

Registered number: 07695624

LONGDEAN SCHOOL

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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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 GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Trustees	Mr G Cunningham, Headteacher, Staff Governor ¹ Mr R Bowley, Community Governor ¹ Mr T Betteridge, Parent Governor (appointed 24 February 2014) Mrs R Coombs, Co-opted Governor Mrs T Dalmon, Parent Governor ¹ Mrs S Edis, Staff Governor ¹ Mr M Evans, Parent Governor Mr P Fallon, Community Governor Mr M Gurney, Parent Governor Mr A Hales, Community Governor ¹ Mrs J Hewison, Community Governor Mr C Hughes, Community Governor Ms S Long, Staff Governor Ms K McKerrell, Staff Governor Mr G Mellish, Parent Governor Mr M Nethercoat, Parent Governor (resigned 13 September 2013) Mr N Parsons, Co-opted Governor Mr A Risdon, Parent Governor (resigned 31 March 2014) ¹ Mrs C Thear, Co-opted Governor (resigned 30 June 2014) Mr R Upson, Community Governor ¹ Rev'd L Wilson, Community Governor ¹ Member of Finance Committee
Members	Mr C Hughes Mr R Upson
Company registered number	07695624
Principal and registered 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 P Goatley, Assistant Headteacher Mr D Lawrence, Assistant Headteacher Mr A Lewis, Assistant Headteacher, Finance Manager Mrs G Segal, Deputy Headteacher Mr R Muskett, Assistant Headteacher Mr A Purser, Assistant Headteacher

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014

Administrative details (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
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The Trustees present their annual report together with the financial statements and auditor's report of Longdean School (the Charitable Company) for the year ended 31 August 2014. The annual report serves the purpose of both trustees' report, and a directors' report under company law. The Charitable Company operates an academy for students aged 11-19 serving the catchment area of East Dacorum. It has a capacity of 1290 and a roll of 1164 in the 2014 school census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a charitable company limited by guarantee and an exempt charity. The Academy was set up by a Memorandum of Association on 4 July 2011. The Academy converted on 1 August 2011.

The governors act as the trustees for the charitable activities of Longdean School and are also the directors of the Charitable Company for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is also known as Longdean School.

Details of the governors who served throughout the year as Trustees except as noted are included in the Reference and Administrative Details on page 1

Members' Liability

Each Member of the Academy Trust 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.

Governors' Indemnities

Governors are covered by indemnity insurance purchased at the Academy's expense to cover the liability of the governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy. Such indemnity will not apply to any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not; nor will such indemnity extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the academy trust. The insurance provides cover for up to £5,000,000 on any one claim and details of the costs are disclosed in Note 12 to the accounts.

The Academy maintains a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Headteacher, Finance and Premises & Community Committees on a termly basis. The principal risks facing the Academy at a contextual level are outlined below in the principal risks and uncertainties section; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls; for further details, see the Statement of Internal Control below.

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

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

As an Academy, 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 this is relatively stable with contingencies in place to cover such items as sickness and maternity.

To advance for the public benefit, education in the United Kingdom, in particular (but without prejudice to the generality of the foregoing) by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The Academy is constituted as an 11-18 school for the period to 31 August 2014.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Method of Recruitment and Appointment or Election of Governors

The governing body is made up of 20 governors. These are the Headteacher, 1 LEA representative, 3 Staff Governors, 6 Parent governors, 6 Community Governors and 3 Co-opted Governors.

- Staff governors are nominated and elected by the staff of Longdean School.
- Parents are nominated and elected by Parents of Longdean School.
- Community Governors are nominated and elected by the Governing Body.
- Co-opted governors are nominated by the Governing Body.

Policies and Procedures Adopted for the Induction and Training of Governors

During the year, bespoke training sessions on academy governance and academy governors' responsibilities were delivered at the academy.

As there is a relatively low turnover of governors and as the backgrounds of individual governors differs hugely much induction tends to be informal and to be tailored to the needs of the individual. Where necessary, training will be provided on educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All Governors are linked to their own departments.

All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

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 Governing Body, which meets on at least 6 occasions per year, is responsible for the strategic direction of the academy. The Governing Body reviews progress towards educational objectives and results. They also approve major expenditure requests, approve the budget for the following year, and set the organizational staffing structure, agree the performance objectives of the Headteacher with the School Improvement Partner, and reviews them.

The Headteacher is the designated Accounting Officer of the academy and has overall responsibility for the day to day financial management of the Charitable Company.

The Governing Body has committees which have devolved responsibility. The Chair of each committee (Finance, Premises & Community, Personnel and Curriculum) and the Chair of Governors form the Strategic Leadership Committee, which has the overall view on behalf of the Full Governing Body.

