

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

LANDAU BAKER LIMITED
Chartered Accountants & Statutory Auditors
Mountcliff House
154 Brent Street
London
NW4 2DR

LANGLEY GRAMMAR SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

Mrs R Garrett, Chair to 31 August 2018
Dr J Kirk, Vice Chair to 31 August 2018, Chair from 1 September 2018
Ms C Brackenbury
Mrs S Branquinho
Mr M Maydell

Trustees

Mr J Constable, Headteacher
Mrs R Garrett
Dr J Kirk
Ms H Barsby
Ms C Brackenbury
Mrs S Branquinho
Mrs S D'Souza-Zerkhfaoui
Ms C Fitzgerald, Vice Chair from 1 September 2018
Mrs M Francis
Miss V Jain
Mr M Maydell
Mr K Nagra
Mr I Neta
Mr S Pathak
Mrs D Sukham (resigned 26 March 2018)
Mr C Wolters

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 (to 31 August 2018), Deputy Headteacher
Mr P Adams (from 1 September 2018), Acting Deputy Headteacher
Mr P Adams (to 31 August 2018), Assistant Headteacher
Mr S Cook (to 31 August 2018), Assistant Headteacher
Mr G Trigg, Business Manager

Independent auditors

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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

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 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. 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 Trust had a roll of 1,095 in the summer 2018 census. The School is oversubscribed and changed 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

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. 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 are included in the Reference and Administrative details on page 1.

Members' Liability

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

Trustees' 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.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Policies and Procedures Adopted for the Induction and Training of Trustees

All new governors are given an induction by the School and 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.

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, the School Leadership Team for 2018-19 comprises the Headteacher, two Deputy Headteachers (one acting), the Business Manager; in addition three Middle Leaders are seconded to the Leadership Team for a fixed 1 year period as a development opportunity. 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.

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.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and Activities

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.

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;

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- **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.

Public Benefit

The Governors acknowledge their duty under the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy Trust are for the public benefit. Examples of this include raising money for local, national and international charities; sports leader programmes; and providing support for a number of local primary schools.

The Academy Trust is specifically restricted to advance the public benefit education in the United Kingdom and reports annually on ways in which it has successfully delivered in this regard.

Strategic Report

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 2018 were 1,095 (2017: 1,077).

Students achieved excellent results in the 2018 public examinations. At 'A' level, 72% of the grades awarded were A*-B (2017: 75%). GCSE results were also impressive, with 99% of students achieving five or more A*-C grades (or 4-9 for the reformed GCSEs) including English and Mathematics (2017: 100%) and 68% of students achieving grades A*-A (or 7-9 for the reformed GCSEs).

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

Key Performance Indicators

The key financial performance indicators are:

The Academy Trust set a budget on a 'non-accruals' basis for the year of (£90,000) (2017: £1,000), and produced a year end outturn of (£47,000) (2017: £46,000). There were adequate reserves in place to fund any deficits; 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, exam results and maintaining facilities to a high standard. The Academy Trust has a full complement in all year groups and details of exam results and facilities are explained within this report.

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. As a result of the increasing demand for secondary school places in Slough and the popularity of the School, for the 2017-18 academic year the School increased from five to six forms of entry in Year 7. Consequently, over the next six

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Financial Review

During the period, Education and Skills Funding Agency ('ESFA') and Local Authority ('LA') grants received totalled to £5,318,000. Other income included within restricted funds totalled to £548,000. Restricted fund expenditure totalled to £6,130,000.

The main source of unrestricted income is lettings income, totalling to £74,000.

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 2018 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 against budgets submitted to the ESFA. The Resources Committee also review longer term financial models (up to 5 years) to plan and organise resources most effectively to fulfil the aims of the Academy.

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:

- o permanent endowment funds
- o expendable endowment funds
- o restricted income funds
- o 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.

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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 £537,000. This balance includes unrestricted funds (free reserves) of £482,000, which is considered appropriate for the Academy Trust, and restricted funds of £55,000.

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Academy recognises a significant pension fund deficit totalling to £1,884,000. 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.

Users should also note 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.

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 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

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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 2018.

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.

