

Company Registration Number: 07536795 (England & Wales)

LANGLEY GRAMMAR SCHOOL

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Dr J Kirk, Chair
Ms C Brackenbury
Mrs S Branquinho
Mrs R Garrett
Mr M Maydell (resigned 31 August 2019)

Trustees

Mr J Constable, Headteacher and Accounting Officer
Dr J Kirk
Ms C Fitzgerald, Vice Chair
Ms H Barsby (resigned 31 October 2019)
Mr V Boothnath (appointed 29 March 2019)
Ms C Brackenbury
Mrs S Branquinho
Mrs S D'Souza-Zerkhfaoui
Mrs M Francis, Staff Trustee
Mrs R Garrett
Miss V Jain
Mr M Maydell (resigned 31 August 2019)
Mr K Nagra
Mr I Neta
Mr S Pathak, Responsible Officer (term of office ended 28 February 2019,
co-opted Trustee 29 February 2019 to 31 July 2019)
Mr R Sidhu
Mr C Wolters, Staff Trustee

Company registered number

07536795

Company name

Langley Grammar School

Principal and registered office

Reddingdon Drive, Slough, Berkshire, SL3 7QS

Company secretary

Mr G Trigg

Senior management team

Mr J Constable, Headteacher
Mr D Harding, Deputy Headteacher
Mr C Thomas, Deputy Headteacher (secondment to Lynch Hill Enterprise Academy, resigned 31 August 2019)
Mr P Adams, Acting Deputy Headteacher
Mrs N Dobbs, Assistant Headteacher (appointed 01 Sept 2019)
Ms H Makowski, Director of Sixth Form (appointed 01 Sept 2019)

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

Mr D Mace, Assistant Headteacher (appointed 01 Sept 2019)
Mr G Trigg, Business Manager

Independent auditors

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

Bankers

Lloyds Bank Plc, PO Box 1000, BX1 1LT

Solicitors

Winckworth Sherwood, Minerva House, 5 Montague Close, London, SE1 5BB

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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 auditors' report of the charitable company for the year 1 September 2018 to 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 for pupils aged 11 to 18 serving Langley and the surrounding areas; students are selected on merit which is assessed through a competitive 11+ entrance examination. The Academy had a roll of 1,139 in the summer 2019 census. The Academy is oversubscribed and increased from five to six forms of entry in Year 7 from September 2017, an increase of approximately 30 students each year until September 2023.

Structure, governance and management

a. Constitution

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy.

The Trustees of Langley Grammar School are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Langley Grammar School.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. 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.

c. Trustees' indemnities

Subject to the provisions of the Companies Act, every governor or other officer of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

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

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association and funding agreement as follows:

- o The Headteacher
- o Up to 7 but not less than 2 parent governors elected or appointed by the governors
- o Up to 12 community governors, appointed by the members
- o Up to 3 staff governors but not less than one appointed by the governors, provided that the maximum number of staff governors does not exceed one third of the total number of governors
- o Any governors appointed by the Secretary of State for Education.

The term of office for any governor is 4 years. The Headteacher's term of office runs parallel with his term of appointment. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected.

e. Policies adopted for the induction and training of Trustees

All new governors are given an induction by the School and the Governing Body. 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. As there are normally only two or three new Governors a year, induction tends to be done informally and is tailored specifically to the individual. Where necessary an induction will provide training on charity and educational, legal and financial matters.

f. Organisational structure

The structure of the organisation has three levels; the Governors, the Headteacher and the Senior Leadership Team, and the Middle Leaders (Subject Leaders and Phase Leaders). The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for the strategic direction of the School, adopting an annual plan and budget, monitoring the School's use of budgets and making major decisions about the direction of the School, capital expenditure and senior staff appointments.

Following the secondment of a substantive Deputy Headteacher to an interim Head of School post in another Slough school for the duration of the 2018-19 academic year, the School Leadership Team comprised the Headteacher, two Deputy Headteachers (one acting) and the Business Manager; in addition three Middle Leaders were seconded to the Leadership Team for a fixed 1 year period as a development opportunity.

The Deputy Headteacher who was seconded to the other Slough school resigned at the end of the 2018-19 academic year, and the Leadership Team now comprises the Headteacher, two Deputy Headteachers (one acting), two Assistant Headteachers, the Director of Sixth Form and the Business Manager.

These managers control the School at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Leadership Team is responsible for authorising spending within the agreed budgets and the appointment of staff. The Governors devolve responsibility for staff appointments, other than those of the Headteacher, Deputy Headteachers and the Business Manager.

