

Company Registration Number: 07695624 (England & Wales)

LONGDEAN SCHOOL

(A Company Limited by Guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

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LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr C Hughes Mr Roger Bowley Mr M Evans Mr P Fallon
Trustees	Ms K McKerrell, Staff Governor Mrs J Hewison, Community Governor (resigned 15 December 2019) Mrs J Green, Parent Governor (appointed 17 December 2018) Mrs K Falconer, Parent Governor Mr C Barling, Community Governor Mr P Dunford, Parent Governor (appointed 17 December 2018) Mr P Ramnarain, Parent Governor (resigned 8 July 2019) Mr M Gurney, Parent Governor (resigned 15 December 2019) Ms A Tattershall, Community Governor Mr M Evans, Parent Governor (resigned 14 December 2019) Mr A Hales, Community Governor (resigned 23 November 2019) Mr K Falconer, Community Governor Mr G Cunningham, Head Teacher Mr N Parsons, Co-opted Governor Ms M Quinn, Staff Governor Mr I Loffler, Staff Governor (appointed 17 December 2018) Mr R Upson, Community Governor
Company registered number	07695624
Company name	Longdean School
Registered and principal office	Rumballs Road, Hemel Hempstead, Hertfordshire HP3 8JB
Company Secretary	Ms T Doyle
Accounting Officer	Mr G Cunningham
Senior Leadership Team	Mr G Cunningham, Head Teacher Miss S Embrey, Deputy Head Teacher Mr D Lawrence, Assistant Head Teacher Mrs G Segal, Deputy Head Teacher Mr R Muskett, Assistant Head Teacher Mr P Ratcliffe, Assistant Head Teacher Ms T Doyle, Finance Director Ms B Segalini, Assistant Head Teacher

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent Auditors Price Bailey LLP
Chartered Accountants
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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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Longdean School for the year ended 31 August 2019. 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 Planned Admission Number (PAN) of 1,476, a physical capacity of 1,500 in its new building, and a roll of 1,346 in the 2019 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 known as Longdean School (the School).

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

Members' Liability

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

Trustees and Officers' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in Note 12 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

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

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

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

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

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

The Board of Trustees has committees which have devolved responsibility. These committees include Business, Finance & Premises, and Personal, Pastoral & Teaching.

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

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

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

The Trustees reviewed in 2017-8 the structure of committees and reporting to keep all Trustees aware of all School aspects. To this end the Trustees agreed to change the committee structures to enable all Trustees to be aware of the students' results. The committees are Outcomes / Full Trustee Board (all Trustees), Personnel, Pastoral and Teaching (50% of Trustees), Business, Finance and Premises (50% of Trustees) and School Development committee (4 Trustees). This was introduced in September 2018 for 2018/19.

Arrangements for setting pay and remuneration of key management personnel

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

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

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

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FOR THE YEAR ENDED 31 AUGUST 2019

Related Parties and other Connected Charities and Organisations

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

The Trust does not have a formal sponsor. The Trust operates closely with the Longdean School Association.

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

Objectives and Activities

Objects and aims

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

Strategies and activities

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

We want everyone in the Longdean Community to:

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

Priorities:

Our priorities for the school year 2019/20 are as follows:

To further improve quality of teaching & learning by focusing on:

- Differentiation, especially stretch & challenge.
- Improving the quality and consistency of feedback to student.
- Further improving student's extended writing.

To improve the educational experience of all students by:

- Reviewing our curriculum with particular focus on what Year 9 looks like.
- Reviewing whether a vertical or horizontal structure will best support our students.
- Looking for opportunities to support the mental health of students.

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FOR THE YEAR ENDED 31 AUGUST 2019

To narrow the achievement gap between disadvantaged students and all other students.

To narrow the attendance gaps between disadvantaged students, in year admissions and all other students in the School.

To improve provision and outcomes for SEND students.