Plans for Future Periods

The original 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 have identified a number of areas where the structure requires 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 in recent years 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, the successful panel member (SPM) has been appointed using the DfE procurement framework, designs have been agreed with the ESFA and the SPM and the application for planning permission for a new teaching block and front of house block have been submitted. It is anticipated that work will start on the construction of the new teaching block in February 2019, with the whole project completed in July 2021.

The project is likely to cost in excess of £18m and will be funded in the main by the ESFA for basic replacement and the Local Authority ('LA') for the costs of the additional capacity required for the expansion. There are a small but significant number of 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 £500,000) by the school 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 school 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.

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 Trustee on Behalf of Others

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

Auditor

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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 the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's 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 11 December 2018 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	4	5
Mrs R Garrett	5	5
Dr J Kirk	5	5
Ms H Barsby	5	5
Ms C Brackenbury	4	5
Mrs S Branquinho	2	5
Mrs S D'Souza-Zerkhfaoui	3	5
Ms C Fitzgerald	3	5
Mrs M Francis	4	5
Miss V Jain	5	5
Mr M Maydell	1	5
Mr K Nagra	4	5
Mr I Neta	5	5
Mr S Pathak	3	5
Mrs D Sukham	1	3
Mr C Wolters	4	5

Trustees also serve on a number of other sub committees, as published on the school 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 at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Maydell	2	4
Mr J Constable, Headteacher	4	4
Ms H Barsby	4	4
Mr K Nagra	4	4
Mrs D Sukham	1	3

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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 for major expenditure items, e.g. cleaning
- 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 from the open market to the RPA.

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Langley Grammar School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 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.

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GOVERNANCE STATEMENT (continued)

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 not to appoint an internal auditor. However, the Trustees have appointed Mr S Pathak, a governor, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. 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.
- Purchasing: including 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 ESFA income has been received, and there is an audit trail for other miscellaneous receipts.
- Accounting system: review bank reconciliations and check they have been authorised, sample checks of reports produced for Governors and submissions to the ESFA to ensure their accuracy, reviewing departmental budgets and spend to date, and reviewing expense claims to ensure supporting documentary evidence exists and that they have been correctly authorised.

On a termly basis, the reviewer reports to the Board of Trustees through the Resources Committee on the operation of the systems of control and on the discharge of the Board of 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.

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; and
- the work of the senior manager within the Academy with responsibility for the developing and maintaining 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 11 December 2018 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 Trust 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 Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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: 11 December 2018

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 Annual Accounts Direction issued 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 2017 to 2018;
- 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 11 December 2018 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 2018 which comprise the Statement of financial activities incorporating income and expenditure account, 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 2017 to 2018 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 2018 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 2017 to 2018 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.

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. 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

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

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 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.

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.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, 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.

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

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

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.



FOR LANDAU BAKER LIMITED

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
11 December 2018

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' 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 2017 to 2018, 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 2017 to 31 August 2018 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 the 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 the 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the 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 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).

LANGLEY GRAMMAR SCHOOL
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LANGLEY
GRAMMAR SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants

Statutory Auditors

Mountcliff House

154 Brent Street

London

NW4 2DR

Date:

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:						
Donations and capital grants	2	-	-	24	24	24
Charitable activities	3	-	5,318	-	5,318	5,369
Other trading activities	4	330	548	-	878	918
Investments	5	1	-	-	1	2
TOTAL INCOME		331	5,866	24	6,221	6,313
EXPENDITURE ON:						
Raising funds	6	288	254	-	542	513
Charitable activities		-	5,876	513	6,389	6,480
TOTAL EXPENDITURE	7	288	6,130	513	6,931	6,993
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		43	(264)	(489)	(710)	(680)
Transfers between Funds	19	-	(47)	47	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		43	(311)	(442)	(710)	(680)
Actuarial gains on defined benefit pension schemes	23	-	390	-	390	494
NET MOVEMENT IN FUNDS		43	79	(442)	(320)	(186)
RECONCILIATION OF FUNDS:						
Total funds brought forward		439	(1,908)	15,800	14,331	14,517
TOTAL FUNDS CARRIED FORWARD		482	(1,829)	15,358	14,011	14,331