Senior and Middle Leaders are responsible for the day to day operation of the School departments, in particular organising staff, facilities and students.

The Headteacher assumes the Accounting Officer role.

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

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

Since conversion to academy status the Governors have been committed to mirroring the national pay and conditions for teaching and support staff.

The Academy Trust operates a leadership pay spine which retains reference points as recommended by national teacher and headteacher unions. Senior leaders have individual salary ranges (ISRs) comprising five points on the leadership scale. These ISRs were set in place at the last staff structure review and periodic benchmarking against similar roles in other local schools shows that they remain comparable and appropriate. Governors do have the authority to review and change the ISRs following significant changes in responsibilities.

Pay progression through the ISRs is on the basis of performance in the role against the job description and against agreed objectives. Recommendations on pay progression for the senior leadership team are made by the Headteacher and approved or otherwise by the Governors' Pay Committee at the end of the performance management cycle. Pay progression recommendation decisions for the Headteacher are made by the Headteacher's performance review group of governors working with an independent external advisor.

h. Related parties and other connected charities and organisations

The Academy Trust is a member of an Umbrella Trust. The Kedermister Education Trust which acts as a strategic body helping to promote and assist education to those schools that are part of its membership. The Kedermister Education Trust does not have any control over the operation of the Academy Trust. There are no connected organisations or related party relationships other than those noted in note 26 to the Financial Statements

Objectives and activities

a. Objects and aims

The principal object of the Academy Trust is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

In accordance with the articles of association, the Academy has adopted a 'Scheme of Government' approved by the Secretary of State for Education.

The Scheme of Government specifies, amongst other things, that the Academy will be at the heart of the community promoting community cohesion and sharing facilities; the basis for admitting students to the Academy, that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEN; the basis for charging pupils.

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

Objectives and activities (continued)

b. Objectives, strategies and activities

The Academy Trust is committed to creating an outstanding academic environment that inspires and challenges students and allows them to fulfil their potential and achieve high standards in a welcoming and caring stimulating environment.

The current improvement priorities are set out in the School Development Plan 2016-19 which lists five key themes:

- Teaching and learning development;
- Curriculum design and wider student development;
- Community and system leadership;
- Long term financial security;
- Environment, site and use of technology.

Each of these themes has a number of success criteria and key indicators associated with them, and how and by whom they are evaluated.

The principal object and activity of the Academy Trust is to provide education for students between the ages of 11 and 18, who are selected on ability which is assessed through a competitive entrance examination.

In accordance with the Articles of Association the Academy Trust has adopted a funding agreement approved by the Secretary of State for Education. The funding agreement specifies amongst other things, the basis for admitting pupils to the Academy Trust and that the Academy Trust will provide a broad and balanced curriculum.

The ethos of the Academy Trust is to:

- Encourage our students to discover their own talents, be confident of their abilities and to follow their passions across academic subjects, in sports and the arts;
- Support our students in developing themselves as innovative, effective and independent learners with high-level skills, willing to think in new ways, solve new problems and create new opportunities for the future;
- Help our students build up a set of sound values so that they have the strength of character, moral integrity and resilience to deal with the challenges they will face, and the motivation and willingness to work hard to achieve their ambitions.

The Academy Trust seeks to develop young men and women who are:

- Confident and well-rounded, demonstrating a positive mindset; secure in their own identity and aware of their own strengths; effective and persuasive communicators; believing in their own self-worth, with a broad and balanced outlook; striving for excellence in all they do; resilient and willing to persevere;
- Independent and creative, able to think critically and make wise decisions; curious and inquisitive; eager to explore and discover; willing to make mistakes and embrace challenges that may at first appear daunting; adaptable and flexible; innovative and enterprising;
- Responsible and caring, grounded in sound ethical and moral values; socially and culturally aware; recognising and appreciating diversity; having the courage to stand up for what is right; acting with kindness and compassion to bring out the best in themselves and others; engaged in communities with a local, national and global outlook.

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

Objectives and activities (continued)

c. Public benefit

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

As an academy we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, national and international charities.
- Providing events for the local community, such as hosting a social event for local elderly residents.
- Sports Leader programmes that provide sporting activities to local primary schools.
- Providing teaching and learning support to a number of local primary and secondary schools.
- Operating the 'Day a Week School' for local primary school children.

Strategic report

a. Achievements and performance

Langley Grammar School was founded in 1956 and converted to an academy on 1 April 2011. The total student numbers in the year ended 31 August 2019 was 1,139 (2018: 1,095).

