

LONGDEAN SCHOOL

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2012

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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LONGDEAN SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2012**

| | |
|------------------|---|
| Governors | Mr R Bryant (appointed 6 July 2011, resigned 31 March 2012) ^{2,3} Mrs S Clark (appointed 16 April 2012) ² Mrs S Cottingham (appointed 6 July 2011, resigned 31 October 2011) ^{1,3} Mr G Cunningham, Headteacher (appointed 1 April 2012) ² Mrs T Dalmon (appointed 6 July 2011) ^{1,2} Mrs S Edis (appointed 16 April 2012) Mr M Evans (appointed 15 December 2011) ¹ Mr P Fallon, Chair (appointed 6 July 2011) ¹ Mr M Gurney (appointed 15 December 2011) Mr A Hales (appointed 6 July 2011) ^{1,2} Mr A Hayes (appointed 6 July 2011, resigned 31 January 2012) ¹ Mrs J Hewison (appointed 6 July 2011) ¹ Mr C Hughes (appointed 6 July 2011) ^{1,3} Mrs H Jones (appointed 6 July 2011, resigned 31 January 2012) ^{1,2,3} Ms S Long (appointed 6 July 2011) ¹ Mr A Lyon-Taylor (appointed 6 July 2011, resigned 15 December 2011) ¹ Mr G Mellish (appointed 6 July 2011) ¹ Mr N Parsons (appointed 15 December 2011) Mr I Patel (appointed 6 July 2011) ^{1,2} Mr A Risdon (appointed 6 July 2011) ^{1,2} Mrs C Thear (appointed 6 July 2011) ¹ Mr R Upson (appointed 6 July 2011) ^{1,2,3} Mrs S Watson (appointed 6 July 2011) ¹ Rev'd L Wilson (appointed 6 July 2011) ¹ |
|------------------|---|

- ¹ Director of Academy
- ² Member of Finance Committee
- ³ Member

| | |
|----------------------------------|--|
| Company registered number | 07695624 |
| Registered office | Rumballs Road, Hemel Hempstead, Hertfordshire HP3 9JB |
| Company secretary | Ms L Buffer |
| Chief executive officer | Mr G Cunningham |
| Senior Leadership Team | S Embrey, Assistant Headteacher P Goatley, Assistant Headteacher D Lawrence, Assistant Headteacher A Lewis, Assistant Headteacher, Finance Manager L Mason, Assistant Headteacher R Muskett, Assistant Headteacher A Purser, Assistant Headteacher |
| Auditors | Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT |

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Advisers (continued)

Bankers

Lloyds TSB
PO Box 1000
BX1 1LT

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GOVERNORS' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The governors act as the trustees for the charitable activities of Longdean School Academy Trust Limited and are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Longdean School.

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

Member's Liability

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

Governors' Indemnities

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

Method of Recruitment and Appointment or Election of Governors

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

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

Policies and Procedures Adopted for the Induction and Training of Governors

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

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

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

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GOVERNORS' REPORT (continued)
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Organisational Structure

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

The overall financial responsibility (strategic and specific) is devolved by the Board of Governors (AT), Finance committee and Headteacher (Accounting Officer) to the Finance Manager who in turn has agreed authority to devolve responsibilities to the Site Manager, Finance office, ICT Support and all other account holders.

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

Risk Management

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

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

Connected Organisations and Related Party Relationships

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy are set out in the principal activities disclosure above.

Strategies and Activities

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

Every year our school aims reinforce the principles of these statements. For the current year they are:

- P1 Literacy
- P2 Reading
- P3 Independence
- P4 Positive outcomes for all
- P5 Opportunities for challenge and risk taking
- P6 A long term dialogue of achievement and aspiration
- P7 Learn, do, contribute

Our primary focus is in ensuring that every student achieves regardless of their context. Longdean is a truly comprehensive and diverse school with students arriving from a wide range of social, economic and ethnic backgrounds. Prior attainment on entry is below the national average and in some years the difference is significant. We believe that Longdean has an obligation to ensure that every student leaves school with the qualifications they need to have control over the next steps in their lives and the skills they will need to learn new

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GOVERNORS' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2012

things every day of their lives, to tackle and overcome challenges that will take them out of their comfort zones and to be able to contribute to the rapidly changing communities that they are an integral part of. Young people today need to be literate, numerate, emotionally intelligent and resilient enough to contribute to an ever changing society. Inclusion is at the heart of all we do and we firmly believe that students arrive with us as they are from a variety of contexts but leave as well rounded individuals. Our Speech & Language Base & Learning Support Centre are testament to this approach.