Public Benefit

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

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

Strategic Report

Achievements and Performance

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

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

Key Performance Indicators

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

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

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

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FOR THE YEAR ENDED 31 AUGUST 2019

Examination results and other indicators for 2018-19 were as follows:

Key Stage 4: 2019

<u>Measure</u>	<u>Without legacy data</u>	<u>With legacy data</u>
Progress 8 Score	- 0.35	-0.24
Attainment 8 Score	44	45
% achieving a Level 5+ in English & Mathematics	36.6%	36.6%
EBACC entry	50.3%	62.6%
EBACC achieved	8.2%	12.6%
% achieving a Level 4+ in English & Mathematics	60.7%	60.7%

Key Stage 5: 2019

<u>Measure</u>	<u>Data</u>
L3VA	0.17
APS (whole cohort)	28.75
A Level cohort APS	29.36
Applied cohort	26.34

Expansion of the School

The Planned Admission Number for Year 7 increased to 240 with the move to the new building. Longdean is increasingly popular and for 2019/20 there were again a number of School admission appeals. We expect to be full again in Year 7 for 2020/21.

Going Concern

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

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2019 the Trust received £7,756,881 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £7,779,545 on general running costs and transferred £95,197 to support capital purchases of furniture, fixtures and equipment for the new building. The Trust brought forward from 17/18, £10,980 restricted funds and £124,627 unrestricted funds. The carry forward for 18/19 is £8,580 restricted funding and £80,648 unrestricted funding. As the planned increase in pupil numbers takes effect, there is a requirement for staff numbers to be adjusted accordingly, with grant income following on a 'lagged' basis. Trustees have agreed to rebuild reserves whilst ensuring that the necessary staff are in post.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £1,670,000. 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.

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FOR THE YEAR ENDED 31 AUGUST 2019

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

- New month end procedure to include Finance director sign off of bank reconciliations.
- The school retains all employment Status Indicator checks on a central file.
- Financial procedures to be amended to reflect practice re confirmatory orders.
- Central forced password change is now implemented on the school network.
- A month end finance checklist is in place along with in year accruals and formal closing of periods, to support new requirements in the Academies Financial handbook for production of monthly management accounts.
- The School will consider the use of social media for staff recruitment, with careful use and placement.
- Staff will progress the option to score the shortlisting selection grid to apply more objectivity and assist in the staff selection process.

Reserves Policy

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

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

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

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £89,228..

A steady upward trend in pupil numbers, and the formally increased PAN (Planned Admission Number) from 2018, generates increased grant income over the next few years.

Investment Policy

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

Principal Risks and Uncertainties

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

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, 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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It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

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

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

- the Trust has considerable reliance on continued Government funding through the ESFA and after 9 years of an effective freeze in income, while costs increase, we, along with many other schools, are grappling with the difficulty of maintaining our activities while remaining financially sustainable;
- changes to secondary provision in Hemel Hempstead, and the relaunch of West Herts College, together with the possibility in future of an additional secondary school in the east of the town, raise the possibility of a future drop of student numbers at some time in the future;
- Continued financial structures can be best mitigated by a mixture of long term forecasting/budget modelling along with maximising income - seeking partnerships for instance re Sports, maximising lettings income, SEN income via Herts County Council (HCC) Longdean is fully engaged with HCC re secondary expansion in Dacorum, and changes to SEN bases in schools.
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks, with the assistance of our Internal Auditor;
- student outcomes - the continuing success of the Trust is dependent on continuing to attract students 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, and the School's curriculum is the most appropriate. To this end, a review is underway of curriculum and pastoral systems;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Trust is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning. Our involvement with the Alban Federation and the Dacorum Teaching Schools Alliance helps us to attract teachers to Longdean, our investment in CPD and wellbeing policies helps us to retain staff and we regularly review future needs to support succession planning. As a growing School at a time of increasing teacher shortage, this is one of the most significant risks we face;
- fraud and mismanagement of funds - The Trust historically used a Responsible Officer (RO) to carry out checks on financial systems and records as required by the Academy Financial Handbook. With effect from 1st September 2017 an Internal Auditor was appointed to take over the monitoring role and to report to the Trustees on matters of financial control. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area;
- as we approach the 3 year anniversary of the move into our new building, we are now more comfortable with the operation of the PFI agreement; and
- the Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Plans for Future Periods

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

- Development of the curriculum and pastoral systems.
- Focus on 'narrowing the gap' for disadvantaged students and meeting the needs of SEND students
- Continued priority given to staff development, and close involvement in the Alban Federation/Dacorum Teaching Schools Alliance.
- Development of the School estate to further enhance opportunities for our young people.