LANGLEY GRAMMAR SCHOOL
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REGISTERED NUMBER: 07536795

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£000	2018 £000	2017 £000
FIXED ASSETS				
Tangible assets	16		15,358	15,800
CURRENT ASSETS				
Debtors	17	167		180
Cash at bank and in hand		781		1,005
		<u>948</u>		<u>1,185</u>
CREDITORS: amounts falling due within one year	18	(411)		(627)
NET CURRENT ASSETS			<u>537</u>	<u>558</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,895</u>	<u>16,358</u>
Defined benefit pension scheme liability	23		(1,884)	(2,027)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>14,011</u>	<u>14,331</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	19	55		119
Restricted fixed asset funds	19	15,358		15,800
Restricted income funds excluding pension liability		<u>15,413</u>		<u>15,919</u>
Pension reserve		(1,884)		(2,027)
Total restricted income funds			<u>13,529</u>	<u>13,892</u>
Unrestricted income funds	19		<u>482</u>	<u>439</u>
TOTAL FUNDS			<u>14,011</u>	<u>14,331</u>

The financial statements on pages 21 to 43 were approved by the Trustees, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:



Dr J Kirk
Chair of Trustees

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(178)	253
Cash flows from investing activities:			
Dividends, interest and rents from investments		1	2
Purchase of tangible fixed assets		(71)	(48)
Capital grants from DfE Group		24	24
Net cash used in investing activities		(46)	(22)
Change in cash and cash equivalents in the year		(224)	231
Cash and cash equivalents brought forward		1,005	774
Cash and cash equivalents carried forward	22	781	1,005

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Langley Grammar School constitutes a public benefit entity as defined by 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

Expenditure on raising funds 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.

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

All expenditure is inclusive of irrecoverable VAT.

LANGLEY GRAMMAR SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 10 - 45 years
Furniture and fixtures	- 4 years
Plant and equipment	- 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 incorporating income and expenditure account.

1.6 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.

1.7 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.

1.8 Liabilities and provisions

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 2018

1. ACCOUNTING POLICIES (continued)

1.9 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 basis 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 17. 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 costs as detailed in note 18. 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 instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

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

1.11 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

LANGLEY GRAMMAR SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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

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

1.12 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 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.

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.13 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2018 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Capital Grants	-	24	24	24
<i>Total 2017</i>	-	24	24	

LANGLEY GRAMMAR SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Langley Grammar School

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant	-	5,089	5,089	5,291
Other DfE/ESFA Grants	-	104	104	68
	-	5,193	5,193	5,359
Other government grants				
Local authority grants	-	125	125	10
	-	125	125	10
	-	5,318	5,318	5,369
Total 2017	-	5,369	5,369	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Hire of facilities	74	-	74	86
Trips and activities	-	250	250	244
Catering income	256	-	256	240
Departmental income	-	142	142	128
Examination fees	-	16	16	20
Other income	-	92	92	154
Income from secondments and graduate teacher training	-	48	48	46
	330	548	878	918
Total 2017	325	593	918	

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FOR THE YEAR ENDED 31 AUGUST 2018**

5. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Investment income	1	-	1	2
<i>Total 2017</i>	<u>2</u>	<u>-</u>	<u>2</u>	

6. COSTS OF RAISING FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Trips and activities	-	254	254	231
Examination fees	30	-	30	37
Catering	258	-	258	245
	<u>288</u>	<u>254</u>	<u>542</u>	<u>513</u>
<i>Total 2017</i>	<u>282</u>	<u>231</u>	<u>513</u>	

7. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Expenditure on raising funds					
Direct costs	-	-	542	542	513
Support costs	-	-	-	-	-
Educational activities:					
Direct costs	4,014	-	1,052	5,066	5,114
Support costs	756	326	241	1,323	1,366
	<u>4,770</u>	<u>326</u>	<u>1,835</u>	<u>6,931</u>	<u>6,993</u>
<i>Total 2017</i>	<u>4,888</u>	<u>354</u>	<u>1,751</u>	<u>6,993</u>	