Students achieved excellent results in the 2019 public examinations. At 'A' level, 67% of the grades awarded were A*-B (2018: 72%). GCSE results were also impressive, with 99% of students achieving five or more 4-9 grades including English and Mathematics (2018: 99%) and 63% of students achieving grades 7-9 (2018: 68%) in all examinations.

A comprehensive rolling three year development plan has guided the development of the Academy during the period under review.

b. Key performance indicators

The Academy Trust set a budget on a 'non-accruals' basis for the year of (£37,000) (2018: (£90,000)), and produced a year end outturn of £60,000 (2018: (£47,000)). There were adequate reserves in place to fund any deficit; the positive results against budget were achieved by careful cost control and monitoring throughout the year.

The Academy Trust will continue to trade with sufficient balances so as to continue to improve the infrastructure of the Academy Trust and to ensure the continuity of education of students.

Non financial performance indicators are student numbers and attendance, excellent exam results and maintaining facilities to a high standard. The Academy Trust has a full complement of students in all year groups and details of exam results and facilities are explained within this report.

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

Strategic report (continued)

c. Going concern

After making appropriate enquiries, the Board of Trustees 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

During the period, Education and Skills Funding Agency ('ESFA') and Local Authority ('LA') grants received totaled £5,536,000. Other income included within restricted funds totaled £802,000. Restricted fund expenditure totaled to £6,222,000.

The main source of unrestricted income is lettings income, totalling £82,000. The net surplus for the year was £39,000.

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12 month period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting for Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Academy has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

The Governors through the Resources Committee and the senior leadership team receive financial progress reports throughout the year and compare actuals against the budgets submitted to the ESFA. The Resources Committee also review longer term financial models (up to 3 years) to plan and organize most effectively to fulfil the aims of the Academy.

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

Reserves policy

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- Permanent endowment funds
- Expendable endowment funds
- Restricted income funds
- Any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Academy and is to be spent at the trustees' discretion in furtherance of any of the Academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (i.e. is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Governors will keep this level of reserves under review and aim to build and maintain the reserves level by entering into cost effective agreements as noted in Objectives and Activities above, whilst in keeping with the principal object of the Academy.

The Academy Trust has a rolling programme of improvements both to its physical and technological infrastructure. The Academy Trust endeavours to manage the flow and efficiency of these capital projects through careful financial planning and considers that there is a need to maintain a level of reserves sufficient to meet these commitments. Total reserves at the end of the period amounted to £13,105,000. This balance includes unrestricted funds (free reserves) of £521,000, which is considered appropriate for the Academy Trust, and restricted funds of £12,584,000, which includes restricted fixed asset funds of £14,920,000 and a pension deficit of £2,487,000

Within the reserves policy it should be noted that because of accounting for the Local Government Pension Scheme (LGPS), the Academy recognises a significant pension fund deficit totaling to £2,487,000. This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

It should also be noted that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

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

Investment policy

The Academy Trust adopts a low risk policy with regard to investments, and accounts are held across a small number of banks. Restricted and unrestricted funds are held in separate accounts. The Resources Committee monitors the Academy Trust balances and accounts on a quarterly basis.

Principal risks and uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The Academy's system of internal controls ensures risk is minimal in these areas.

A key uncertainty is the impact of a sustained period of declining funding and a delay to the introduction of the National Funding Formula, and an uncertain economic climate and financial environment that is applying pressure on the School to retain its long term financial security.

A primary goal for the School is to safeguard its ability to continue to attract the high calibre staff required to deliver an excellent education to academically able students thereby maintaining excellent teaching and learning and academic outcomes, and to maintain and renew its physical facilities.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2019.

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

Fundraising

The Academy engages in fundraising throughout the academic year, both for specific projects and to augment the annual education budget. The primary fundraising income is the School Development Fund, a gift aid scheme whereby parents of students donate one-off or regular amounts to the school. As the first phase of the PSBP2 project nears completion (see Plans for future periods below) the Academy is relaunching the School Development Fund to generate additional income that will be used to enhance the new school facilities above and beyond what is being funded by the Department for Education

Plans for future periods

In recent years the original school 1956 buildings which comprise approximately half of the Academy Trust's teaching space and public areas have been subject to on going structural inspections that identified a number of areas where the structure required strengthening. These have been addressed and further inspections have taken place. The likelihood is that this pattern of having to strengthen the structure will continue as the building reaches the end of its useful life, with significant costs being incurred. The Department for Education was informed of the position and has awarded the Academy Trust grants totaling £470,883 from the Academies Capital Maintenance Fund to cover the known works.