Trade Union

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

Fundraising

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

Auditor

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by the Board of Trustees on 14.12.19 and signed on its behalf by:



Mrs K Falconer
Chair of Trustees

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year. The Board met fewer than 6 times during the year. The Board is satisfied that through the use of a sub-committee it maintains effective oversight of funds. Details of such sub-committees are noted below.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ms K McKerrell, Staff Governor	3	5
Mrs J Hewison, Community Governor	5	5
Mrs J Green, Parent Governor	2	2
Mrs K Falconer, Parent Governor	5	5
Mr C Barling, Community Governor	5	5
Mr P Dunford, Parent Governor	1	2
Mr P Ramnarain, Parent Governor	4	5
Mr M Gurney, Parent Governor	3	5
Ms A Tattershall, Community Governor	5	5
Mr M Evans, Parent Governor	5	5
Mr A Hales, Community Governor	2	5
Mr K Falconer, Community Governor	5	5
Mr G Cunningham, Head Teacher	5	5
Mr N Parsons, Co-opted Governor	3	5
Ms M Quinn, Staff Governor	3	5
Mr I Loffler, Staff Governor	2	5
Mr R Upson, Community Governor	4	5

Whilst the constitution of the Full Trustee Board for 2018/19 remained unchanged, a number of vacancies become available during the year or were due to become available before December 2019 as 3 Trustees came to the end of their term. Of these Trustees, 1 signalled they did not to seek reappointment. During the year there was 1 resignation.

The Chair of Trustees indicated they would step down in September 2019 and a succession plan was formulated in September 2018 to find a replacement. This succession plan has been executed successfully. At the same time, new Chairs and Vice Chairs of sub-committees of the Board of Trustees have been elected. These appointments were confirmed in the first business meeting of the Board of Trustees in September 2019.

Succession planning for replacement of Trustees who were due to step down is underway, as well as elections scheduled for the vacant roles of parent trustees. Succession planning and recruitment of trustees sits at the heart of the Board of Trustees agenda with new Trustees recruited and plans being developed to recruit more when required.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Separately the Board of Trustees has sought to improve its understanding of the School's operations in order to increase effectiveness.

Trustees increased the number of learning walks in order to understand the curriculum better and discuss how the teaching impacts on the students by talking to students directly. These Trustee visits have better focus and allow Trustees to more effectively monitor activities designed to address the School's more immediate priorities around improvement.

The quality of data provided by the School has improved and the information required will continue to evolve and adapt as School and Trustee reporting requirements change. Trustees now regularly engage in exam meetings in order to discuss, support and challenge progress with the Head Teacher and Directors of Learning.

The changes to the Academies Financial Handbook requires management accounts to be produced and distributed on a monthly basis. Distribution of the management accounts is to members of the Business, Finance and Premises Committee, of which the Chair of Trustees is a Member.

The Trustees believe they have an excellent working relationship with the Head Teacher and are able to challenge supportively and constructively in order to hold the Head Teacher to account for the educational performance of the School.

Governance reviews have taken place internally (i.e. between Trustees) on a less formal basis and a full review will be held in January 2020. The make-up of the Board has changed such that the Terms of Reference and specific roles and responsibilities are being reviewed and set by the new Chair to enable better support for the students, Head Teacher and SLT and better visibility for all aspects of governance for the Trustees.

