 |
| Mr R Upson | 5 | 5 |
| Mr M Evans | 4 | 5 |
| Mr M Gurney | 4 | 5 |
| Mr M Mellish | 1 | 5 |
| Mr E Wilkinson | 4 | 5 |
| Mr C Barling | 5 | 5 |

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Measuring its success through a broad range of financial and achievement performance indicators.
- Ensuring The School Improvement Plan priorities have a focus on sustaining improvements for all students.
- Ensuring the use of Pupil Premium and catch-up funding is carefully allocated and closely monitored for its impact on our most vulnerable students.
- Engaging with many other educational providers and experts to share delivery or good practice, and to drive up standards for the least cost.
- Having a robust system of internal control in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. Any weaknesses highlighted in a systematic review of internal controls are addressed, ensuring the continuous improvement of systems..
- Having a register of all services and contracts where all contracts are appraised or renegotiated in a timely manner to get the best mix of quality and effectiveness, thus providing value for money.
- Exploring opportunities to generate additional and reliable revenue streams.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Longdean School for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance & 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 not to appoint an internal auditor or create an Audit Committee. However, the Trustees have appointed Roger Bowley, a Trustee, as Responsible Officer (RO).

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GOVERNANCE STATEMENT (continued)

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The RO delivered his schedule of works as planned and no material control issues were identified.

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 Responsible Officer;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the School 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 19 December 2016 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 Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

.....
Mr G Cunningham
Accounting Officer

Date: 19 December 2016

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

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 Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the Board of Trustees on 19 December 2016 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**

We have audited the financial statements of Longdean School for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Academy's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's Members those matters we are required to state to them in an 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 its Members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our Report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Mr 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
22 December 2016

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 8 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Longdean School during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Longdean School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Longdean School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Longdean School and the EFA, 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

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 Trust, 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 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Chartered Accountants

22 December 2016

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

| | Note | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | As restated Total funds 2015 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|--|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 44,880 | 184,119 | - | 228,999 | 216,634 |
| Charitable activities | 3 | 34,252 | 6,360,687 | 185,921 | 6,580,860 | 6,446,164 |
| Other trading activities | 4 | 248,263 | - | - | 248,263 | 147,867 |
| Investments | 5 | 6,676 | - | - | 6,676 | 5,476 |
| TOTAL INCOME | | <u>334,071</u> | <u>6,544,806</u> | <u>185,921</u> | <u>7,064,798</u> | <u>6,816,141</u> |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | <u>182,833</u> | <u>6,823,783</u> | <u>432,049</u> | <u>7,438,665</u> | <u>9,408,479</u> |
| TOTAL EXPENDITURE | 6 | <u>182,833</u> | <u>6,823,783</u> | <u>432,049</u> | <u>7,438,665</u> | <u>9,408,479</u> |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 151,238 | (278,977) | (246,128) | (373,867) | (2,592,338) |
| Actuarial losses on defined benefit pension schemes | 19 | - | (740,000) | - | (740,000) | (3,000) |
| NET MOVEMENT IN FUNDS | | <u>151,238</u> | <u>(1,018,977)</u> | <u>(246,128)</u> | <u>(1,113,867)</u> | <u>(2,595,338)</u> |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | <u>545,069</u> | <u>(348,464)</u> | <u>3,618,250</u> | <u>3,814,855</u> | <u>6,410,193</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>696,307</u></u> | <u><u>(1,367,441)</u></u> | <u><u>3,372,122</u></u> | <u><u>2,700,988</u></u> | <u><u>3,814,855</u></u> |

The notes on pages 22 to 36 form part of these financial statements.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07695624