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

A typical day for students begins at 8.30 with a registration period in a Vertical Tutor group. Each tutor group is a member of one of four houses that reinforce the Mathematics and Computing Specialism. Registration is seen as a learning and not a social event and is crucial in promoting positive relationships, leadership and independence. Following this there are two lessons. For core subjects students are taught in same year classes. From Year 9 – 11 students take one option each year and they are taught in mixed year classes for 11 hours per fortnight. In KS3 (Yr7&8) students study our competency curriculum – Opening Minds is a combination of English, History, Geography & RS. Future Skills is a combination of Mathematics, Science, Technology & ICT. Break is from 11am – 11.20 and there then follows two more lessons. Lunch is 45 minutes and all 1,134 students eat on site. The day ends with lesson 5 which also serves as afternoon registration.

Public Benefit

The governors of the Academy have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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

Achievements and Performance

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

- Academy admissions
- Examination results and other indicators of student progress
- Staff and department performance monitoring
- Attendance and wellbeing statistics
- Financial Health
- Stakeholder survey outcomes

The Academy converted from LA maintained school status on 1 August 2011.

Examination results for 2011-12 were as follows:

- 2011 & 2012: results against all Performance Indicators were in line or better than National Averages including 5A* - C Including English and Mathematics which has historically been the one indicator below national.

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- Fine level transition matrices for Mathematics in 2012 demonstrate that students who arrive on Level 1, 3c, b, a, 4c, 4a, 5c, b, a, all exceed the national figure for expected progress. Furthermore students at L2, 3c, 3a, 4c, 4a, 5c, 5b exceed the national figure for exceeding expected progress.
- Fine level transition matrices for English in 2012 show that students who arrive on Level 1, 2, 3a, 5b & 5a exceed the national figure for expected progress. Furthermore students arriving on Level 1, 2, 5a surpass the national figure for students exceeding expected progress.
- 2011: three levels of progress in English was in line with national at 70% (National 71%). Mathematics was above National at 65% (National 64%). 3 levels of progress in English and Mathematics was below national in 2010.
- Our Panda 2011 shows that 8 out of 20 subjects at AS have positive value added and students made the expected progress in a further 6 subject areas. At A2 6 subjects have strong value added.
- In the last 4 years we have only had 2 NEET students and over 100 students have completed the Headstart college programme providing a gateway to further education and employment. Speech & Language students (shown as SEN with a statement in Raise) achieve significantly above national.
- The trends for all groups of students in the school are upward & positive over a three year trend.

Therefore the percentage of students making and exceeding expected progress compares very favorably with national figures.

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

To ensure standards are continually raised, the Academy:

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

One of the Academy's objectives for the period was to construct a proposal and business case which would enable the school premises to be replaced with a new build through the PSBP (Priority School Building Programme). We are delighted that this bid has been approved by the EFA and Secretary of State.

Going Concern

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

FINANCIAL REVIEW

Key Financial Performance Indicators

Prior to Academy conversion, it was possible to conduct a full financial benchmarking exercise using datasets available from the DfE. For the Academy financial year 2011-12, this is no longer possible however, the following are used to judge financial performance:

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

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GOVERNORS' REPORT (continued)
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Financial Report for the Period

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 August 2012, total expenditure of £6,845,789 (excluding depreciation) was more than covered by recurrent grant funding from the YPLA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds) was £455,832.

Financial Position

The Academy held fund balances at 31 August 2012 of £11,158,583 comprising £11,796,035 of restricted funds and £190,548 of unrestricted general funds and a pension reserve deficit of £(828,000).

The Academy is currently paying LGPS contributions at a rate sufficient to recover the deficit over a period of 25 years.

At 31 August 2012 the net book value of fixed assets was £11,530,751 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

Reserves Policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have determined that the appropriate level of cash reserves should be equivalent to six weeks gross salary expenditure (approximately £650,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £190,548, which is materially adequate.

In the 2012-13 financial year, this policy will be reassessed based upon the details of the building programme and the appropriateness and advisability of using free reserves, restricted funds, or in year GAG income to fund relevant parts of the build.

The restricted pension fund is materially in deficit and plans to eliminate the liability on the Defined Benefit Pension Scheme are set out in note 24 based on the period end actuarial valuation.

Investment Policy

The Academy has a policy of investing its cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment. The policy aims to invest cash in a mixture of liquid and longer term investments, such that its cash balances and liquid investments at least equal the figure outlined in the reserves policy. Amounts over this figure may be invested in longer term investments. It is not envisaged that the Academy should invest in any investment with a redemption period exceeding 6 months.

In the 2012-13 financial year, this policy will be revised when more details of the PSBP (Priority School Building Programme) emerge.