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8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £000	Support costs 2018 £000	Total 2018 £000	Total 2017 £000
Educational activities	5,066	1,323	6,389	6,480
<i>Total 2017</i>	<u>5,114</u>	<u>1,366</u>	<u>6,480</u>	

9. DIRECT COSTS

	Educational activities £000	Total 2018 £000	Total 2017 £000
Technology costs	72	72	108
Educational supplies	257	257	182
Examination fees	119	119	133
Staff development	9	9	11
Other direct costs	81	81	68
Teaching supply costs	175	175	318
Wages and salaries	3,060	3,060	3,046
National insurance	307	307	271
Pension cost	473	473	464
Depreciation	513	513	513
	<u>5,066</u>	<u>5,066</u>	<u>5,114</u>
<i>Total 2017</i>	<u>5,114</u>	<u>5,114</u>	

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10. SUPPORT COSTS

	Educational activities £000	Total 2018 £000	Total 2017 £000
Pension finance costs	51	51	49
Recruitment and support	26	26	34
Maintenance of premises and equipment	51	51	70
Cleaning	109	109	104
Rent and rates	55	55	46
Energy costs	111	111	108
Insurance	28	28	27
Security and transport	5	5	6
Support staff supply costs	83	83	-
Other support costs	100	100	116
Governance costs	31	31	18
Wages and salaries	386	386	405
National insurance	28	28	30
Pension cost	259	259	353
	<u>1,323</u>	<u>1,323</u>	<u>1,366</u>
<i>Total 2017</i>	<u>1,366</u>	<u>1,366</u>	

11. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	513	512
Auditors' remuneration - audit	4	4
Auditors' remuneration - other services	3	3
Operating lease rentals	<u>21</u>	<u>12</u>

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12. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	3,445	3,451
Social security costs	335	301
Operating costs of defined benefit pension schemes	732	818
	<u>4,512</u>	<u>4,570</u>
Supply teacher costs	175	318
Support staff supply costs	83	-
	<u>4,770</u>	<u>4,888</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	60	62
Administration and support	21	23
Management	6	6
	<u>87</u>	<u>91</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	5	5
In the band £100,001 - £110,000	1	1

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £499,587 (2017: £491,041).

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13. RELATED PARTY TRANSACTIONS- TRUSTEE'S 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 Headteacher and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£000	£000
Mr J Constable, Headteacher	Remuneration	105-110	100-105
	Pension contributions paid	15-20	15-20
Ms H Barsby	Remuneration	20-25	20-25
	Pension contributions paid	0-5	0-5
Mrs M Francis	Remuneration	40-45	35-40
	Pension contributions paid	5-10	5-10
Mr C Wolters	Remuneration	30-35	25-30
	Pension contributions paid	5-10	0-5

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

14. TRUSTEES' AND OFFICERS' INSURANCE

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

15. PENSION FINANCE COST

	2018	2017
	£000	£000
Interest income on pension scheme assets	40	31
Interest on pension scheme liabilities	(91)	(80)
	(51)	(49)

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16. TANGIBLE FIXED ASSETS

	Freehold property £000	Furniture and fixtures £000	Plant and equipment £000	Computer equipment £000	Total £000
Cost					
At 1 September 2017	17,563	115	131	409	18,218
Additions	-	3	35	33	71
At 31 August 2018	17,563	118	166	442	18,289
Depreciation					
At 1 September 2017	1,908	97	25	388	2,418
Charge for the year	479	2	7	25	513
At 31 August 2018	2,387	99	32	413	2,931
Net book value					
At 31 August 2018	15,176	19	134	29	15,358
At 31 August 2017	15,655	18	106	21	15,800

17. DEBTORS

	2018 £000	2017 £000
Other debtors	48	55
Prepayments and accrued income	119	125
	167	180

18. CREDITORS: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	47	80
Other taxation and social security	164	163
Other creditors	168	347
Accruals and deferred income	32	37
	411	627

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds - all funds	439	331	(288)	-	-	482
Restricted funds						
Restricted Funds - all funds	119	5,866	(5,883)	(47)	-	55
Pension reserve	(2,027)	-	(247)	-	390	(1,884)
	(1,908)	5,866	(6,130)	(47)	390	(1,829)
Restricted fixed asset funds						
Restricted fixed asset funds	15,800	24	(513)	47	-	15,358
Total restricted funds	13,892	5,890	(6,643)	-	390	13,529
Total of funds	14,331	6,221	(6,931)	-	390	14,011

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 that it could carry forward at 31 August 2018.