BALANCE SHEET
AS AT 31 AUGUST 2016

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|-----------------------------|-----------------------------|-----------------------------|-------------|
| FIXED ASSETS | | | | | |
| Tangible assets | | | 3,350,287 | | 3,618,250 |
| CURRENT ASSETS | | | | | |
| Debtors | 12 | 191,554 | | 95,156 | |
| Cash at bank and in hand | | 1,274,917 | | 1,401,036 | |
| | | <u>1,466,471</u> | | <u>1,496,192</u> | |
| CREDITORS: amounts falling due within one year | 13 | (273,770) | | (268,587) | |
| | | <u> </u> | 1,192,701 | <u> </u> | 1,227,605 |
| NET CURRENT ASSETS | | | | | |
| | | | <u>4,542,988</u> | | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| Defined benefit pension scheme liability | 19 | | (1,842,000) | | (1,031,000) |
| | | | <u> </u> | | |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | | | |
| | | | <u>2,700,988</u> | | |
| | | | <u> </u> | | |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 14 | 474,559 | | 682,536 | |
| Restricted fixed asset funds | 14 | 3,372,122 | | 3,618,250 | |
| | | <u> </u> | | <u> </u> | |
| Restricted income funds excluding pension liability | | 3,846,681 | | 4,300,786 | |
| Pension reserve | | (1,842,000) | | (1,031,000) | |
| | | <u> </u> | | <u> </u> | |
| Total restricted income funds | | | 2,004,681 | | 3,269,786 |
| Unrestricted income funds | 14 | | 696,307 | | 545,069 |
| | | | <u> </u> | | |
| TOTAL FUNDS | | | | | |
| | | | <u>2,700,988</u> | | |
| | | | <u> </u> | | |

The financial statements were approved by the Trustees, and authorised for issue, on 19 December 2016 and are signed on their behalf, by:

.....
Mr M Evans
Chair of Governors

The notes on pages 22 to 36 form part of these financial statements.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

| | Note | 2016 £ | 2015 £ |
|--|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 16 | 31,291 | 242,597 |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 6,676 | 5,476 |
| Purchase of tangible fixed assets | | (164,086) | (128,752) |
| Net cash used in investing activities | | (157,410) | (123,276) |
| Change in cash and cash equivalents in the year | | (126,119) | 119,321 |
| Cash and cash equivalents brought forward | | 1,401,036 | 1,281,715 |
| Cash and cash equivalents carried forward | | 1,274,917 | 1,401,036 |

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of Longdean School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Longdean School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 22.

1.2 Fund accounting

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

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

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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 | - | over 4 years (due to plans to demolish old building and move to new site) |
| Motor vehicles | - | over 10 years |
| Fixtures and fittings | - | between 1 and 25 years |

1.7 Operating leases

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

1.8 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.

1.9 Liabilities and provisions

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

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.11 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 44,880 | 184,119 | - | 228,999 | 212,833 |
| Grants | - | - | - | - | 3,801 |
| | <u>44,880</u> | <u>184,119</u> | <u>-</u> | <u>228,999</u> | <u>216,634</u> |
| Total donations and capital grants | <u>44,880</u> | <u>184,119</u> | <u>-</u> | <u>228,999</u> | <u>216,634</u> |

In 2015, of the total income from donations and capital grants, £45,093 was to unrestricted funds and £171,541 was to restricted funds

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA grants | | | | |
| General Annual Grant (GAG) | - | 5,956,060 | 5,956,060 | 5,830,880 |
| Other DfE / EFA grants | 34,252 | 251,682 | 285,934 | 346,861 |
| | <u>34,252</u> | <u>6,207,742</u> | <u>6,241,994</u> | <u>6,177,741</u> |
| Other government grants | | | | |
| Local authority grants | - | 338,866 | 338,866 | 268,423 |
| | <u>-</u> | <u>338,866</u> | <u>338,866</u> | <u>268,423</u> |
| | <u>34,252</u> | <u>6,546,608</u> | <u>6,580,860</u> | <u>6,446,164</u> |

In 2015, of the total income from charitable activities, £5,346 was to unrestricted funds and £6,440,818 was to restricted funds.

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 41,291 | - | 41,291 | 36,735 |
| Catering income | 195,810 | - | 195,810 | 98,329 |
| Other Income | 11,162 | - | 11,162 | 12,803 |
| | <u>248,263</u> | <u>-</u> | <u>248,263</u> | <u>147,867</u> |

In 2015, of the total income from other trading activities, £147,867 was to unrestricted funds and £ NIL was to restricted funds.

5. INVESTMENT INCOME

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest | 6,676 | - | 6,676 | 5,476 |
| | <u>6,676</u> | <u>-</u> | <u>6,676</u> | <u>5,476</u> |

In 2015, of the total investment income, £5,476 was to unrestricted funds and £ NIL was to restricted funds.