In May 2014 the Government announced that it would fund a further phase of the Priority School Building Programme (PSBP2). PSBP2 is a five year programme operating between 2015 and 2021 and will undertake major rebuilding and refurbishment projects in schools and sixth form colleges in the very worst condition. The Academy Trust submitted an Expression of Interest with the ESFA in July 2014 for a phased replacement of the 1956 buildings, to include additional capacity for the planned expansion to 6 forms of entry. In February 2015 the ESFA advised the Academy Trust that this was successful, and since January 2017 the Academy has been working closely with the ESFA in the feasibility study and developing and agreeing the control option. During the year under review, planning permission for a new teaching block and front of house block were approved. The project will be in three phases:

- construction of a new 28 classroom teaching block scheduled for handover in February 2020
- the demolition of the 1956 buildings due to commence immediately afterwards
- construction of a front of house block scheduled for delivery in July 2021.

The project will cost in excess of £18m and will be mainly funded by the ESFA for basic replacement and by the LA for the costs of the additional capacity required for the expansion. There are a small number of significant additional facilities and enhancements that the school wishes to integrate into the overall project that will not be funded by the ESFA or the LA; these will be funded (approximately £600,000) by the Academy from unrestricted funds, including the Millenium Fund and the School Development Fund. A major contribution to the cost of these additional facilities will be generated from the sale of the former caretaker's house; the Academy no longer has a requirement for an on-site caretaker and has successfully applied to the Secretary of State for permission to sell the house and plot. A further application will be made to extend this permission to include a parcel of land adjacent to the house which will significantly increase the value as it will allow the area to be developed.

The Academy has an ongoing programme of repairs and maintenance, although investment in the 1956 building has been reduced in view of the PSBP2 programme. Investment in other parts of the school estate has also reduced due to the financial constraints the school has been operating under. This reduction in investment is not sustainable in the long term if the buildings are to continue provide an appropriate learning environment for our students, and over the next 2-3 years there will be a focus on enhancing these facilities.

Funds held as custodian on behalf of others

The Academy Trust and its trustees did not act as custodian trustee during the current or previous period.

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TRUSTEES' REPORT (CONTINUED)
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Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that 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 auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 10 December 2019 and signed on its behalf by:

Dr J Kirk
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 5 times during the year.

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

Trustee	Meetings attended	Out of a possible
Mr J Constable, Headteacher	5	5
Dr J Kirk	5	5
Ms C Fitzgerald, Vice Chair	3	5
Ms H Barsby	4	5
Mr V Boothnath	1	2
Ms C Brackenbury	4	5
Mrs S Branquinho	4	5
Mrs S D'Souza-Zerkhfaoui	3	5
Mrs M Francis	4	5
Mrs R Garrett	4	5
Miss V Jain	4	5
Mr M Maydell	2	5
Mr K Nagra	5	5
Mr I Neta	2	5
Mr S Pathak	5	5
Mr R Sidhu	1	2
Mr C Wolters	4	5

Trustees typically also serve on a number of other sub committees, as set out on the Academy website.

The Resources Committee is a sub-committee of the main board of Trustees. Its purpose is to ensure that the Academy is following the ESFA's financial regulations.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr J Constable	3	4
Ms H Barsby	4	4
Mrs R Garrett	3	4
Mr M Maydell	4	4
Mr K Nagra	4	4

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

Cost effective purchasing

- The use of tendering procedures when required for major expenditure items
- Using an outside agency to oversee tendering for gas and electricity to ensure best value
- Considering different suppliers for all purchases
- Sharing knowledge with other local schools
- Challenging the need for all purchases
- Changing insurance provider for all insurance from the open market to the RPA (where the RPA offers relevant cover).

Effective use of staff and technology

- Optimising the timetable to control staffing costs and consider overall timetable requirements when filling vacancies
- For support staff vacancies, consideration given to the most cost effective solution which may involve not replacing or minor restructuring
- Utilising expertise within the Academy Trust for professional development of other staff
- The use of cashless catering to streamline administrative processes.

Income generation

- Operating a Gift Aid scheme
- Optimising use of Sports Centre to generate additional revenues

Reviewing controls and managing risk

- Regular reports are prepared for Resources Committee and budget holders to ensure spending is within budget
- Insurance cover reviewed to ascertain appropriate level of cover is maintained
- Risks concerning overspending are included in the Risk Register which is regularly reviewed.

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 Langley Grammar 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.

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GOVERNANCE STATEMENT (CONTINUED)

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.

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 Resources 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 Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Mr S Pathak a trustee as Responsible Officer ('RO').