The overall financial responsibility (strategic and specific) is devolved by the Board of Governors, Finance committee and Headteacher (Accounting Officer) to the Finance Manager 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 Headteacher 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 Headteacher and the Governing Body as required for approval. Each member of the SLT has specific responsibilities to assist the Headteacher to manage certain aspects of the academy.

Priority School Building Programme (PSBP)

Longdean School has entered an interest in the Government's PSBP new build programme. To this end the governing body have delegated to the Strategic Committee all decisions on the contract and reporting back to the governing body on progress. The governing body will consider whether to extend their membership to increase capacity for the detail and operation of the new build.

The governing body has appointed the Finance Manager as the representative to exercise functions and powers on their behalf with the EFA.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Connected organisations, including related party relationships

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organizations, transactions may take place with organizations in which a governor has an interest. All transactions involving such organizations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The Academy does not have a 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.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the Charitable Company 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

The school vision statement is 'I am proud of who I am and what I have achieved today.' This is underpinned through our strap line 'Rejoice in thy youth.'

Every year our school aims to reinforce the principles of these statements.

Our overriding aim is to ensure that all students achieve the qualifications and develop the social and learning skills they require to have control and choice over their futures. To support this aspiration for all Longdean students we have worked towards this aim by:

- 1) ensuring that every student enjoys the same high quality education in terms of resources, tuition and care;
- 2) raising the standard of educational achievement of all students;
- 3) improving the effectiveness of the academy by keeping the curriculum and organizational structure under continual review;
- 4) providing value for money for the funds expended;
- 5) complying with all appropriate statutory and curriculum requirements;
- 6) conducting the academy's business in accordance with the highest standard of integrity.

Our primary focus is to ensure that every student achieves regardless of their context. Longdean is a truly comprehensive and diverse school with students arriving from a wide range of social, economic and ethnic backgrounds. Prior attainment on entry is below the national average and in some years the difference is significant. We believe that Longdean has an obligation to ensure that every student leaves school with the qualifications they need to have control over the next steps in their lives and the skills they will need to learn new things every day of their lives, to tackle and overcome challenges that will take them out of their comfort zones and to be able to contribute to the rapidly changing communities that they are an integral part of. Young people today need to be literate, numerate, emotionally intelligent and resilient enough to contribute to an ever changing society. Inclusion is at the heart of all we do and we firmly believe that students arrive with us from a variety of contexts but leave as well rounded individuals. Our Speech & Language Base & Learning Support Centre are testament to this approach

We feel that whilst it is the job of Longdean to develop these attributes in young people they will only have limited success if they are working in isolation. Students themselves have a responsibility to learn something new everyday, engage in activities that challenge them and to contribute to the wider community. Parents need to work alongside the school in reinforcing the importance of these skills and developing them in their children. They can do this by ensuring their children attend school regularly, on time and by attending events linked to their child's education. The wider community can also offer something by informing schools about both the positive and negative contributions of young people, or by presenting opportunities for them. Longdean makes a significant contribution to the local, national and global community. Some examples of note are our Senior Citizens Christmas Party, annual fund raising for local and national charities, International School Status with two link schools, the school leading and developing the resilience programme and the use of our Longdean Learning Platform (LLP) expertise to develop other schools.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

A typical day for students begins at 8.30 with a registration period in a Vertical Tutor group. Each tutor group is a member of one of four houses that reinforce the Mathematics and Computing ethos. Registration is seen as a learning and not a social event and is crucial in promoting positive relationships, leadership and independence. Following this there are two lessons. For core subjects students are taught in same year classes. From Year 9 – 11 students take one option each year and they are taught in mixed year classes for 11 hours per fortnight. In KS3 (Yr7&8) students study our competency curriculum – Opening Minds is a combination of English, History, Geography & RS. Future Skills is a combination of Mathematics, Science, Technology & ICT. Break is from 11am – 11.20am, followed by two more lessons. Lunch is 45 minutes and all students eat on site. The day ends with lesson 5 which also serves as an afternoon registration.

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.

Achievements and Performance

In a recent inspection (April 2013), Ofsted judged the school as 'Good' and recognizes that it is continuing to improve.

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
- Staff and department performance monitoring
- Attendance and wellbeing statistics
- Financial Health
- Stakeholder survey outcomes

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

Examination results for 2013-14 were as follows:

Key Stage 4

When comparing this year's KS4 results with those from 2012-13 and before, it is important to understand that we are not always comparing like with like. The main measures of 5+ A*-C including English and Maths and 5+ A*-C can now only include a maximum of two vocational subjects (OCR or BTECs). Also, these vocational subjects only count as one pass each for the school, as opposed to two in previous years. Also, for 2014 the government produced a prescribed list of vocational subjects that could be included. Due to the way our KS4 curriculum is structured, some of the BTECs taken in 2012 and 2013 by year 11 students are not in the list and so do not count. Some BTEC courses have changed this year and are much tougher to get a C+ equivalent.