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GOVERNORS' REPORT (continued)
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Financial and Risk Management Objectives and Policies

Principal Risks and Uncertainties

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

- Staff retention: possibly the biggest single risk to the Academy would lie in its failure to retain key staff – in particular, the Headteacher. However, it is not felt that there are any immediate threats in this regard, and that recent and current developments such as the conversion to academy status and the development of new buildings will aid retention.
- Material decrease in income affecting provision: highly unlikely. The budget for 2012/13 is sound, and the longer term financial plan shows considerable contingency against unwelcome future developments: it is highly likely that other similar institutions would be worse affected than ourselves.
- Falling rolls: highly unlikely. Initial response to the conversion to academy status has showed no diminution in student and parental enthusiasm. Local demographics indicate that an extra 1,000 places need to be found in Dacorum over the next years.
- In the longer term, the revenue impact of the PSBP will need to be monitored.
- Staff recruitment: conversion to academy status has not affected the attractiveness of the Academy to potential new staff, with each vacancy having received a good field of applicants.
- Bank balances & investments: there is no significant risk other than an institution ceasing to trade.
- Debtors: there are no material debtors.
- The Academy's credit rating is not in jeopardy, though it has no need for credit facilities.
- The Academy's cashflow is healthy and long term financial planning predicts it will remain so.
- Establishing a suitable curriculum for those staying in education until the age of 18 as a result of government change.

Plans for the Future

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

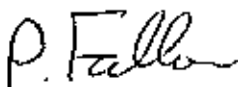
The Academy plans to decant into new school buildings in September 2015 as part of the national PSBP. There is a planned expansion from 1,300 to 1,500 students. This will be complemented by curriculum development, changes to staffing structures and system changes to cope with the expansion.

Auditor

In so far as the governors are aware:

There is no relevant audit information of which the charitable company's auditor is unaware; and the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the members of the Governing Body on ...17/12/2012 and signed on its behalf by:



Mr P Fallon, Chair



Mr G Cunningham, Headteacher

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The governing body has formally met 10 times during the period. Attendance during the year at meetings of the governing body was as follows:

| Governor | Meetings attended | Out of a possible |
|------------------------------|-------------------|-------------------|
| Mr R Bryant | 6 | 8 |
| Mrs S Clark | 2 | 2 |
| Mrs S Cottingham | 3 | 3 |
| Mr G Cunningham, Headteacher | 2 | 2 |
| Mrs T Dalmon | 5 | 10 |
| Mrs S Edis | 2 | 2 |
| Mr M Evans | 5 | 5 |
| Mr P Fallon, Chair | 5 | 10 |
| Mr M Gurney | 5 | 5 |
| Mr A Hales | 6 | 10 |
| Mr A Hayes | 4 | 5 |
| Mrs J Hewison | 10 | 10 |
| Mr C Hughes | 8 | 10 |
| Mrs H Jones | 5 | 5 |
| Ms S Long | 8 | 10 |
| Mr A Lyon-Taylor | 0 | 3 |
| Mr G Mellish | 6 | 10 |
| Mr N Parsons | 5 | 5 |
| Mr I Patel | 9 | 10 |
| Mr A Risdon | 6 | 10 |
| Mrs C Thear | 8 | 10 |
| Mr R Upson | 10 | 10 |
| Mrs S Watson | 10 | 10 |
| Rev'd L Wilson | 6 | 10 |

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GOVERNANCE STATEMENT (continued)

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

Attendance at meetings in the year was as follows:

| Governor | Meetings attended | Out of a possible |
|------------------------------|-------------------|-------------------|
| Mr R Bryant | 3 | 3 |
| Mrs S Clark | 0 | 0 |
| Mr G Cunningham, Headteacher | 0 | 0 |
| Mrs T Dalmon | 3 | 3 |
| Mr A Hales | 2 | 2 |
| Ms H Jones | 2 | 2 |
| Mr I Patel | 2 | 3 |
| Mr A Risdon | 3 | 3 |
| Mr R Upson | 3 | 3 |

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Longdean School for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The governing body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

THE RISK AND CONTROL FRAMEWORK

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

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Shirley Clark, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the RO;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the governing body on 17/12/2012 and signed on their behalf, by:



Mr P Fallon, Chair
Governor



Mr G Cunningham
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting officer of Longdean School I have considered my responsibility to notify the academy governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Mr G Cunningham
Accounting officer

17/12/2012

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GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012

The Governors (who act as trustees for charitable activities of Longdean School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the EFA, United Kingdom Accounting Standards (UKGAAP) and applicable law and regulations.