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

- Payroll: including sample checks of salary paid to personnel records, payroll correctly authorised, and that an audit trail exists for payroll amendments.
- Procurement: including supplier contracts, correct authorisation for order, that the goods were recorded as received, the invoice agrees to the order and payment has been authorised, and that the payment shows on the bank statement.
- Income: including ensuring the correct EFA income has been received, and there is an audit trail for other miscellaneous receipts.
- Reviewing financial reconciliations, checking inventory against the asset register, ensuring actions had been implemented from the prior year Audit Management Letter, budgetary control and risk management.

On a termly basis, the RO reports to the board of Trustees through the resources committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The Board can confirm that the RO delivered the schedule of work as planned and provided details of any material control issues arising as a result of their work. During the current and previous period, there were no material control issues noted and thus no remedial action was required to be taken.

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the resources 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 board of Trustees on 10 December 2019 and signed on their behalf by:

Dr J Kirk
Chair of Trustees

Mr J Constable
Accounting Officer

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Langley Grammar School I have considered my responsibility to notify the Academy 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 Academy 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 J Constable
Accounting Officer
Date: 10 December 2019

LANGLEY GRAMMAR 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;
- 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 order of the members of the board of Trustees on 10 December 2019 and signed on its behalf by:

Dr J Kirk
Chair of Trustees

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Langley Grammar 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.

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LANGLEY GRAMMAR 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 Reference and administrative details, the Trustees' report including the Strategic report, and the Governance 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.

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (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, 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.

Carly Pinkus (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants

Statutory Auditors

Mountcliff House

154 Brent Street

London

NW4 2DR

10 December 2019

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 8 May 2017 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 Langley Grammar 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 Langley Grammar School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Langley Grammar 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 Langley Grammar School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Langley Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Langley Grammar School's funding agreement with the Secretary of State for Education dated 24 March 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.

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

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

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.

The work undertaken to draw to our conclusion includes:

- Review and verification of evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Review of the Academy Trust's internal control procedures, specifically in respect to regularity, propriety and compliance.
- Focused testing, driven by our audit of the financial statements, principally checking that:
 - Grant income received has been expensed on prescribed expenditure; and
 - Expenditure has been appropriately authorised in accordance with the prescribed procedures outlined in the Academy Trust's financial procedures manual.
- Discussions and written representations from the Accounting Officer and other key management personnel (where applicable).

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

Landau Baker Limited
Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 10 December 2019

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

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

		Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
	Note					
Income from:						
Donations and capital grants	3	-	-	84	84	24
Charitable activities		-	5,536	-	5,536	5,318
Other trading activities		346	802	-	1,148	878
Investments		1	-	-	1	1
Total income		347	6,338	84	6,769	6,221
Expenditure on:						
Raising funds		308	293	-	600	542
Charitable activities		-	6,222	522	6,744	6,389
Total expenditure		308	6,515	522	7,345	6,931
Net movement in funds before other recognised gains/(losses)		39	(177)	(438)	(576)	(710)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(330)	-	(330)	390
Net movement in funds		39	(507)	(438)	(906)	(320)
Reconciliation of funds:						
Total funds brought forward		482	(1,829)	15,358	14,011	14,331
Net movement in funds		39	(507)	(438)	(906)	(320)
Total funds carried forward		521	(2,336)	14,920	13,105	14,011

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 26 to 48 form part of these financial statements.

LANGLEY GRAMMAR SCHOOL
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BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	13	14,883	15,358
		<u>14,883</u>	<u>15,358</u>
Current assets			
Debtors	14	202	167
Cash at bank and in hand		982	781
		<u>1,184</u>	<u>948</u>
Creditors: amounts falling due within one year	15	(475)	(411)
Net current assets		709	537
Total assets less current liabilities		<u>15,592</u>	<u>15,895</u>
Net assets excluding pension liability		15,592	15,895
Defined benefit pension scheme liability	22	(2,487)	(1,884)
Total net assets		<u><u>13,105</u></u>	<u><u>14,011</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	17	14,920	15,358
Restricted income funds	17	151	55
		<u>15,071</u>	<u>15,413</u>
Restricted funds excluding pension asset	17	15,071	15,413
Pension reserve	17	(2,487)	(1,884)
Total restricted funds	17	12,584	13,529
Unrestricted income funds	17	521	482
Total funds		<u><u>13,105</u></u>	<u><u>14,011</u></u>

The financial statements on pages 24 to 48 were approved by the Trustees, and authorised for issue on 10 December 2019 and are signed on their behalf, by:

Dr J Kirk
Chair of Trustees

LANGLEY GRAMMAR 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.