The main measure of 5+ A*-C including English and Maths was just under 53%, which is a 6% increase on 2013-14, with a weaker cohort of students and in a climate where, particularly in English and Maths, results nationally are down on 2012-13.

The 5+ A*-C measure is 68%, a drop of 7.5% on last year (in the context of vocational subjects only counting as one pass this year).

The gap between the results of all students and those who are Pupil Premium has lessened (this group has performed better than last year).

Core Subjects – Year 11

Results in English, Maths and Science have all improved on 2012-13, particularly in Maths. Many students had already taken GCSE Maths prior to June 2014 – this is the last year where this will be the case.

Progress of students in English was about the same as last year. Progress in Maths was significantly better than last year, as a result of more top grades.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

This was the first year group who have followed a three-year KS4 course. There were more students following a Triple Science course, where the results were good, and more students following a Full Course RE programme, which was also successful. The top two pathways (roughly 60% of students) had to take French or German as part of their core curriculum. Results in French were good. These students also had to take either Geography or History as one of their options, and the results in both of these were on or above national average. Results in Citizenship improved from 2012-13. Results in ICT were excellent, with all students gaining the equivalent of at least a C grade. Leisure & Tourism results were excellent from Y-pathway students.

Option subjects – Years 9-11

With the option courses, we were running five new GCSEs: Business Communications, Child, Computing (excellent), Photography (very good) and Psychology (also very good).

In the established subjects, it is hard to compare one cohort with another, but results were excellent in Drama, Geography, BTEC Music and Graphic Products, good in Business Studies, History, BTEC Media and Resistant Materials.

Key Stage 5

The A-Level results showed a slight improvement on 2012-13. There was 100% pass rate. The percentage attaining A grades was lower than forecast, leading to a slight drop in the A*-B percentage. Boys out-performed girls (against the national trend). Subjects which did well comparatively include English Language & Literature, Maths, Performing Arts, Travel & Tourism and Media.

The level 2 courses in the sixth form were successful, particularly in English, Maths and HPQ.

Our School Improvement Plan Priorities focus on sustaining improvements for all students in all subjects.

To ensure standards are continually raised, the Academy:

- Operates a programme of observations of lessons
- Operates a programme of learning area reviews
- Operates a programme of performance reviews
- Tracks and tackles underachievement and performance in groups of learners, as indicated by a number of measures
- Employs an External Adviser (a current Ofsted Inspector)

One of the Academy's objectives for the period was to progress a new school building under the Priority School Building Programme (PSBP). We are delighted that our original bid is moving forward with the intention to reach financial closure in October 2014, when construction will begin. We expect to decant into the new building in the summer of 2016.

Going Concern

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

Key Financial Performance Indicators

The Academy runs a full financial benchmark process against a dataset of similar academies. This is based upon data published by the EFA (often not annualised) and the various academy published accounts. Further work to annualise the data has meant that the following have been used to judge financial performance:

- A comparison of historical CFR income and expenditure lines with current budget and outturn statements
- Staffing and a full range of other comparisons with a range of Academies
- Staffing and other costs as a percentage of main grant income
- Staff and other costs as a percentage of total expenditure
- Income per student
- Unit cost per student
- Capital expenditure per student
- Net revenue compared to budget
- Achievement against expenditure per student

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

FINANCIAL REVIEW

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2014, total expenditure of £6,471,727 (excluding depreciation) was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds) was £329,357.

Financial position

The Academy held fund balances at 31 August 2014 of £6,410,193 comprising £6,959,070 of restricted funds, £413,123 of unrestricted general funds and a pension reserve deficit of £962,000.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy recognizes a significant pension fund deficit of £962,000. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contribution over a number of years.

At 31 August 2014 the net book value of fixed assets was £6,209,538 assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

Reserves policy

The Governors are aware of the requirement to balance current and future needs. The Governors always aim to set a balanced budget with annual income balancing annual expenditure. The governors 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 governors have 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. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £413,123. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school. This has also been achieved without compromising the quality of education offered to the students.

In the 2013-14 financial year, this policy has been 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 be decanted into the new building, there will be a requirement to provide a wide range of new equipment and materials. The current estimate for this is £1.5 million.

The restricted pension fund is materially in deficit and plans to eliminate the liability on the Defined Benefit Pension Scheme are set out in note 21 based on the period end actuarial valuation.

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. The policy aims to invest cash in a mixture of liquid and longer term investments, such that its cash balances and liquid investments at least equal the figure outlined in the reserves policy. Amounts over this figure may be invested in longer term investments. It is not envisaged that the Academy should invest in any investment with a redemption period exceeding 1 year.