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

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

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

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the governing body on 17/12/2012 and signed on its behalf by:



Mr P Fallon, Chair
Governor

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONGDEAN SCHOOL

We have audited the financial statements of Longdean School for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONGDEAN SCHOOL

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Mr Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Date: 20/12/2012

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 17 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Longdean School during the period 1 August 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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 as published by DfES in 2012, 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 2011/12. 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 period 1 August 2011 to 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Price Bailey LLP

Chartered Accountants

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Date: 2/12/2012

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
FOR THE PERIOD ENDED 31 AUGUST 2012

| | Note | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Restricted fixed asset funds 2012 £ | Total funds 2012 £ |
|---|----------|------------------------------------|----------------------------------|---|-----------------------------|
| INCOMING RESOURCES | | | | | |
| Incoming resources from generated funds: | | | | | |
| Net assets transferred on conversion | 3 | 169,240 | (684,000) | 14,254,224 | 13,739,464 |
| Other voluntary income | 3 | - | 96,249 | - | 96,249 |
| Activities for generating funds | 4 | 131,885 | 18,657 | - | 150,542 |
| Investment income | 5 | 1,394 | - | - | 1,394 |
| Incoming resources from charitable activities | 6 | - | 7,003,616 | 99,896 | 7,103,511 |
| TOTAL INCOMING RESOURCES | | 302,519 | 6,434,521 | 14,354,120 | 21,091,160 |
| RESOURCES EXPENDED | | | | | |
| Charitable activities | 8,9 | 111,971 | 6,721,718 | 2,947,788 | 9,781,477 |
| Governance costs | 10 | - | 12,100 | - | 12,100 |
| TOTAL RESOURCES EXPENDED | 7 | 111,971 | 6,733,818 | 2,947,788 | 9,793,577 |
| NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS | | | | | |
| | | 190,548 | (299,297) | 11,406,332 | 11,297,583 |
| Transfers between Funds | 19 | - | (124,419) | 124,419 | - |
| NET INCOME FOR THE YEAR | | 190,548 | (423,716) | 11,530,751 | 11,297,583 |
| Actuarial gains and losses on defined benefit pension schemes | | - | (139,000) | - | (139,000) |
| NET MOVEMENT IN FUNDS FOR THE YEAR | | 190,548 | (562,716) | 11,530,751 | 11,158,583 |
| Total funds at 6 July 2011 | | - | - | - | - |
| TOTAL FUNDS AT 31 AUGUST 2012 | | 190,548 | (562,716) | 11,530,751 | 11,158,583 |

All activities relate to continuing operations.

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

The notes on pages 21 to 38 form part of these financial statements.

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

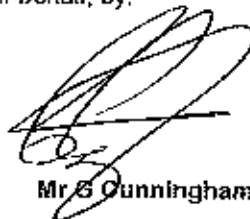
BALANCE SHEET
AS AT 31 AUGUST 2012

| | Note | £ | 2012 £ |
|--|------|------------|------------|
| FIXED ASSETS | | | |
| Tangible assets | 16 | | 11,530,751 |
| CURRENT ASSETS | | | |
| Debtors | 17 | 304,469 | |
| Cash at bank and in hand | | 675,041 | |
| | | 979,510 | |
| CREDITORS: amounts falling due within one year | 18 | (523,678) | |
| | | 455,832 | |
| NET CURRENT ASSETS | | | |
| | | | 455,832 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | | 11,986,583 |
| Defined benefit pension scheme liability | 25 | | (828,000) |
| | | | 11,158,583 |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | |
| | | | 11,158,583 |
| FUNDS OF THE ACADEMY | | | |
| Restricted funds: | | | |
| Restricted funds | 19 | 265,284 | |
| Restricted fixed asset funds | 19 | 11,530,751 | |
| | | 11,796,035 | |
| Restricted funds excluding pension liability | | | |
| Pension reserve | | (828,000) | |
| | | 10,968,035 | |
| Total restricted funds | | | 10,968,035 |
| Unrestricted funds | 19 | | 190,548 |
| | | | 11,158,583 |
| TOTAL FUNDS | | | |
| | | | 11,158,583 |

The financial statements were approved by the Governors, and authorised for issue, on *17/12/2012* and are signed on their behalf, by:

P. Fallon

Mr P Fallon, Chair



Mr B Cunningham, Headteacher

The notes on pages 21 to 38 form part of these financial statements.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2012

| | Note | 2012 £ |
|---|------|----------------|
| Net cash flow from operating activities | 21 | 897,968 |
| Returns on investments and servicing of finance | 22 | 1,388 |
| Capital expenditure and financial investment | 22 | (224,315) |
| INCREASE IN CASH IN THE PERIOD | | <u>675,041</u> |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2012

| | 2012 £ |
|--|----------------|
| Increase in cash in the period | 675,041 |
| MOVEMENT IN NET FUNDS IN THE PERIOD | <u>675,041</u> |
| NET FUNDS AT 31 AUGUST 2012 | <u>675,041</u> |

The notes on pages 21 to 38 form part of these financial statements.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 Company status

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

1.3 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the DfE.