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

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.

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**

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.

• **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

LANGLEY GRAMMAR 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 (continued)

- **Donations**

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.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy has provided the goods or services.

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 raising funds**

This includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

These 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 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.

1.6 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.

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.7 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:

Depreciation is provided on the following bases:

Freehold property	- 10 - 45 years
Furniture and Fixtures	- 4 years
Plant and machinery	- 2% straight line
Computer equipment	- 3 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.

1.8 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.

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

LANGLEY GRAMMAR SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 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. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. 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. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.12 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.

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.13 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.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 August 2019 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

	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Capital Grants	84	84	24

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

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

4. Funding for the Academy's educational activities

	Restricted funds 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
DfE/ESFA grants			
General Annual Grant	5,240	5,240	5,089
Other DfE/EFA Grants	134	134	104
Local authority grants	162	162	125
	<u>5,536</u>	<u>5,536</u>	<u>5,318</u>

5. Income from other trading activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000
Lettings income	82	-	82
Trip income	-	323	323
Catering income	264	-	264
Other income	-	479	479
	<u>346</u>	<u>802</u>	<u>1,148</u>

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Lettings income	74	-	74
Trip income	-	250	250
Catering income	256	-	256
Other income	-	298	298
	<u>330</u>	<u>548</u>	<u>878</u>

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FOR THE YEAR ENDED 31 AUGUST 2019**

6. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000
Investment income	1	1
	<u>1</u>	<u>1</u>

	<i>Unrestricted funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Investment income	1	1
	<u>1</u>	<u>1</u>

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000
Expenditure on raising funds:				
Direct costs	-	-	600	600
Educational activities:				
Direct costs	4,130	-	1,186	5,316
Allocated support costs	732	376	321	1,429
	<u>4,862</u>	<u>376</u>	<u>2,107</u>	<u>7,345</u>

	<i>Staff Costs 2018 £000</i>	<i>Premises 2018 £000</i>	<i>Other 2018 £000</i>	<i>Total 2018 £000</i>
Expenditure on raising voluntary income:				
Direct costs	-	-	542	542
Educational activities:				
Direct costs	3,840	-	1,226	5,066
Allocated support costs	672	326	325	1,323
	<u>4,512</u>	<u>326</u>	<u>2,093</u>	<u>6,931</u>

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8. Analysis of expenditure by activities

	Activities undertaken directly 2019	Support costs 2019	Total funds 2019
	£000	£000	£000
Educational activities	<u>5,316</u>	<u>1,429</u>	<u>6,745</u>

	<i>Activities undertaken directly 2018 £000</i>	<i>Support costs 2018 £000</i>	<i>Total funds 2018 £000</i>
Educational activities	<u>5,066</u>	<u>1,323</u>	<u>6,389</u>

Analysis of direct costs

	Educational activities 2019	Total funds 2019	<i>Total funds 2018</i>
	£000	£000	£000
Staff costs	4,130	4,130	3,840
Depreciation	522	522	513
Technology costs	82	82	72
Educational supplies	229	229	257
Examination fees	130	130	119
Staff development	13	13	9
Other direct costs	111	111	81
Teaching supply costs	99	99	175
	<u>5,316</u>	<u>5,316</u>	<u>5,066</u>

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational activities 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Pension finance cost	50	50	51
Staff costs	732	732	673
Recruitment and support	46	46	26
Maintenance of premises and equipment	66	66	51
Cleaning	113	113	109
Rent and rates	56	56	55
Energy costs	114	114	111
Insurance	27	27	28
Security and transport	6	6	5
Support staff supply costs	90	90	83
Other support costs	105	105	100
Governance costs	24	24	31
	1,429	1,429	1,323
	1,429	1,429	1,323

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	<i>2018 £000</i>
Operating lease rentals	-	21
Depreciation of tangible fixed assets	522	513
Fees paid to auditors for:		
- audit	4	4
- other services	3	3
	526	520

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	3,520	3,187
Social security costs	349	335
Pension costs	804	732
	<u>4,673</u>	<u>4,254</u>
Supply teacher costs	99	175
Support staff supply costs	90	83
	<u>4,862</u>	<u>4,512</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	66	60
Administration and support	21	21
Management	5	6
	<u>92</u>	<u>87</u>

c. 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	4	5
In the band £70,001 - £80,000	1	-
In the band £100,001 - £110,000	1	1

d. Key management personnel

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs (continued)

The key management personnel of the academy comprises the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy was £453,969 (2018 - £499,587).