The number of Finance Committee meetings was increased to nine in the 2019/20 year to better support the School and as part of Trustee due diligence. Trustees recognise that nationally, school finances are constrained. Whilst our School is growing, finances remain adequate. Trustees are able to set a balanced budget in order to maintain a specified minimum level of reserves. It was felt that the Trustees would benefit from a deeper understanding of the financial data to set the foundation for an improvement in our reported reserves position. The monthly management account reports are in a more consistent format and are now contributing to better trend analysis and a better understanding of the school finances in general.

A Trustee Strategic Planning day is scheduled for the end of January 2020 to review the 2018/19 Trustee Board performance and to set the vision and strategic direction of Longdean. Additionally, the Trustees will clarify and amend Trustee Terms of Reference, Roles, Responsibilities and any relevant Policies where necessary.

The BFPC is a sub-committee of the main Board of Trustees. Its purpose is as set out in the scheme of delegation and includes the following:

- Review the annual budget before sending for approval to The Board of Trustees
- Determining the School's financial priorities through the School Improvement Plan & the Asset Management Plan.
- Receiving monthly management reports, to facilitate the monitoring of the School's actual financial performance compared with budgeted priorities and cash flow, and to take remedial action as necessary.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr C Barling	4	4
Ms K Falconer	4	4
Mr G Cunningham	4	4
Mr M Evans	4	4
Mr K Falconer	4	4
Mr M Gurney	2	2
Mr I Loffler	0	4
Mr N Parsons	3	4
Mr R Upson	4	4

Review of value for money

As Accounting Officer, the Head Teacher 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 has delivered improved value for money during the year by:

- Terminating the previous Dual Use Agreement with Dacorum Borough Council in order to take over direct control of the Sports Hall and carry out necessary repairs/tender for a new provider to invest in our sports facilities.
- Close review of major contracts such as cleaning and catering in order to obtain best value.
- Use of public sector frameworks to obtain value for money.

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 on-going 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 2018 to 31 August 2019 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 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The 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 BFPC of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

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

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

- Key Financial Controls
- HR and Payroll

As part of a planned cycle of focused visits, the Internal Auditor reports to the Board of Trustees, through the Business, Premises and Finance Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of their work.

Review of effectiveness

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

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

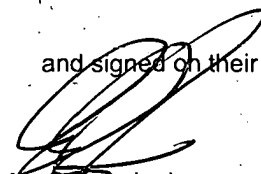
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Business, Premises and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 16.12.19



Mrs K Falconer
Chair of Trustees

and signed on their behalf by:


Mr G Cunningham
Accounting Officer

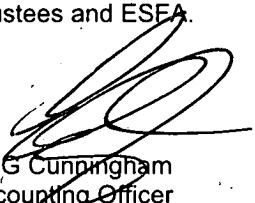
LONGDEAN SCHOOL
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Longdean School I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 2018.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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



Mr G Cunningham
Accounting Officer

Date: 16.12.19

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Board of Trustees on 16.12.19 and signed on its behalf by:



Mrs K Falconer
Chair of Trustees

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

Opinion

We have audited the financial statements of Longdean School (the 'Academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

Responsibilities of Trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

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

19 December 2019

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 16 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Longdean School's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Longdean School's funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LONGDEAN SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Academy complies with the framework of authorities.
- Evaluation of the general control environment of the Academy, extending the procedures required for financial statements to include regularity, propriety and compliance
- 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, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has 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

Date: 19 December 2019

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	78,617	367,133	217,447	663,197	243,992
Charitable activities	4	1,414	6,927,900	-	6,929,314	6,616,770
Other trading activities	5	164,023	-	-	164,023	145,755
Investments	6	347	-	-	347	1,378
Total income		244,401	7,295,033	217,447	7,756,881	7,007,895
Expenditure on:						
Charitable activities	9	288,380	7,432,433	293,937	8,014,750	7,522,692
Total expenditure		288,380	7,432,433	293,937	8,014,750	7,522,692
Net movement in funds before other recognised gains/(losses)		(43,979)	(137,400)	(76,490)	(257,869)	(514,797)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	21	-	(524,000)	-	(524,000)	314,000
Net movement in funds		(43,979)	(661,400)	(76,490)	(781,869)	(200,797)
Reconciliation of funds:						
Total funds brought forward		124,627	(1,000,020)	5,499,254	4,623,861	4,824,658
Net movement in funds		(43,979)	(661,400)	(76,490)	(781,869)	(200,797)
Total funds carried forward		80,648	(1,661,420)	5,422,764	3,841,992	4,623,861