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

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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

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

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

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

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

Charitable activities are costs incurred in the furtherance of the academy's primary objectives.

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

Where an expense is deemed to be for business purposes i.e. not in relation to the academy's charitable purpose, the expenditure this relates to will include irrecoverable VAT.

1.6 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of twelve months from the date of approval of the financial statements.

1.7 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation on tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-------------------------------|---|----------------------------|
| Long term leasehold land | - | over the life of the lease |
| Long term leasehold buildings | - | over 4 years |
| Motor vehicles | - | over 10 years |
| Fixtures and fittings | - | between 1 and 25 years |

1.8 Operating leases

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

1.10 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, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.11 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for ENIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Longdean School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 24.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

2. GENERAL ANNUAL GRANT (GAG)

| | 2012 £ |
|--|-------------|
| Result and carry forward for the year | |
| GAG allocation for current year | 6,795,667 |
| Total GAG available to spend | 6,795,667 |
| Recurrent expenditure from GAG | (6,438,878) |
| Fixed assets purchased from GAG | (124,419) |
| GAG carried forward to next year | 232,370 |
| Maximum permitted GAG carried forward at end of current year (12% allocation for current year) | (815,480) |
| GAG to surrender to DfE | (583,110) |
| (12% rule breached if result is positive) | No breach |

3. OTHER VOLUNTARY INCOME

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|--------------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Net assets transferred on conversion | 169,240 | 13,570,224 | 13,739,464 |
| Donations | - | 85,346 | 85,346 |
| Grants | - | 10,903 | 10,903 |
| Subtotal | - | 96,249 | 96,249 |
| Voluntary income | 169,240 | 13,666,473 | 13,835,713 |

4. ACTIVITIES FOR GENERATING FUNDS

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|--------------------|------------------------------------|----------------------------------|-----------------------------|
| Hire of Facilities | 48,980 | - | 48,980 |
| Catering Income | 3 | - | 3 |
| Other Income | 46,540 | 18,657 | 65,197 |
| Fundraising | 36,362 | - | 36,362 |
| | 131,885 | 18,657 | 150,542 |

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

5. INVESTMENT INCOME

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|
| Bank Interest | 1,394 | - | 1,394 |
| | <u>1,394</u> | <u>-</u> | <u>1,394</u> |

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|---|------------------------------------|----------------------------------|-----------------------------|
| Funding for academy's charitable activities | - | 7,103,511 | 7,103,511 |
| | <u>-</u> | <u>7,103,511</u> | <u>7,103,511</u> |

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|
| DfE/EFA revenue grant | | | |
| General Annual Grant (GAG) | - | 6,795,667 | 6,795,667 |
| Other DfE / EFA grants | - | 178,507 | 178,507 |
| Start up grant | - | 25,000 | 25,000 |
| | <u>-</u> | <u>6,999,174</u> | <u>6,999,174</u> |
| Other government grants | | | |
| Local authority grants | - | 104,337 | 104,337 |
| | <u>-</u> | <u>104,337</u> | <u>104,337</u> |
| | <u>-</u> | <u>7,103,511</u> | <u>7,103,511</u> |

7. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

| | Staff costs 2012 £ | Depreciation 2012 £ | Other costs 2012 £ | Total 2012 £ |
|------------------------|--------------------------|---------------------------|--------------------------|--------------------|
| Provision of Education | 5,288,193 | 2,947,788 | 1,545,496 | 9,781,477 |
| Governance | - | - | 12,100 | 12,100 |
| | <u>5,288,193</u> | <u>2,947,788</u> | <u>1,557,596</u> | <u>9,793,577</u> |

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

8. DIRECT COSTS

| | Total 2012 £ |
|---|--------------------|
| Educational supplies | 349,731 |
| Examination fees | 127,372 |
| Staff development | 20,340 |
| Educational consultancy | 23,510 |
| Teaching and educational support services | 3,728,905 |
| National insurance | 299,249 |
| Pension cost | 474,759 |
| | 5,023,866 |

9. SUPPORT COSTS

| | Total 2012 £ |
|-------------------------------------|--------------------|
| LGPS pension costs | 31,000 |
| Technology costs | 87,051 |
| Travel & subsistence | 1,780 |
| Other costs | 49,520 |
| Recruitment & support | 4,134 |
| Maintenance of premises & machinery | 135,897 |
| Cleaning | 162,042 |
| Rates | 82 |
| Energy | 172,667 |
| Insurance | 42,414 |
| Security | 6,976 |
| Transport | 1,350 |
| Catering | 47,753 |
| Occupancy costs | 142,902 |
| Bank interest & charges | 80 |
| Printing, postage & stationery | 67,222 |
| Telephone costs | 26,043 |
| Professional services | 45,620 |
| Wages and salaries | 616,386 |
| National insurance | 37,034 |
| Pension cost | 131,860 |
| Depreciation | 2,947,788 |
| | 4,757,611 |