In the 2013-14 financial year, this policy was revised as more details of the PSBP emerged.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management

The Academy maintains a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Headteacher, Finance and Premises & Community Committees on a termly basis. The principal risks facing the Academy at a contextual level are outlined below in the principal risks and uncertainties section; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls; for further details, see the Statement of Internal Control below.

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

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

As an Academy, 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 this is relatively stable with contingencies in place to cover such items as sickness and maternity.

The Governors assess the other principal risks and uncertainties facing the Academy as follows:

- Staff retention: possibly the biggest single risk to the Academy would lie in its failure to retain key staff – in particular, the Headteacher. However, it is not felt that there are any immediate threats in this regard, and that developments such as the conversion to academy status and the development of new buildings will aid retention. Succession planning is constantly reviewed in respect of all other staff.
- Material decrease in income affecting provision: highly unlikely. The budget for 2014 15 is sound, and the longer term financial plan shows considerable contingency against unwelcome future developments: it is highly likely that other similar institutions would be worse affected than ourselves.
- Falling rolls: highly unlikely. Initial response to the conversion to academy status has showed no diminution in student and parental enthusiasm. Local demographics indicate that an extra 1,000 places need to be found in Dacorum over the next years.
- In the longer term, the revenue impact of the PSBP will need to be monitored. To mitigate this risk, Governors ensure that student success and achievement are closely monitored and reviewed.
- Failure of the PSBP to complete would place the school in a very difficult position as there would be a sudden essential maintenance requirement on the existing buildings.
- Staff recruitment: conversion to academy status has not affected the attractiveness of the Academy to potential new staff, with each vacancy having received a good field of applications.
- Bank balances & investments: there is no significant risk other than an institution ceasing to trade.
- Debtors: there are no material debtors.
- The Academy's credit rating is not in jeopardy, though it has no need for credit facilities.
- The Academy's cashflow is healthy and long term financial planning predicts it will remain so.
- 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.
- Safeguarding and child protection: The Governors continue to ensure that the highest standards are maintained in the area of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- 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 Governors continue to review and ensure that appropriate measures are in place to mitigate these risks. will remain so.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Plans for the future

The Academy will continue striving to improve the levels of performance of its students at all levels, and will attempt to maintain its recent progress in ensuring the number of students on roll properly reflects the demand for places.

The school works to achieve an 'outstanding' judgement in its next Ofsted inspection.

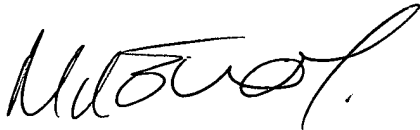
The Academy also plans to decant into new school buildings in the summer of 2016 as part of the PSBP. There is a planned expansion from 1,300 to 1,500 students. This will be complemented by curriculum development, changes to staffing structures and system changes to cope with the expansion.

Auditor

In so far as the governors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The governors 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.

Approved by order of the members of the Governing Body on 10/12/14 and signed on its behalf by:



~~Mr P. Fallon~~ **MARK EVANS**
Chair of Governors

LONGDEAN SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, 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 Governing body 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 Governing body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The Governing body has formally met 6 times during the year. Attendance during the year at meetings of the Governing body was as follows:

Governor	Meetings attended	Out of a possible
Mr G Cunningham, Headteacher, Staff Governor	6	6
Mr R Bowley, Community Governor	6	6
Mr T Betteridge, Parent Governor	3	3
Mrs R Coombs, Co-opted Governor	4	6
Mrs T Dalmon, Parent Governor	1	6
Mrs S Edis, Staff Governor	4	6
Mr M Evans, Parent Governor	5	6
Mr P Fallon, Community Governor	6	6
Mr M Gurney, Parent Governor	5	6
Mr A Hales, Community Governor	2	6
Mrs J Hewison, Community Governor	5	6
Mr C Hughes, Community Governor	6	6
Ms S Long, Staff Governor	5	6
Ms K McKerrell, Staff Governor	3	6
Mr G Mellish, Parent Governor	1	6
Mr M Nethercoat, Parent Governor	0	1
Mr N Parsons, Co-opted Governor	4	6
Mr A Risdon, Parent Governor	3	5
Mrs C Thear, Co-opted Governor	3	6
Mr R Upson, Community Governor	4	6
Rev'd L Wilson, Community Governor	5	6

Governance reviews:

Governors undergo a programme of training (records being kept) in order that they may fulfil their individual roles within the governing body. A Governors' Improvement Plan is linked to the School Improvement Plan and is reviewed and monitored regularly. Governors are also linked to named departments and carry out regular visits/reviews, reporting back to the governing body and helping to inform curriculum and resource decisions. Strategic Planning Days for governors also give opportunities for self-evaluation, reviews and the identification of individual competencies against roles. The processes of governor self-review are ongoing and cyclical, beginning at the start of each academic year and concluding at the end.