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

The notes on pages 25 to 47 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	5,350,577	5,490,585
Current assets			
Debtors	14	346,042	341,733
Cash at bank and in hand		478,284	557,415
		<u>824,326</u>	<u>899,148</u>
Creditors: amounts falling due within one year	15	(662,911)	(754,872)
Net current assets		<u>161,415</u>	<u>144,276</u>
Net assets excluding pension liability		<u>5,511,992</u>	<u>5,634,861</u>
Defined benefit pension scheme liability	21	(1,670,000)	(1,011,000)
Total net assets		<u><u>3,841,992</u></u>	<u><u>4,623,861</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	16	5,422,764	5,499,254
Restricted income funds	16	8,580	10,980
		<u>5,431,344</u>	<u>5,510,234</u>
Restricted funds excluding pension liability			
Pension reserve	16	(1,670,000)	(1,011,000)
Total restricted funds		<u>3,761,344</u>	<u>4,499,234</u>
Unrestricted income funds	16	80,648	124,627
Total funds		<u><u>3,841,992</u></u>	<u><u>4,623,861</u></u>

The financial statements on pages 22 to 47 were approved by the Trustees, and authorised for issue on 16.12.19 and are signed on their behalf, by:



Ms K Falconer
Chair of Trustees

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(201,728)	52,295
Cash flows from investing activities	19	122,597	10,047
Change in cash and cash equivalents in the year		(79,131)	62,342
Cash and cash equivalents at the beginning of the year		557,415	495,073
Cash and cash equivalents at the end of the year	20	<u>478,284</u>	<u>557,415</u>

The notes on pages 25 to 47 form part of these financial statements

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Longdean School meets the definition of a public benefit entity under FRS 102.

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

Company Status

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

1.2 Going concern

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

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.

Expenditure on charitable activities 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 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.7 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 Part 11, chapter 3 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.

1.8 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

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

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

1.9 Debtors

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

1.10 Cash at bank and in hand

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Liabilities

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.

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 Operating leases

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 Agency arrangements

The Academy acts as an agent in running the Dacorum School Sports Network (DSSN). Payments received from the Schools Network and subsequent disbursements are excluded from the Statement of Financial Activities incorporating Income and Expenditure Account, as the Academy does not have control over the charitable application of the funds.

Where the funds have not been fully applied in the accounting period then an amount will be included in the Balance Sheet as an other creditor.

1.16 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 funders where the asset acquired or created is held for a specific purpose.

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

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

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FOR THE YEAR ENDED 31 AUGUST 2019**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2019. 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.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	78,617	367,133	445,750	218,830
Capital grants	-	217,447	217,447	25,162
	<u>78,617</u>	<u>584,580</u>	<u>663,197</u>	<u>243,992</u>
Total 2018	<u>20,204</u>	<u>223,788</u>	<u>243,992</u>	

In 2018, income from donations was £218,830 of which £20,204 was unrestricted and £198,626 was restricted.

In 2019, capital grants of £217,447 (2018 - £25,162) were in relation to restricted fixed assets.

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4. Funding for the Academy's provision of education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,335,873	6,335,873	6,144,476
Other DfE / ESFA grants	-	415,341	415,341	391,109
	-	6,751,214	6,751,214	6,535,585
Other Government grants				
Local Authority grants	-	176,686	176,686	80,958
	-	176,686	176,686	80,958
Other funding				
Catering income	1,414	-	1,414	227
	1,414	-	1,414	227
	1,414	6,927,900	6,929,314	6,616,770
Total 2018	227	6,616,543	6,616,770	

In 2018, income from DfE/ESFA grants was £6,535,585 of which all was restricted.