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

10. GOVERNANCE COSTS

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Total funds 2012 £ |
|--|------------------------------------|----------------------------------|-----------------------------|
| Auditors' remuneration - audit costs | - | 6,500 | 6,500 |
| Auditors' remuneration - non audit costs | - | 5,600 | 5,600 |
| | - | 12,100 | 12,100 |
| | - | 12,100 | 12,100 |

11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

| | 2012 £ |
|--|-----------|
| Depreciation of tangible fixed assets: - owned by the charity | 2,947,788 |
| Auditors' remuneration | 6,500 |
| | 2,954,288 |

During the period, no Governors received any benefits in kind.

During the period, no Governors received any reimbursement of expenses.

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

12. STAFF COSTS

Staff costs were as follows:

| | 2012 £ |
|-------------------------------|-----------|
| Wages and salaries | 4,345,291 |
| Social security costs | 336,283 |
| Other pension costs (Note 25) | 606,619 |
| | 5,288,193 |
| | 5,288,193 |

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

| | 2012 No. |
|----------------------------|-------------|
| Teachers | 85 |
| Administration and support | 60 |
| Management | 10 |
| | 155 |
| | 155 |

The annualised emoluments of the two Headteachers that served during the period fell within the following bands:

| | 2012 No. |
|--------------------------------|-------------|
| In the band £80,001 - £90,000 | 1 |
| In the band £90,001 - £100,000 | 1 |
| | 2 |
| | 2 |

The employees above participated in the Teachers Pension Scheme during the period ended 31 August 2012. The academy made contributions of £20,155 for that member during the period.

13. GOVERNORS' REMUNERATION

The academy is following the guidance in the EFA's note 'Disclosure in Academy Trusts 2011/12 Financial Statements of remuneration of Trustees who are Staff Governors – October 2012', where disclosure of the remuneration paid to staff governors who are not trustees is not required. For the purposes of this disclosure trustees are those governors who are members.

In the thirteen months ended 31 August 2012 the total of each Headteachers' remuneration, in their capacity as Chief Executive, was:

| | |
|-----------------|---|
| Mr G Cunningham | £39,793 (includes £4,914 of employer's pension contributions) |
| Mr R Bryant | £71,545 (includes £8,808 of employer's pension contributions) |

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

14. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2012 formed part of the overall insurance cover for the academy.

15. OTHER FINANCE INCOME

| | 2012 £ |
|--|-----------|
| Expected return on pension scheme assets | 40,000 |
| Interest on pension scheme liabilities | (71,000) |
| | (31,000) |

16. TANGIBLE FIXED ASSETS

| | Long term leasehold property £ | Motor vehicles £ | Furniture and equipment £ | Total £ |
|-------------------------|---|---------------------|---------------------------------|------------|
| Cost | | | | |
| Additions | - | - | 224,315 | 224,315 |
| Transfers on conversion | 13,216,052 | 4,625 | 1,033,547 | 14,254,224 |
| At 31 August 2012 | 13,216,052 | 4,625 | 1,257,862 | 14,478,539 |
| Depreciation | | | | |
| Charge for the period | 2,694,905 | 2,264 | 250,619 | 2,947,788 |
| At 31 August 2012 | 2,694,905 | 2,264 | 250,619 | 2,947,788 |
| Net book value | | | | |
| At 31 August 2012 | 10,521,147 | 2,361 | 1,007,243 | 11,530,751 |

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

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

17. DEBTORS

| | 2012 £ |
|--------------------------------|-----------|
| Other debtors | 202,574 |
| Prepayments and accrued income | 101,895 |
| | 304,469 |
| | 304,469 |

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

| | 2012 £ |
|------------------------------|-----------|
| Trade creditors | 103,831 |
| Other creditors | 173,388 |
| Accruals and deferred income | 246,459 |
| | 523,678 |
| | 523,678 |

Deferred income as at 31 August 2012 refers to the 16-19 Bursary and various school trips.

| | |
|------------------------------------|--------|
| Deferred income | £ |
| Resources deferred during the year | 52,935 |
| | 52,935 |

19. STATEMENT OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|-------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted Funds | - | 302,519 | (111,971) | - | - | 190,548 |
| | - | 302,519 | (111,971) | - | - | 190,548 |
| | - | 302,519 | (111,971) | - | - | 190,548 |