The Finance Committee is a sub-committee of the main Governing body. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr R Bowley	5	5
Mr G Cunningham, Headteacher	2	5
Mrs T Dalmon	3	5
Mrs S Edis	4	5
Mr A Hales	2	5
Mr A Risdon	3	4
Mr R Upson	4	5

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GOVERNANCE STATEMENT (continued)

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 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governing body 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 Governing body 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 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing body.

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 Governing body;
- regular reviews by the Finance 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;
- identification and management of risks.

The Governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Roger Bowley, a Governor, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the RO reports to the Governing body on the operation of the systems of control and on the discharge of the Governing body's financial responsibilities.

There were no particular or unique issues covered by the Finance and Premises Committees during the year. Our Responsible Officer, acting in the capacity of Internal Auditor has delivered his schedule of work as it has been planned and agreed, there being no material control issues being identified during his work. Thus, there was no remedial action taken to rectify any material control issues.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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 academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing body on 10/12/14 and signed on their behalf, by:


~~Mr P Fallon~~
~~Chair of Governors~~

Mark Evans


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 academy Governing body 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 Governing body and EFA.



Mr G Cunningham
Accounting Officer

Date: 10/12/14

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

The Governors (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 Governors' Report (including the Strategic 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

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

The Governors 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 Governors 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 EFA/DFE have been applied for the purposes intended.

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

Approved by order of the members of the Governing body on 10/12/14 and signed on its behalf by:



~~Mr P Falder~~ MARK EVANS
Chair of Governors

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF LONGDEAN SCHOOL

We have audited the financial statements of Longdean School for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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) and the Academies Accounts Direction 2013 to 2014 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 GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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 Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' 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 academy's affairs as at 31 August 2014 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 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' 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 TO THE BOARD OF GOVERNORS 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 Governors' 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

Date:

05/02/07

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 2013 to 2014, 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 2012 to 31 August 2014 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 EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Longdean School and 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 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 2013, 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 2013 to 2014. 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 2012 to 31 August 2014 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 2013 to 2014 issued by 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 2012 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Gary Miller (Reporting Accountant)

Price Bailey LLP

Chartered Accountants

Date:

15/02/14

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	53,133	116,693	-	169,826	185,647
Activities for generating funds	3	53,248	-	-	53,248	55,241
Investment income	4	4,995	-	-	4,995	2,171
Incoming resources from charitable activities		3,970	6,569,045	28,254	6,601,269	6,528,075
TOTAL INCOMING RESOURCES		115,346	6,685,738	28,254	6,829,338	6,771,134
RESOURCES EXPENDED						
Charitable activities		-	6,461,127	2,715,018	9,176,145	9,073,268
Governance costs	8	-	10,600	-	10,600	9,850
TOTAL RESOURCES EXPENDED	6	-	6,471,727	2,715,018	9,186,745	9,083,118
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		115,346	214,011	(2,686,764)	(2,357,407)	(2,311,984)
Transfers between Funds	16	-	(54,127)	54,127	-	-
NET EXPENDITURE FOR THE YEAR		115,346	159,884	(2,632,637)	(2,357,407)	(2,311,984)
Actuarial gains and losses on defined benefit pension schemes		-	(114,000)	-	(114,000)	35,000
NET MOVEMENT IN FUNDS FOR THE YEAR		115,346	45,884	(2,632,637)	(2,471,407)	(2,276,984)
Total funds at 1 September 2013		297,777	(258,352)	8,842,175	8,881,600	11,158,584
TOTAL FUNDS AT 31 AUGUST 2014		413,123	(212,468)	6,209,538	6,410,193	8,881,600

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

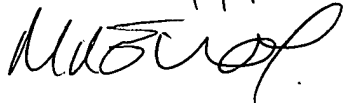
The notes on pages 23 to 37 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	2013 £
FIXED ASSETS				
Tangible assets	13		6,209,538	8,842,175
CURRENT ASSETS				
Debtors	14	192,140	264,966	
Cash at bank and in hand		1,281,715	877,645	
		<u>1,473,855</u>	<u>1,142,611</u>	
CREDITORS: amounts falling due within one year	15	(311,200)	(285,186)	
NET CURRENT ASSETS			<u>1,162,655</u>	<u>857,425</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,372,193</u>	<u>9,699,600</u>
Defined benefit pension scheme liability	21	(962,000)	(962,000)	(818,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>6,410,193</u></u>	<u><u>8,881,600</u></u>
FUNDS OF THE ACADEMY				
Restricted funds :				
Restricted funds	16	749,532	559,648	
Restricted fixed asset funds	16	6,209,538	8,842,175	
		<u>6,959,070</u>	<u>9,401,823</u>	
Restricted funds excluding pension liability				
Pension reserve		<u>(962,000)</u>	<u>(818,000)</u>	
Total restricted funds			<u>5,997,070</u>	<u>8,583,823</u>
Unrestricted funds	16		<u>413,123</u>	<u>297,777</u>
TOTAL FUNDS			<u><u>6,410,193</u></u>	<u><u>8,881,600</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 10/12/14 and are signed on their behalf, by:



MR P FALLON MARK EVANS
Chair of Governors

The notes on pages 23 to 37 form part of these financial statements.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	18	481,456	280,479
Returns on investments and servicing of finance	19	4,995	2,171
Capital expenditure and financial investment	19	(82,381)	(80,047)
INCREASE IN CASH IN THE YEAR		<u>404,070</u>	<u>202,603</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
Increase in cash in the year	<u>404,070</u>	<u>202,603</u>
MOVEMENT IN NET FUNDS IN THE YEAR	<u>404,070</u>	<u>202,603</u>
Net funds at 1 September 2013	<u>877,645</u>	<u>675,042</u>
NET FUNDS AT 31 AUGUST 2014	<u>1,281,715</u>	<u>877,645</u>

The notes on pages 23 to 37 form part of these financial statements.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Company status

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

1.3 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

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

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of Financial Activities 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

1.6 Going concern

The Governors 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 Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.7 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those 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
Motor vehicles	-	over 10 years
Fixtures and fittings	-	between 1 and 25 years

1.8 Operating leases

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

1.9 Taxation

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

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 quinquennial valuations using a prospective benefit method. As stated in note 21, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a pension interest adjustment in note 7. Actuarial gains and losses are recognised immediately in other gains and losses.

2. OTHER VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	38,402	116,693	155,095	170,753
Grants	14,731	-	14,731	14,894
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	53,133	116,693	169,826	185,647
	<hr/>	<hr/>	<hr/>	<hr/>

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Hire of facilities	38,881	-	38,881	44,176
Other Income	14,367	-	14,367	11,065
	<hr/>	<hr/>	<hr/>	<hr/>
	53,248	-	53,248	55,241
	<hr/>	<hr/>	<hr/>	<hr/>

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank Interest	4,995	-	4,995	2,171

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	5,982,312	5,982,312	6,244,611
Other DfE / EFA grants	3,970	322,288	326,258	59,283
	<u>3,970</u>	<u>6,304,600</u>	<u>6,308,570</u>	<u>6,303,894</u>
Other government grants				
Local authority grants	-	292,699	292,699	224,181
	<u>-</u>	<u>292,699</u>	<u>292,699</u>	<u>224,181</u>
	<u>3,970</u>	<u>6,597,299</u>	<u>6,601,269</u>	<u>6,528,075</u>

6. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Premises 2014 £	Expenditure Other costs 2014 £	Total 2014 £	Total 2013 £
Provision of education - direct costs	3,968,096	-	611,026	4,579,122	4,601,331
Allocated support costs	1,107,423	3,273,357	216,243	4,597,023	4,471,936
Charitable activities	<u>5,075,519</u>	<u>3,273,357</u>	<u>827,269</u>	<u>9,176,145</u>	<u>9,073,267</u>
Governance	<u>-</u>	<u>-</u>	<u>10,600</u>	<u>10,600</u>	<u>9,850</u>
	<u>5,075,519</u>	<u>3,273,357</u>	<u>837,869</u>	<u>9,186,745</u>	<u>9,083,117</u>

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

7. CHARITABLE ACTIVITIES

	Total funds 2014 £	Total funds 2013 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	2,495,998	3,280,778
National insurance	573,594	271,434
Pension cost	865,281	442,982
Educational supplies	460,375	361,621
Examination fees	109,464	149,003
Staff development	32,992	30,255
Educational consultancy	8,194	27,152
Supply teaching	33,224	38,106
	<u>4,579,122</u>	<u>4,601,331</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	978,936	706,789
National insurance	36,470	41,757
Pension cost	92,017	139,276
Depreciation	2,715,018	2,768,623
LGPS FRS17 interest adjustment	22,000	28,000
Educational Supplies	3,516	-
Technology costs	29,387	60,877
Travel & subsistence	2,115	1,687
Other costs	37,343	61,783
Recruitment & support	16,669	12,901
Maintenance of premises & machinery	63,516	92,548
Cleaning	144,855	143,567
Rates	18,938	20,161
Energy	134,709	93,383
Insurance	46,729	45,177
Security	4,975	12,717
Transport	1,765	1,758
Catering	49,118	46,682
Occupancy costs	74,044	92,202
Bank interest & charges	-	30
Printing, postage & stationery	63,947	66,280
Telephone costs	26,193	23,608
Professional services	34,763	12,130
	<u>4,597,023</u>	<u>4,471,936</u>
	<u>9,176,145</u>	<u>9,073,267</u>

8. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration - audit costs	-	6,500	6,500	6,500
Auditors' remuneration - non audit costs	-	4,100	4,100	3,350
	<u>-</u>	<u>10,600</u>	<u>10,600</u>	<u>9,850</u>

LONGDEAN SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

9. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	2,715,018	2,768,623
Auditors' remuneration	6,500	6,500
Governance Internal audit costs	-	-
	<u>2,721,518</u>	<u>2,775,123</u>

10. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	3,474,934	3,987,568
Social security costs	610,063	313,191
Other pension costs (Note 21)	957,298	582,258
	<u>5,042,295</u>	<u>4,883,017</u>
Supply teacher costs	33,224	38,106
	<u>5,075,519</u>	<u>4,921,123</u>

b. Staff numbers

The average number of persons (including the senior leadership team) employed by the academy during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teachers	79	80
Administration and support	41	40
Management	9	10
	<u>129</u>	<u>130</u>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2014 No.	2013 No.
In the band £ 80,001 - £ 90,000	0	1
In the band £ 90,001 - £100,000	1	0
	<u>1</u>	<u>1</u>

The employee above participated in the Teachers Pension Scheme during the year ended 31 August 2014 and 31 August 2013. The academy made contributions of £12,573 (2013: £12,234) during the year.

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**NOTES TO THE FINANCIAL STATEMENTS
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11. GOVERNORS' REMUNERATION AND EXPENSES

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments from the academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands:

	2014 £	2013 £
G Cunningham	100,000-105,000	85,000-90,000
K Mckerrell	35,000-40,000	
S Long	50,000-55,000	40,000-45,000
S Edis	50,000-55,000	40,000-45,000
I Patel		35,000-40,000

During the year ended 31 August 2014, expenses totalling £667 (2013 - £405) were reimbursed to 3 Governors (2013 - 2), in their roles as members of staff.

12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

13. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Motor vehicles £	Furniture and equipment £	Total £
Cost				
At 1 September 2013	13,216,052	4,625	1,337,909	14,558,586
Additions	-	1,000	81,381	82,381
At 31 August 2014	13,216,052	5,625	1,419,290	14,640,967
Depreciation				
At 1 September 2013	5,206,977	4,528	504,906	5,716,411
Charge for the year	2,512,072	514	202,432	2,715,018
At 31 August 2014	7,719,049	5,042	707,338	8,431,429
Net book value				
At 31 August 2014	5,497,003	583	711,952	6,209,538
At 31 August 2013	8,009,075	97	833,003	8,842,175

The long term leasehold property has been included in the accounts based on the valuation arranged by the EFA using depreciated replacement cost. Governors believe that the cost of obtaining a more detailed valuation outweighs the benefit.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. DEBTORS

	2014 £	2013 £
Other debtors	84,141	201,570
Prepayments and accrued income	107,999	63,396
	<u>192,140</u>	<u>264,966</u>

**15. CREDITORS:
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	61,593	29,928
Taxation and social security	92,079	100,153
Other creditors	84,379	76,443
Accruals and deferred income	73,149	78,662
	<u>311,200</u>	<u>285,186</u>

Deferred income as at 31 August 2014 refers to various school trips.

Deferred income

	£
Deferred income at 1 September 2013	31,064
Resources deferred during the year	26,279
Amounts released from previous years	<u>(31,064)</u>
Deferred income at 31 August 2014	<u>26,279</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

16. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Unrestricted funds						
Unrestricted Funds	297,777	115,346	-	-	-	413,123
Restricted funds						
General Annual Grant (GAG)	559,648	6,181,517	(5,937,506)	(54,127)	-	749,532
SEN	-	15,241	(15,241)	-	-	-
Pupil Premium	-	256,458	(256,458)	-	-	-
16 -19 Bursary	-	30,944	(30,944)	-	-	-
Other government grants	-	75,360	(75,360)	-	-	-
Educational Visits	-	116,693	(116,693)	-	-	-
Other restricted funds	-	9,525	(9,525)	-	-	-
Pension reserve	(818,000)	-	(30,000)	-	(114,000)	(962,000)
	(258,352)	6,685,738	(6,471,727)	(54,127)	(114,000)	(212,468)
Restricted fixed asset funds						
Fixed assets fund	8,842,175	-	(2,715,018)	59,127	-	6,186,284
DFC	-	28,254	-	(5,000)	-	23,254
	8,842,175	28,254	(2,715,018)	54,127	-	6,209,538
Total restricted funds	8,583,823	6,713,992	(9,186,745)	-	(114,000)	5,997,070
Total of funds	8,881,600	6,829,338	(9,186,745)	-	(114,000)	6,410,193

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

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 2014.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

16. STATEMENT OF FUNDS (continued)

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 academy 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.