In 2018, income from other government grants was £80,958 of which all was restricted.

In 2018, income from catering was £227 of which all was unrestricted.

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	46,924	46,924	34,957
Other income	117,099	117,099	110,798
	164,023	164,023	145,755

In 2018, hire of facilities was £34,957 of which all was unrestricted.

In 2018, other income was £110,798, all of which was unrestricted.

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**NOTES TO THE FINANCIAL STATEMENTS
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6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	347	347	1,378

In 2018, all investment income was in relation to unrestricted funds.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Provision of Education:					
Direct costs	5,563,717	-	802,363	6,366,080	6,034,487
Allocated support costs	418,768	716,339	513,563	1,648,670	1,488,205
	<u>5,982,485</u>	<u>716,339</u>	<u>1,315,926</u>	<u>8,014,750</u>	<u>7,522,692</u>
Total 2018	<u>5,727,006</u>	<u>782,924</u>	<u>1,012,762</u>	<u>7,522,692</u>	

In 2019, of the total expenditure, £288,380 (2018 - £336,353) was from unrestricted funds, £7,432,433 (2018 - £6,954,189) was from restricted funds and £293,937 (2018 - £232,150) was from restricted fixed asset funds.

In 2018, direct expenditure consisted of £5,347,403 staff costs and £687,084 other costs.

In 2018, support expenditure consisted of £379,603 staff costs, £782,924 premises costs and £325,678 other costs.

8. Charitable activities

	2019 £	2018 £
Direct costs	6,366,080	6,034,487
Support costs	1,648,670	1,488,205
Total	<u>8,014,750</u>	<u>7,522,692</u>

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Analysis of support costs

	2019 £	2018 £
Support staff costs	418,768	379,603
Depreciation	235,205	232,150
Technology costs	106,894	86,507
Premises costs	693,134	550,774
Other support costs	155,460	225,901
Governance costs	39,209	13,270
Total	<u>1,648,670</u>	<u>1,488,205</u>

9. Net expenditure

Net expenditure for the year includes:

	2019 £	2018 £
Operating lease rentals	111,852	181,510
Depreciation of tangible fixed assets	235,205	232,150
Fees paid to Auditors for:		
- audit	7,375	7,160
- other services	4,780	4,630
	<u>7,375</u>	<u>7,160</u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	4,578,380	4,386,018
Social security costs	466,459	440,213
Pension costs	875,864	883,696
	<u>5,920,703</u>	<u>5,709,927</u>
Agency staff costs	55,404	17,079
Staff restructuring costs	6,378	-
	<u>5,982,485</u>	<u>5,727,006</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs (continued)

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £6,378 (2018 - £Nil). Individually, the payments were: £2,280 and £4,098

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	86	85
Administration and support	64	63
Management	8	8
	<u>158</u>	<u>156</u>

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	-	1
In the band £100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

e. Key management personnel

The key management personnel of the Academy comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy was £810,531 (2018 - £833,867).

Included in the above are employer pension contributions of £110,680 (2018 - £113,691)

Included in the above are employer national insurance contributions of £73,605 (2018 - £75,617)

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
G Cunningham	Remuneration	105,000 - 110,000	100,000 - 105,000
	Pension contributions paid	15,000 - 20,000	15,000 - 20,000
I Loffler	Remuneration	20,000 - 25,000	NIL
	Pension contributions paid	0 - 5,000	NIL
K McKerrell	Remuneration	45,000 - 50,000	45,000 - 50,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
M Quinn	Remuneration	20,000 - 25,000	20,000 - 25,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000

During the year ended 31 August 2019, travel and subsistence expenses totalling £437 were reimbursed or paid directly to 1 Trustee (2018 - £453 to 2 Trustees).