LONGDEAN SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

19. STATEMENT OF FUNDS (continued)

Restricted funds

| | | | | | | |
|----------------------------|---|------------------|--------------------|------------------|------------------|------------------|
| General Annual Grant (GAG) | - | 6,795,667 | (6,438,878) | (124,419) | - | 232,370 |
| SEN | - | 8,859 | (8,859) | - | - | - |
| Pupil Premium | - | 95,478 | (95,478) | - | - | - |
| 16-19 Bursary | - | 4,271 | (4,271) | - | - | - |
| Start Up Grant | - | 25,000 | (25,000) | - | - | - |
| Other Government Grants | - | 77,683 | (54,683) | - | - | 23,000 |
| Global Curriculum Project | - | 10,403 | (8,258) | - | - | 2,145 |
| Golden Hello | - | 8,535 | (8,535) | - | - | - |
| Educational Visits | - | 69,053 | (69,053) | - | - | - |
| Other Restricted Funds | - | 23,572 | (15,803) | - | - | 7,769 |
| Pension reserve | - | (684,000) | (5,000) | - | (139,000) | (628,000) |
| | - | <u>6,434,521</u> | <u>(6,733,818)</u> | <u>(124,419)</u> | <u>(139,000)</u> | <u>(562,716)</u> |

Restricted fixed asset funds

| | | | | | | |
|------------------------|---|-------------------|--------------------|----------------|------------------|-------------------|
| Fixed Assets Fund | - | 14,254,224 | (2,947,788) | 224,315 | - | 11,530,751 |
| DFC | - | 39,663 | - | (39,663) | - | - |
| Kitchen Grant | - | 60,233 | - | (60,233) | - | - |
| | - | <u>14,354,120</u> | <u>(2,947,788)</u> | <u>124,419</u> | <u>-</u> | <u>11,530,751</u> |
| Total restricted funds | - | <u>20,788,641</u> | <u>(9,681,606)</u> | <u>-</u> | <u>(139,000)</u> | <u>10,968,035</u> |
| Total of funds | - | <u>21,091,160</u> | <u>(9,793,577)</u> | <u>-</u> | <u>(139,000)</u> | <u>11,158,583</u> |

General Annual Grant (GAG)

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

Special Educational Needs (SEN)

This represents allocated funding for special educational needs students.

Pupil Premium

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

16 - 19 Bursary

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

19. STATEMENT OF FUNDS (continued)

Start Up Grant

This represents a grant to aid with start up costs for the academy on conversion. All costs have now been incurred and the balance has been transferred to unrestricted reserves as the restriction no longer exists.

Other Government Grants

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

Global Curriculum Project

This grant enables well established partnerships to further develop joint curricular activities with a global dimension theme. The funding helps cover travel costs of at least two teachers from each school to visit the partner school as well as project costs such as materials, training and supply cover.

Golden Hello

This funding is for golden hello payments for teachers who meet the eligibility requirements.

Educational Visits

This represents contributions made by parents to the running of educational visits for the students of the academy and the associated costs of running the trips.

Other Restricted Funds

This includes income for exam resits and the school fund.

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the academy on conversion from a state controlled school.

Restricted Fixed Asset Funds

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

Devolved Formula Capital (DFC) fund

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

Kitchen Grant

This grant was for the specific purpose of refurbishing the school's kitchen.

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**NOTES TO THE FINANCIAL STATEMENTS
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SUMMARY OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|---------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|-------------------------|
| General funds | - | 302,519 | (111,971) | - | - | 190,548 |
| Restricted funds | - | 6,434,521 | (6,733,818) | (124,419) | (139,000) | (562,716) |
| Restricted fixed asset funds | - | 14,354,120 | (2,947,788) | 124,419 | - | 11,530,751 |
| | <u>-</u> | <u>21,091,160</u> | <u>(9,793,577)</u> | <u>-</u> | <u>(139,000)</u> | <u>11,158,583</u> |

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2012 £ | Restricted funds 2012 £ | Restricted fixed asset funds 2012 £ | Total funds 2012 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 11,530,751 | 11,530,751 |
| Current assets | 190,548 | 788,962 | - | 979,510 |
| Creditors due within one year | - | (523,678) | - | (523,678) |
| Provisions for liabilities and charges | - | (828,000) | - | (828,000) |
| | <u>190,548</u> | <u>(562,716)</u> | <u>11,530,751</u> | <u>11,158,583</u> |

21. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2012 £ |
|---|----------------|
| Net incoming resources before revaluations | 11,297,583 |
| Returns on investments and servicing of finance | (1,388) |
| Assets transferred on conversion | (14,254,224) |
| Depreciation of tangible fixed assets | 2,947,788 |
| Increase in debtors | (304,469) |
| Increase in creditors | 523,678 |
| FRS 17 adjustments | 689,000 |
| Net cash inflow from operations | <u>897,968</u> |

