

Company Registration Number: 07736448
(England and Wales)

Homewood School & Sixth Form Centre
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2013

Homewood School & Sixth Form Centre

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Homewood School & Sixth Form Centre

**Reference and administrative details
Year ended 31 August 2013**

Trustees	Parent Trustees Mrs P Ashby Ms D Beeching Mr C Mills Mr S Parker Miss K Smith Mr M Thornton Teacher Trustees Mrs E Finn Mrs S White Staff Trustees Mrs S Clarke Principal Mrs S Lees	LEA Trustees Mrs S Moon Mr C Kinloch Partnership Trustees Mrs J Kirk Mrs S Twort Mr I Kirkland Mrs S Mash Community Trustees Nr N Vincer Mr W Wills Clerk Mrs K Douglas
Secretary	Mrs K Douglas	
Senior management team	Mrs S Lees Mrs S King Mr C Foreman Mr S Ridgway Ms A Lewis Mr W McAllister Mrs S Williams Mr S Pusey Mrs D Faulkner Mr M Seymour	Principal Vice Principal Vice Principal Vice Principal Assistant Vice Principal Assistant Vice Principal Assistant Vice Principal Assistant Vice Principal Head of Administration School Business Manager
Registered Office	Homewood School & Sixth Form Centre Ashford Road Tenterden Kent TN30 6LT	
Company Registration Number	07736448	
Auditors	McCabe Ford Williams Invicta Business Centre Monument Way Orbital Park Ashford Kent TN24 0HB	
Bankers	Lloyds TSB Plc 81 High Street Ashford TN24 8SS	

Homewood School & Sixth Form Centre

Trustees' Report Year ended 31 August 2013

The trustees present their annual report together with the audited financial statements and auditor's reports of the charitable company for the year ended 31 August 2013.

Structure, Governance and Management

Constitution

The Academy 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 act as the governors for the charitable activities of Homewood School and Sixth Form Centre and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Homewood School and Sixth Form Centre.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative details on page one.

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

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware. The Trustees have taken all the steps they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Homewood School & Sixth Form Centre

Trustees' Report (continued....) Year ended 31 August 2013

Structure, Governance and Management (continued....)

Principal Activities

The Academy Trust's object 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 addition, "to promote for the benefit of Ashford, Kent and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have reason of their need for such facilities or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants".

The academy is a mixed ability school and there is an emphasis on the individual needs of all students including pupils with special educational needs.

Method of Recruitment and Appointment or Election of Trustees

Trustees term of office is four years but they are eligible for re-election at the meeting at which they retire. At the first Full Trustee's meeting of the year the Trustees will elect a Chairman and a Vice-Chairman and these automatically become the chairman and vice-chairman of the Company.

The total number of staff trustees will not exceed a third of the total number of trustees. The number of co-opted trustees (partnership or community) will not exceed a third of the total number of trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

All newly appointed trustees are provided with an induction pack which includes a guide to the law, an overview of roles and responsibilities within the current governing body and a copy of the school improvement plan. During their first year they will join all of the trustees in a training day and any specific induction needs covered during that session. They will be supported by the clerk and by longer term serving members of the governing body, as required

Organisational Structure

The structure chart for the strategy team is shown with areas of responsibilities (appendix 2). In addition, underlying this there is an extended leadership team chart with responsibilities of the Facilities Manager, the Personnel Manager, the Inclusion Centre and Mini-school leaders all noted. The operational level discussions are made within this framework and by the school leaders as required. Decisions at a strategic level are made through the individual trustees' committees and then at full trustees' meetings. Strategic level recommendations go via the strategy team to the relevant sub-committee or to the full governing body. All sub-committees report to full trustees and any decisions will be reported at a full trustees' meeting.

The Principal is the Accounting Officer for the Academy and as such takes overall responsibility on behalf of the Governing body for the finances of the school.