12. Trustees' and Officers' insurance

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 £5,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 September 2018	4,953,870	1,593,964	4,625	6,552,459
Additions	37,773	57,424	-	95,197
At 31 August 2019	<u>4,991,643</u>	<u>1,651,388</u>	<u>4,625</u>	<u>6,647,656</u>
Depreciation				
At 1 September 2018	374,267	682,982	4,625	1,061,874
Charge for the year	63,133	172,072	-	235,205
At 31 August 2019	<u>437,400</u>	<u>855,054</u>	<u>4,625</u>	<u>1,297,079</u>
Net book value				
At 31 August 2019	<u>4,554,243</u>	<u>796,334</u>	<u>-</u>	<u>5,350,577</u>
At 31 August 2018	<u>4,579,603</u>	<u>910,982</u>	<u>-</u>	<u>5,490,585</u>

14. Debtors

	2019 £	2018 £
Trade debtors	22,413	326
VAT recoverable	18,423	29,548
Prepayments and accrued income	305,206	311,859
	<u>346,042</u>	<u>341,733</u>

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15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	65,682	178,810
Other taxation and social security	114,792	108,936
Other creditors	159,417	96,318
Accruals and deferred income	323,020	370,808
	<u>662,911</u>	<u>754,872</u>
	2019 £	2018 £
Deferred income at 1 September 2018	317,794	42,238
Resources deferred during the year	192,302	317,794
Amounts released from previous periods	<u>(317,794)</u>	<u>(42,238)</u>
	<u>192,302</u>	<u>317,794</u>

Deferred income as at 31 August 2019 refers to various School trips and grant funding received in advance.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	124,627	244,401	(288,380)	-	-	80,648
Restricted general funds						
General Annual Grant (GAG)	-	6,335,873	(6,335,873)	-	-	-
Other DfE/ESFA grants	-	415,341	(415,341)	-	-	-
Other Government grants	-	176,686	(176,686)	-	-	-
Restricted donations	10,980	367,133	(369,533)	-	-	8,580
Pension reserve	(1,011,000)	-	(135,000)	-	(524,000)	(1,670,000)
	<u>(1,000,020)</u>	<u>7,295,033</u>	<u>(7,432,433)</u>	<u>-</u>	<u>(524,000)</u>	<u>(1,661,420)</u>
Restricted fixed asset funds						
Devolved formula capital (DFC)	8,669	88,704	(2,176)	(95,197)	-	-
Restricted Fixed Asset Funds	5,490,585	-	(235,205)	95,197	-	5,350,577
Other capital fund	-	128,743	(56,556)	-	-	72,187
	<u>5,499,254</u>	<u>217,447</u>	<u>(293,937)</u>	<u>-</u>	<u>-</u>	<u>5,422,764</u>
Total Restricted funds	<u>4,499,234</u>	<u>7,512,480</u>	<u>(7,726,370)</u>	<u>-</u>	<u>(524,000)</u>	<u>3,761,344</u>
Total funds	<u>4,623,861</u>	<u>7,756,881</u>	<u>(8,014,750)</u>	<u>-</u>	<u>(524,000)</u>	<u>3,841,992</u>

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NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds (continued)

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

Unrestricted funds

This represents income received that does not have restrictions.

General Annual Grant (GAG)

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other DfE/ESFA grants

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

Other Government grants

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

Restricted donations

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

Pension reserve

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

Restricted fixed asset funds

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

Devolved Formula Capital (DFC) fund

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

Other capital fund

This fund relates to capital income in relation to the Academy's sports centre.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

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

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	5,350,577	5,350,577
Current assets	80,648	671,491	72,187	824,326
Creditors due within one year	-	(662,911)	-	(662,911)
Provisions for liabilities and charges	-	(1,670,000)	-	(1,670,000)
Total	80,648	(1,661,420)	5,422,764	3,841,992

Analysis of net assets between funds - prior year

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

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(257,869)	(514,797)
Adjustments for:		
Depreciation	235,205	232,150
Interest receivable	(347)	(1,378)
Increase in debtors	(4,309)	(86,993)
(Decrease)/increase in creditors	(91,961)	298,475
Capital grants from DfE and other capital income	(217,447)	(25,162)
Pension adjustments	135,000	150,000
Net cash (used in)/provided by operating activities	(201,728)	52,295

19. Cash flows from investing activities

	2019 £	2018 £
Interest	347	1,378
Purchase of intangible assets	(95,197)	(16,493)
Capital grants from DfE Group	88,704	25,162
Other capital income	128,743	-
Net cash provided by investing activities	122,597	10,047

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	478,284	557,415

21. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' 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 schemes.