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FOR THE YEAR ENDED 31 AUGUST 2016**

6. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | As restated Total 2015 £ |
|-------------------------|--------------------------|-----------------------|--------------------------|--------------------|-----------------------------------|
| Provision of Education: | | | | | |
| Direct costs | 4,939,507 | - | 815,796 | 5,755,303 | 5,170,799 |
| Support costs | 538,568 | 825,527 | 319,267 | 1,683,362 | 4,237,680 |
| | <u>5,478,075</u> | <u>825,527</u> | <u>1,135,063</u> | <u>7,438,665</u> | <u>9,408,479</u> |

In 2016, of the total expenditure, £182,833 (2015 - £71,836) was to unrestricted funds and £7,255,832 (2015 - £9,307,643) was to restricted funds.

7. CHARITABLE ACTIVITIES

| | 2016 £ | As restated 2015 £ |
|---------------|------------------|--------------------------|
| Direct costs | 5,755,303 | 5,170,799 |
| Support costs | 1,683,362 | 4,237,680 |
| | <u>7,438,665</u> | <u>9,408,479</u> |

Analysis of support costs

| | 2016 £ | 2015 £ |
|---------------------|------------------|------------------|
| Support staff costs | 538,568 | 661,488 |
| Premises costs | 825,527 | 3,181,226 |
| Governance costs | 11,250 | 10,850 |
| Other support costs | 308,017 | 384,116 |
| | <u>1,683,362</u> | <u>4,237,680</u> |

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | 2016 £ | 2015 £ |
|--|----------------|------------------|
| Depreciation of tangible fixed assets: - owned or leased by the Academy | 432,049 | 2,720,040 |
| Auditors' remuneration | 6,950 | 6,750 |
| Auditors' non audit costs | 4,300 | 4,100 |
| Operating lease rentals | 32,108 | 31,377 |
| | <u>475,407</u> | <u>2,782,267</u> |

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9. STAFF COSTS

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Wages and salaries | 4,325,605 | 4,176,572 |
| Social security costs | 368,893 | 321,699 |
| Operating costs of defined benefit pension schemes | 767,797 | 675,098 |
| | <u>5,462,295</u> | <u>5,173,369</u> |
| Supply teacher costs | 15,780 | 27,003 |
| | <u>5,478,075</u> | <u>5,200,372</u> |

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

| | 2016 No. | 2015 No. |
|----------------------------|-------------|-------------|
| Teachers | 82 | 81 |
| Administration and support | 73 | 75 |
| Management | 9 | 9 |
| | <u>164</u> | <u>165</u> |

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

| | 2016 No. | 2015 No. |
|---------------------------------|-------------|-------------|
| In the band £ 60,001 - £ 70,000 | 3 | 0 |
| In the band £ 90,001 - £100,000 | 1 | 1 |

The above employees participated in the Teachers' Pension Scheme.

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) received by key management personnel for their services to the Academy was £801,392 (£2015: £779,065).

Included in the above are employer pension contributions of £119,946 (2015: £103,626).

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10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher 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:

| | | 2016 £ | 2015 £ |
|--------------|----------------------------|----------------|---------------|
| G Cunningham | Remuneration | 95,000-100,000 | 90,000-95,000 |
| | Pension contributions paid | 15,000-20,000 | 10,000-15,000 |
| 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 | 35,000-40,000 |
| | Pension contributions paid | 5,000-10,000 | 5,000-10,000 |
| S Edis | Remuneration | 40,000-45,000 | 40,000-45,000 |
| | Pension contributions paid | 5,000-10,000 | 5,000-10,000 |

During the year ended 31 August 2016, travel and subsistence expenses totalling £638 (2015: £116) were reimbursed to two Trustees (2015: one Trustee) in their roles as members of staff.

Other related party transactions involving the Trustees are set out in note 22.

11. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust 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.

12. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|----------------|---------------|
| VAT recoverable | 99,950 | 33,192 |
| Prepayments and accrued income | 91,604 | 61,964 |
| | <u>191,554</u> | <u>95,156</u> |

13. CREDITORS: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------|----------------|----------------|
| Trade creditors | 3,375 | 30,863 |
| Taxation and social security | 105,944 | 89,928 |
| Other creditors | 87,382 | 80,599 |
| Accruals and deferred income | 77,069 | 67,197 |
| | <u>273,770</u> | <u>268,587</u> |

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

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Deferred income | | |
| Deferred income at the brought forward | 20,070 | 26,279 |
| Resources deferred during the year | 51,120 | 20,070 |
| Amounts released from previous years | (20,070) | (26,279) |
| | 51,120 | 20,070 |
| Deferred income carried forward | 51,120 | 20,070 |

Deferred income as at 31 August 2016 refers to various School trips and music funding.

14. STATEMENT OF FUNDS

| | Brought forward £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/(losses) £ | Carried forward £ |
|-------------------------------------|----------------------|-------------|-------------------------|-----------------------|---------------------|----------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 545,069 | 334,071 | (182,833) | - | - | 696,307 |
| | 545,069 | 334,071 | (182,833) | - | - | 696,307 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 682,536 | 5,956,060 | (6,170,980) | - | - | 467,616 |
| SEN | - | 21,500 | (21,500) | - | - | - |
| Pupil premium | - | 275,772 | (275,772) | - | - | - |
| 16 -19 bursary | - | 16,366 | (16,366) | - | - | - |
| Other government grants | - | 65,761 | (65,761) | - | - | - |
| Educational visits | - | 184,119 | (177,176) | - | - | 6,943 |
| Other restricted funds | - | 25,228 | (25,228) | - | - | - |
| Pension reserve | (1,031,000) | - | (71,000) | - | (740,000) | (1,842,000) |
| | (348,464) | 6,544,806 | (6,823,783) | - | (740,000) | (1,367,441) |
| | (348,464) | 6,544,806 | (6,823,783) | - | (740,000) | (1,367,441) |
| Restricted fixed asset funds | | | | | | |
| Fixed assets fund | 3,570,830 | - | (432,049) | 211,506 | - | 3,350,287 |
| DFC | 47,420 | 24,143 | - | (49,728) | - | 21,835 |
| EFA IT & FFE Allocation | - | 161,778 | - | (161,778) | - | - |
| | 3,618,250 | 185,921 | (432,049) | - | - | 3,372,122 |
| Total restricted funds | 3,269,786 | 6,730,727 | (7,255,832) | - | (740,000) | 2,004,681 |
| | 3,269,786 | 6,730,727 | (7,255,832) | - | (740,000) | 2,004,681 |
| Total of funds | 3,814,855 | 7,064,798 | (7,438,665) | - | (740,000) | 2,700,988 |
| | 3,814,855 | 7,064,798 | (7,438,665) | - | (740,000) | 2,700,988 |

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.

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14. STATEMENT OF FUNDS (continued)

General Annual Grant (GAG)

This represents funding from the EFA to cover the costs of recurrent expenditure.

The transfer from GAG relates to the contribution from GAG funding towards the maintenance of capital assets during the year.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Special Educational Needs (SEN)

This represents allocated funding for special educational needs students.

Pupil Premium

This funding is to be used to raise achievement and improve outcomes for students from low-income families who are eligible for free school meals, looked after children and those from families with parents in the Armed Forces.

16 - 19 Bursary

This funds helps 16 to 19 year olds continue in education where they might otherwise struggle for financial reasons.

Other Government Grants

This includes PGCE and general teacher training income along with specific funding for staff redundancies.

Educational Visits

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.

Other Restricted Funds

This includes income for exam resits and the School Fund.

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 a state controlled school.

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.

EFA IT & FFE Allocation

This represents income received from the EFA specifically to be used to purchase furniture, fittings and equipment including IT.

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NOTES TO THE FINANCIAL STATEMENTS
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15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 3,350,287 | 3,350,287 | 3,618,250 |
| Current assets | 696,307 | 748,329 | 21,835 | 1,466,471 | 1,496,192 |
| Creditors due within one year | - | (273,770) | - | (273,770) | (268,587) |
| Provisions for liabilities and charges | - | (1,842,000) | - | (1,842,000) | (1,031,000) |
| | <u>696,307</u> | <u>(1,367,441)</u> | <u>3,372,122</u> | <u>2,700,988</u> | <u>3,814,855</u> |