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

| | 2012 £ |
|---|--------------|
| Returns on investments and servicing of finance | |
| Interest received | <u>1,388</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

| | |
|---|-----------|
| | 2012 £ |
| Capital expenditure and financial investment | |
| Purchase of tangible fixed assets | (224,315) |

23. ANALYSIS OF CHANGES IN NET DEBT

| | 6 July 2011 £ | Cash flow £ | Other non-cash changes £ | 31 August 2012 £ |
|---------------------------|---------------------|----------------|-----------------------------------|------------------------|
| Cash at bank and in hand: | - | 675,041 | - | 675,041 |
| Net funds | - | 675,041 | - | 675,041 |

24. CONVERSION TO AN ACADEMY TRUST

On 1 August 2011 Longdean School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Longdean School from Hertfordshire County Council for ENiI consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------------------|----------------------------|--------------------------|---|---------------------|
| Tangible fixed assets | | | | |
| - Leasehold land and buildings | - | - | 13,216,052 | 13,216,052 |
| - Other tangible fixed assets | - | - | 1,038,172 | 1,038,172 |
| Budget surplus/(deficit) on LA funds | 169,240 | - | - | 169,240 |
| LGPS pension surplus/(deficit) | - | (684,000) | - | (684,000) |
| Net assets/(liabilities) | 169,240 | (684,000) | 14,254,224 | 13,739,464 |

The above net assets include £169,240 that was transferred as cash.

On conversion Hertfordshire County Council granted a 125 year lease in relation to the leasehold land and buildings.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

25. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012.

Contributions totalling £54,199 and £16,754 were payable to the TPS and LGPS respectively at the period end and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ('GA'), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ('SCR') is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012

25. PENSION COMMITMENTS (continued)

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £214,000, of which employer's contributions totalled £171,000. The agreed contribution rate for future years are 16.8% for employers and 6.8% for employees.

As described in note 24 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The amounts recognised in the Balance Sheet are as follows:

| | 2012 £ |
|-------------------------------------|-------------|
| Present value of funded obligations | (1,555,000) |
| Fair value of scheme assets | 727,000 |
| | <hr/> |
| Net liability | (828,000) |
| | <hr/> <hr/> |

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

| | 2012 £ |
|----------------------------------|-------------|
| Current service cost | (145,000) |
| Interest on obligation | (71,000) |
| Expected return on scheme assets | 40,000 |
| | <hr/> |
| Total | (176,000) |
| | <hr/> <hr/> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

25. PENSION COMMITMENTS (continued)

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

| | 2012 £ |
|---|-----------|
| Current service cost | 145,000 |
| Interest cost | 71,000 |
| Contributions by scheme participants | 43,000 |
| Actuarial Losses | 128,000 |
| Present value of defined benefit obligation on conversion | 1,168,000 |
| Closing defined benefit obligation | 1,555,000 |

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

| | 2012 £ |
|---|-----------|
| Expected return on assets | 40,000 |
| Actuarial gains and (losses) | (11,000) |
| Contributions by employer | 171,000 |
| Contributions by employees | 43,000 |
| Fair value of scheme assets on conversion | 484,000 |
| | 727,000 |

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £139,000 loss.

The academy expects to contribute £161,000 to its Defined Benefit Pension Scheme in 2013.

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

| | 2012 |
|----------|---------|
| Equities | 69.00 % |
| Bonds | 19.00 % |
| Property | 6.00 % |
| Cash | 6.00 % |

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

| | 2012 |
|--|--------|
| Discount rate for scheme liabilities | 4.10 % |
| Expected return on scheme assets at 31 August | 4.90 % |
| Rate of increase in salaries | 4.50 % |
| Rate of increase for pensions in payment / inflation | 2.20 % |

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

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

| | 2012 |
|----------------------|------|
| Retiring today | |
| Males | 21 |
| Females | 23.8 |
| Retiring in 20 years | |
| Males | 22.9 |
| Females | 25.7 |

Amounts for the current period are as follows:

Defined benefit pension schemes

| | 2012 £ |
|---|------------------|
| Defined benefit obligation | (1,555,000) |
| Scheme assets | 727,000 |
| Deficit | <u>(828,000)</u> |
| Experience adjustments on scheme assets | <u>(11,000)</u> |

26. OPERATING LEASE COMMITMENTS

At 31 August 2012 the academy had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings 2012 £ | Other 2012 £ |
|-----------------------|------------------------------------|--------------------|
| Expiry date: | | |
| Between 2 and 5 years | - | <u>14,279</u> |

27. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period ended 31 August 2012.