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 2014.

SUMMARY OF FUNDS

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
General funds	297,777	115,346	-	-	-	413,123
Restricted funds	(258,352)	6,685,738	(6,471,727)	(54,127)	(114,000)	(212,468)
Restricted fixed asset funds	8,842,175	28,254	(2,715,018)	54,127	-	6,209,538
	<u>8,881,600</u>	<u>6,829,338</u>	<u>(9,186,745)</u>	<u>-</u>	<u>(114,000)</u>	<u>6,410,193</u>

LONGDEAN SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	6,209,538	6,209,538	8,842,175
Current assets	413,123	1,060,732	-	1,473,855	1,142,611
Creditors due within one year	-	(311,200)	-	(311,200)	(285,186)
Provisions for liabilities and charges	-	(962,000)	-	(962,000)	(818,000)
	<u>413,123</u>	<u>(212,468)</u>	<u>6,209,538</u>	<u>6,410,193</u>	<u>8,881,600</u>

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	(2,357,407)	(2,311,984)
Returns on investments and servicing of finance	(4,995)	(2,171)
Depreciation of tangible fixed assets	2,715,018	2,768,623
Decrease in debtors	72,826	39,503
Increase/(decrease) in creditors	26,014	(238,492)
FRS 17 adjustments	30,000	25,000
Net cash inflow from operations	<u>481,456</u>	<u>280,479</u>

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	<u>4,995</u>	<u>2,171</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(82,381)</u>	<u>(80,047)</u>

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	877,645	404,070	-	1,281,715
Net funds	<u>877,645</u>	<u>404,070</u>	<u>-</u>	<u>1,281,715</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

21. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 August 2014.

Contributions amounting to £62,949 and £20,777 were payable to the scheme at 31 August 2014 (2013 - £59,094 and £16,278) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

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

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £209,000, of which employer's contributions totalled £168,000 and employees' contributions totalled £41,000. 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.

The amounts recognised in the Balance Sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(2,508,000)	(1,863,000)
Fair value of scheme assets	1,546,000	1,045,000
	<u>(962,000)</u>	<u>(818,000)</u>
Net liability	<u>(962,000)</u>	<u>(818,000)</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2014 £	2013 £
Current service cost	(176,000)	(159,000)
Interest on obligation	(90,000)	(68,000)
Expected return on scheme assets	68,000	40,000
	<u>(198,000)</u>	<u>(187,000)</u>
Total	<u>(198,000)</u>	<u>(187,000)</u>

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

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

	2014 £	2013 £
Opening defined benefit obligation	1,863,000	1,555,000
Current service cost	176,000	159,000
Interest cost	90,000	68,000
Contributions by scheme participants	41,000	40,000
Actuarial Losses	354,000	41,000
Benefits paid	(16,000)	-
Present value of defined benefit obligation on conversion	-	-
	<hr/>	<hr/>
Closing defined benefit obligation	2,508,000	1,863,000
	<hr/>	<hr/>

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

	2014 £	2013 £
Opening fair value of scheme assets	1,045,000	727,000
Expected return on assets	68,000	40,000
Actuarial gains and (losses)	240,000	76,000
Contributions by employer	168,000	162,000
Contributions by employees	41,000	40,000
Benefits paid	(16,000)	-
	<hr/>	<hr/>
	1,546,000	1,045,000
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £(218,000) (2013 - £(104,000)).

The academy expects to contribute £178,000 to its Defined Benefit Pension Scheme in 2015.

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

	2014	2013
Equities	67.00 %	74.00 %
Bonds	23.00 %	18.00 %
Property	7.00 %	5.00 %
Cash	3.00 %	3.00 %

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

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	5.40 %	5.90 %
Rate of increase in salaries	3.90 %	5.10 %
Rate of increase for pensions in payment / inflation	2.60 %	2.80 %

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

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

	2014	2013
Retiring today		
Males	22.3	21.0
Females	24.5	23.8
Retiring in 20 years		
Males	24.3	22.9
Females	26.7	25.7

The three-year history of experience adjustments is as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(2,508,000)	(1,863,000)	(1,555,000)
Scheme assets	1,546,000	1,045,000	727,000
Deficit	(962,000)	(818,000)	(828,000)
Experience adjustments on scheme assets	240,000	76,000	(11,000)

22. OPERATING LEASE COMMITMENTS

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
Expiry date:				
Within 1 year	-	-	146,183	3,406
Between 2 and 5 years	28,000	28,000	5,446	164,227

23. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

There were no related party transactions during the period ended 31 August 2014.

24. 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.