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19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
General funds						
General Funds - all funds	394	327	(282)	-	-	439
Restricted funds						
Restricted Funds - all funds	38	5,962	(5,856)	(25)	-	119
Pension reserve	(2,179)	-	(342)	-	494	(2,027)
Restricted fixed asset funds						
Restricted fixed asset funds	16,264	24	(513)	25	-	15,800
Total of funds	14,517	6,313	(6,993)	-	494	14,331

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General Funds - all funds	394	658	(570)	-	-	482
Restricted funds						
Restricted Funds - all funds	38	11,828	(11,739)	(72)	-	55
Pension reserve	(2,179)	-	(589)	-	884	(1,884)
Restricted fixed asset funds						
Restricted fixed asset funds	16,264	48	(1,026)	72	-	15,358
	14,123	11,876	(13,354)	-	884	13,529
Total of funds	14,517	12,534	(13,924)	-	884	14,011

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

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
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)
	<u>482</u>	<u>(1,829)</u>	<u>15,358</u>	<u>14,011</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	15,800	15,800
Current assets	439	747	-	1,185
Creditors due within one year	-	(628)	-	(627)
Pension scheme liability	-	(2,027)	-	(2,027)
	<u>439</u>	<u>(1,908)</u>	<u>15,800</u>	<u>14,331</u>

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

	2018 £000	2017 £000
Net expenditure for the year (as per Statement of Financial Activities)	(710)	(680)
Adjustment for:		
Depreciation charges	513	512
Interest receivable	(1)	(2)
Decrease/(increase) in debtors	13	(50)
(Decrease)/increase in creditors	(216)	155
Capital grants from DfE	(24)	(24)
Defined benefit pension scheme cost less contributions payable	196	293
Defined benefit pension scheme finance cost	51	49
Net cash (used in)/provided by operating activities	<u>(178)</u>	<u>253</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash in hand	781	1,005
Total	<u>781</u>	<u>1,005</u>

**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal Borough of Windsor and Maidenhead. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2018.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 period amounted to £428,000 (2017 - £422,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

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23. PENSION COMMITMENTS (continued)

Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £190,000 (2017 - £161,000), of which employer's contributions totalled £133,000 (2017 - £113,000) and employees' contributions totalled £57,000 (2017 - £48,000). The agreed contribution rates for future years are 16.6% for employers and 5.5% to 12.5% 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.

Royal County of Berkshire Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	783	726
Debt	251	230
Property	229	201
Cash	247	168
Other	160	135
Total market value of assets	<u>1,670</u>	<u>1,460</u>

The actual return on scheme assets was £66,000 (2017 - £109,000).

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23. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £000	2017 £000
Current service cost	(328)	(405)
Interest income	40	31
Interest cost	(91)	(80)
Administration expenses	(1)	(1)
Total	(380)	(455)
Actual return on scheme assets	66,000	109,000

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

	2018 £000	2017 £000
Opening defined benefit obligation	3,488	3,462
Current service cost	328	405
Interest cost	91	80
Employee contributions	57	48
Actuarial gains	(364)	(586)
Benefits paid net of transfers in	(46)	(1)
Liabilities assumed on settlements	-	80
Closing defined benefit obligation	3,554	3,488

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

	2018 £000	2017 £000
Opening fair value of scheme assets	1,461	1,283
Interest income	40	31
Actuarial (losses)/gains	26	(92)
Employer contributions	133	113
Employee contributions	57	48
Benefits paid net of transfers in	(46)	(1)
Settlement prices received	-	80
Administration costs	(1)	(1)
Closing fair value of scheme assets	1,670	1,461

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24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
Amounts payable:		
Within 1 year	26	21
Between 1 and 5 years	18	19
Total	<u>44</u>	<u>40</u>

25. 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.

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.