11. Related Party Transactions- Trustees' remuneration and expenses

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

		2019 £000	2018 £000
Mr J Constable, Headteacher	Remuneration	105 - 110	105 - 110
	Pension contributions paid	15 - 20	15 - 20
Mrs M Francis, Staff Trustee	Remuneration	40 - 45	40 - 45
	Pension contributions paid	5 - 10	5 - 10
Mr C Wolters, Staff Trustee	Remuneration	35 - 40	30 - 35
	Pension contributions paid	5 - 10	5 - 10
Ms H Barsby	Remuneration	20 - 25	20 - 25
	Pension contributions paid	0 - 5	0 - 5

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

12. Trustees' and Officers' insurance

The Academy has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £5,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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13. Tangible fixed assets

	Freehold property £000	Furniture and equipment £000	Plant and machinery £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2018	17,563	118	166	442	18,289
Additions	-	19	13	16	48
At 31 August 2019	<u>17,563</u>	<u>137</u>	<u>179</u>	<u>458</u>	<u>18,337</u>
Depreciation					
At 1 September 2018	2,387	99	32	413	2,931
Charge for the year	477	15	8	22	522
At 31 August 2019	<u>2,864</u>	<u>114</u>	<u>40</u>	<u>435</u>	<u>3,453</u>
Net book value					
At 31 August 2019	<u>14,699</u>	<u>23</u>	<u>139</u>	<u>23</u>	<u>14,884</u>
At 31 August 2018	<u>15,176</u>	<u>19</u>	<u>134</u>	<u>29</u>	<u>15,358</u>

14. Debtors

	2019 £000	2018 £000
Due within one year		
Other debtors	143	48
Prepayments and accrued income	59	119
	<u>202</u>	<u>167</u>

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15. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	66	47
Other taxation and social security	170	164
Other creditors	207	168
Accruals and deferred income	32	32
	<u>475</u>	<u>411</u>
	2019 £000	2018 £000
Resources deferred during the year	<u>14</u>	<u>-</u>

At the balance sheet date the academy trust was holding funds received in advance for the year 2019/20.

16. Financial instruments

	2019 £000	2018 £000
Financial assets		
Financial assets measured at fair value through income and expenditure	982	781
Financial assets that are debt instruments measured at amortised cost	3	11
	<u>985</u>	<u>792</u>
	2019 £000	2018 £000
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(291)</u>	<u>(247)</u>

Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

Financial assets that are debt instruments measured at amortised cost comprise other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

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17. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds					
General Funds - all funds	482	347	(308)	-	521
Restricted general funds					
GAG	55	5,239	(5,143)	-	151
Pupil premium	-	56	(56)	-	-
Other ESFA funding	-	78	(78)	-	-
SEN funding (LA)	-	13	(13)	-	-
Other LA funding	-	150	(150)	-	-
General funds	-	802	(802)	-	-
Pension reserve	(1,884)	-	(273)	(330)	(2,487)
	<u>(1,829)</u>	<u>6,338</u>	<u>(6,515)</u>	<u>(330)</u>	<u>(2,336)</u>
Restricted fixed asset funds					
Restricted Fixed Asset Funds					
- All Funds	15,358	-	(522)	-	14,836
Devolved Formula Capital	-	84	-	-	84
	<u>15,358</u>	<u>84</u>	<u>(522)</u>	<u>-</u>	<u>14,920</u>
Total Restricted funds	<u>13,529</u>	<u>6,422</u>	<u>(7,037)</u>	<u>(330)</u>	<u>12,584</u>
Total funds	<u>14,011</u>	<u>6,769</u>	<u>(7,345)</u>	<u>(330)</u>	<u>13,105</u>

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

Restricted funds are resources for educational purposes.

Restricted fixed assets fund are resources for particular capital expenditure purposes.

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.

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

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

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Langley Grammar School	672	537
Restricted fixed asset fund	14,920	15,358
Pension reserve	(2,487)	(1,884)
Total	13,105	14,011

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2019 £000
Langley Grammar School	4,229	822	359	1,413	6,823