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

| | 2016 £ | As restated 2015 £ |
|---|---------------|--------------------------|
| Net expenditure for the year (as per Statement of financial activities) | (373,867) | (2,592,338) |
| Adjustment for: | | |
| Depreciation charges | 432,049 | 2,720,040 |
| Losses on investments | (6,676) | (5,476) |
| (Increase)/decrease in debtors | (96,398) | 96,984 |
| Increase/(decrease) in creditors | 5,183 | (42,613) |
| Pension adjustments | 71,000 | 66,000 |
| Net cash provided by operating activities | <u>31,291</u> | <u>242,597</u> |

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------|------------------|------------------|
| Cash in hand | 1,274,917 | 1,401,036 |
| Total | <u>1,274,917</u> | <u>1,401,036</u> |

18. 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.

19. PENSION COMMITMENTS

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 2013.

Contributions amounting to £86,785 were payable to the schemes at 31 August 2016 (2015 - £80,070) and are included within creditors.

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19. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £641,226 (2015 - £744,804).

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).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £283,000 (2015 - £255,000), of which employer's contributions totalled £228,000 (2015 - £206,000) and employees' contributions totalled £55,000 (2015 - £49,000). The agreed contribution rates for future years are 12.3% for employers and 5.5 - 7% 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.

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19. PENSION COMMITMENTS (continued)

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

| | 2016 | 2015 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.00 % | 3.70 % |
| Expected return on scheme assets at 31 August | 2.00 % | 3.70 % |
| Rate of increase in salaries | 3.60 % | 4.00 % |
| Rate of increase for pensions in payment / inflation | 2.10 % | 2.60 % |

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

| | 2016 | 2015 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.3 | 22.3 |
| Females | 24.5 | 24.5 |
| Retiring in 20 years | | |
| Males | 24.3 | 24.3 |
| Females | 26.7 | 26.7 |

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

| | Fair value at 31 August 2016 £ | Fair value at 31 August 2015 £ |
|------------------------------|---|---|
| Equities | 1,504,000 | 1,151,000 |
| Bonds | 669,000 | 501,000 |
| Property | 167,000 | 130,000 |
| Cash | 48,000 | 74,000 |
| | <u>2,388,000</u> | <u>1,856,000</u> |
| Total market value of assets | <u>2,388,000</u> | <u>1,856,000</u> |

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

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Current service cost (net of employee contributions) | (261,000) | (235,000) |
| Net interest cost | (38,000) | (37,000) |
| | <u>(299,000)</u> | <u>(272,000)</u> |
| Total | <u>(299,000)</u> | <u>(272,000)</u> |
| Actual return on scheme assets | <u>311,000</u> | <u>78,000</u> |

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19. PENSION COMMITMENTS (continued)

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

| | 2016 £ | 2015 £ |
|--------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 2,887,000 | 2,508,000 |
| Current service cost | 261,000 | 235,000 |
| Interest cost | 111,000 | 98,000 |
| Contributions by scheme participants | 55,000 | 49,000 |
| Actuarial losses | 978,000 | 20,000 |
| Benefits paid | (62,000) | (23,000) |
| | <u>4,230,000</u> | <u>2,887,000</u> |

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

| | 2016 £ | 2015 £ |
|-------------------------------------|------------------|------------------|
| Opening fair value of scheme assets | 1,856,000 | 1,546,000 |
| Interest income | 73,000 | 61,000 |
| Actuarial gains and (losses) | 238,000 | 17,000 |
| Contributions by employer | 228,000 | 206,000 |
| Contributions by employees | 55,000 | 49,000 |
| Benefits paid | (62,000) | (23,000) |
| | <u>2,388,000</u> | <u>1,856,000</u> |

20. OPERATING LEASE COMMITMENTS

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

| | Land and buildings | | | Other |
|-------------------------|--------------------|---------------|---------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £ | £ | £ | £ |
| Amounts payable: | | | | |
| Within 1 year | - | - | 2,124 | - |
| Between 1 and 5 years | 84,000 | 84,000 | 73,775 | 9,068 |
| Total | <u>84,000</u> | <u>84,000</u> | <u>75,899</u> | <u>9,068</u> |

21. RELATED PARTY TRANSACTIONS

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 2016.

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22. FIRST TIME ADOPTION OF FRS 102

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.