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

Contributions amounting to £96,027 were payable to the schemes at 31 August 2019 (2018 - £94,370) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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 valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension costs paid to TPS in the year amounted to £548,491 (2018 - £544,127).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £279,000 (2018 - £250,000), of which employer's contributions totalled £225,000 (2018 - £201,000) and employees' contributions totalled £ 54,000 (2018 - £49,000). The agreed contribution rates for future years are 12.3 per cent for employers and 5.5-12.5 per cent 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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**NOTES TO THE FINANCIAL STATEMENTS
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21. Pension commitments (continued)

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	2.40	2.50
Rate of increase for pensions in payment/inflation	2.30	2.40
Discount rate for scheme liabilities	1.80	2.80
Inflation assumption (CPI)	2.30	2.40
Inflation assumption (RPI)	3.30	3.40

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.5	22.5
Females	23.7	24.9
<i>Retiring in 20 years</i>		
Males	22.3	24.1
Females	25.0	26.7

As at the 31 August 2019 the Academy had a pension liability of £1,670,000 (2018 - £1,011,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way;

Sensitivity analysis

	2019 £	2018 £
Discount rate +0.1%	(115,296)	(80,982)
Discount rate -0.1%	115,296	80,982
Mortality assumption - 1 year increase	192,160	147,240
Mortality assumption - 1 year decrease	(192,160)	(147,240)
CPI rate +0.1%	96,080	66,258
CPI rate -0.1%	(96,080)	(66,258)

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Pension commitments (continued)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,536,000	1,415,000
Corporate bonds	1,222,000	934,000
Property	251,000	214,000
Cash and other liquid assets	125,000	107,000
Total market value of assets	3,134,000	2,670,000

The actual return on scheme assets was £238,000 (2018 - £131,000).

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

	2019 £	2018 £
Current service cost	(326,000)	(320,000)
Past service cost	(4,000)	-
Interest income	78,000	61,000
Interest cost	(108,000)	(92,000)
Total amount recognised in the Statement of Financial Activities	(360,000)	(351,000)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
At 1 September	3,681,000	3,515,000
Current service cost	326,000	320,000
Past service cost	4,000	-
Interest cost	108,000	92,000
Employee contributions	54,000	49,000
Actuarial losses/(gains)	684,000	(244,000)
Benefits paid	(53,000)	(51,000)
At 31 August	4,804,000	3,681,000

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21. Pension commitments (continued)

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	2,670,000	2,340,000
Interest income	78,000	61,000
Actuarial gains	160,000	70,000
Employer contributions	225,000	201,000
Employee contributions	54,000	49,000
Benefits paid	(53,000)	(51,000)
At 31 August	<u>3,134,000</u>	<u>2,670,000</u>

22. Operating lease commitments

At 31 August 2019 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	PFI contract 2019 £	PFI contract 2018 £	Other 2019 £	Other 2018 £
Not later than 1 year	137,856	137,856	19,238	30,788
Later than 1 year and not later than 5 years	551,424	551,424	29,134	28,911
Later than 5 years	2,757,120	2,894,976	-	-
	<u>3,446,400</u>	<u>3,584,256</u>	<u>48,372</u>	<u>59,699</u>

The annual payments made for the PFI contract are not fixed, instead they are uplifted each year depending on inflation. For purposes of disclosure, the agreed cost for 2018/19 has been taken as the annual cost to the Academy, as inflationary changes are unknown.

23. 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.

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24. 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 Trustee 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 year ended 31 August 2019.