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

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

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Unrestricted funds						
General Funds - all funds	439	331	(288)	-	-	482
Restricted general funds						
GAG	119	5,089	(5,106)	(47)	-	55
Pupil premium	-	78	(78)	-	-	-
Other ESFA funding	-	26	(26)	-	-	-
SEN funding (LA)	-	6	(6)	-	-	-
Other LA funding	-	119	(119)	-	-	-
General funds	-	548	(548)	-	-	-
Pension reserve	(2,027)	-	(247)	-	390	(1,884)
	<u>(1,908)</u>	<u>5,866</u>	<u>(6,130)</u>	<u>(47)</u>	<u>390</u>	<u>(1,829)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - All Funds	15,800	-	(513)	47	-	15,334
Devolved Formula Capital	-	24	-	-	-	24
	<u>15,800</u>	<u>24</u>	<u>(513)</u>	<u>47</u>	<u>-</u>	<u>15,358</u>
Total Restricted funds	<u>13,892</u>	<u>5,890</u>	<u>(6,643)</u>	<u>-</u>	<u>390</u>	<u>13,529</u>

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17. Statement of funds (continued)

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Total funds	14,331	6,221	(6,931)	-	390	14,011

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	14,883	14,883
Current assets	521	626	37	1,184
Creditors due within one year	-	(475)	-	(475)
Provisions for liabilities and charges	-	(2,487)	-	(2,487)
Total	521	(2,336)	14,920	13,105

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £000</i>	<i>Restricted funds 2018 £000</i>	<i>Restricted fixed asset funds 2018 £000</i>	<i>Total funds 2018 £000</i>
Tangible fixed assets	-	-	15,358	15,358
Current assets	482	466	-	948
Creditors due within one year	-	(411)	-	(411)
Provisions for liabilities and charges	-	(1,884)	-	(1,884)
Total	482	(1,829)	15,358	14,011

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19. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £000	2018 £000
Net expenditure for the year (as per Statement of financial activities)	(576)	(710)
Adjustments for:		
Depreciation	522	513
Capital grants from DfE and other capital income	(84)	(24)
Interest receivable	(2)	(1)
Defined benefit pension scheme cost less contributions payable	223	196
Defined benefit pension scheme finance cost	50	51
(Increase)/decrease in debtors	(35)	13
Increase/(decrease) in creditors	65	(216)
Net cash provided by/(used in) operating activities	163	(178)

20. Cash flows from investing activities

	2019 £000	2018 £000
Dividends, interest and rents from investments	2	1
Purchase of tangible fixed assets	(48)	(71)
Capital grants from DfE/ESFA	84	24
Net cash provided by/(used in) investing activities	38	(46)

21. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	982	781
Total cash and cash equivalents	982	781

22. 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 Royal Borough of Windsor and Maidenhead. Both are multi-employer defined benefit schemes.

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22. Pension commitments (continued)

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £462,000 (2018 - £428,000).

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.

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22. Pension commitments (continued)

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 £230,000 (2018 - £190,000), of which employer's contributions totalled £182,000 (2018 - £133,000) and employees' contributions totalled £ 48,000 (2018 - £57,000). The agreed contribution rates for future years are 16.6 per cent for employers and 5.5 to 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.

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65

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	22.1	23.1
Females	24.0	25.2
<i>Retiring in 20 years</i>		
Males	23.7	25.3
Females	25.8	27.5

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22. Pension commitments (continued)

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

	At 31 August 2019 £000	<i>At 31 August 2018 £000</i>
Equities	1,109	783
Debt	289	251
Property	251	229
Cash	156	247
Other	185	160
Total market value of assets	1,990	1,670

The actual return on scheme assets was £112,000 (2018 - £66,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £000	<i>2018 £000</i>
Current service cost	(256)	(328)
Past service cost	(147)	-
Interest income	47	40
Interest cost	(97)	(91)
Administrative expenses	(2)	(1)
Total amount recognised in the Statement of financial activities	(455)	(380)

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

	2019 £000	<i>2018 £000</i>
At 1 September	3,554	3,488
Current service cost	256	328
Interest cost	97	91
Employee contributions	48	57
Actuarial losses/(gains)	395	(364)
Benefits paid	(20)	(46)
Past service costs	147	-
At 31 August	4,477	3,554

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

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

	2019 £000	2018 £000
At 1 September	1,670	1,461
Interest income	47	40
Actuarial gains	65	26
Employer contributions	182	133
Employee contributions	48	57
Benefits paid	(20)	(46)
Administrative expenses	(2)	(1)
At 31 August	1,990	1,670

23. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Within 1 year	72	26
Between 1 and 5 years	102	18
	174	44

24. Members' liability

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

25. 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.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

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26. Agency arrangements

The Academy Trust distributes 16 -19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the Academy received £19,979 (2018: £20,371) and disbursed £20,988 (2018: £21,900) from the fund. An amount of £NIL (2018: £NIL) is included in other creditors relating to undistributed funds that is repayable to the ESFA.