Risk Management

The academy has undertaken a review of the risks it has exposure to and has detailed these in a risk register. This register covers strategic and reputational risks, operational risks, compliance risks and financial risks. It has been completed with input from all strategy team staff (senior leadership team) and the governing body. The register is fully reviewed on an annual basis and updated as necessary.

Objectives and Activities

Objects and Aims

The main aim of the academy is to provide a broad based curriculum across the full ability range of pupils from ages 11 to 19. The secondary aim is for the facilities to be enjoyed by the public and used by them when available and for the financial benefit of the school. The aims and objects link with the articles of association primary objects as noted above.

Homewood School & Sixth Form Centre

Trustees' Report (continued....) Year ended 31 August 2013

Objectives and Activities (continued....)

Objectives, Strategies and Activities

The objectives for the year 2012/13 were set out in the School Improvement Plan for this period. Some of these areas are noted as follows:

- Improve the impact of teaching and learning – 90% plus lessons are graded good or outstanding.
- Improve the impact of all leaders and management -75% of pupils to achieve A* to C in 5 GCSE's including English and Maths. 89% of pupils to make 3 plus levels of progress between KS2 and KS4 in Maths and 95% in English.
- Audit progress of vulnerable groups including "FSM ever" for impact of pupil premium.
- Review Curriculum model for 2013/14 - evaluate new approaches, incorporate raising of participation age, develop plans moving forward and with the college structure for 2014/15.
- Work closely with local primary schools through the Tenterden Rural Alliance to raise attainment across the alliance.
- Develop community cohesion including the development of community programmes
- Improve site safety including installation of gates at the lower entrance.
- Improve the effectiveness of trustees with training and knowledge building.
- Improve communication with parents by email and text messaging and develop the role of the parents forum.
- To work through the premises improvement plan for the year.
- To work within the budget as agreed by the Governing body for the year.

Public Benefit

The trustees confirm that they have complied with the duties in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Public benefit from the academy's operations is manifested in a number of different ways:

- In the education of pupils across all ability levels from ages 11 to 19.
- In the availability of facilities to the general public, from the sports hall to the theatre to adult education classes, in the evening.
- In community events run by the school on behalf of the local community.
- In the community and educational links with the local primary schools.
- In the activity days, master classes and summer school activities run out of hours for the benefit of primary age children in the surrounding area and Ashford.

The Trustees have complied fully with their duty to have due regard to the guidance on public benefit as published by the Charity Commission in exercising their powers and duties.

Achievements and Performance

Going Concern

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

Key Performance Indicators

The Academy's Key performance indicators are set out on the attached Appendix 4.

Homewood School & Sixth Form Centre

Trustees' Report (continued....) Year ended 31 August 2013

Achievements and Performance (continued)

In September 2012, at the beginning of this financial year, the school had a successful Ofsted visit in which it was awarded "good" overall and "good" in every category. This was a major step forward from the previous "satisfactory" and showed that the school is well on the way to the aim of achieving "outstanding". In addition, the school has spent £600k on premises in the year and we were successful in bids for maintenance funding for F block windows and cladding, E block windows and cladding, phase two of the fire alarm upgrade and removal of asbestos in the mansion. Other work includes a mobile on the farm, new boilers in the Mansion, phase two security fencing (at the lower entrance), the complete refurbishment of the E block ground floor into vocational learning areas and the refurbishment of the lower ground floor of the Kirk building to bring in business learning areas. Our main conference rooms M2 and M1 were also refurbished and these now present as state of the art facilities. In addition, an extra storage area has been built on the gym area and parts of T and F block including some classrooms have been redecorated.

The financial element is covered in the financial section to follow. Suffice to say here that the year-end management accounts show that there was a surplus closely in line with expectations in the original budget despite an additional £200k of unbudgeted new project spend.

Financial Review

The academy stands well placed at the end of the financial year with with a reasonable level of free reserves as detailed below and having delivered the majority of its overall objectives within the budget set. The financial controls have been well maintained and the auditors have supported the Responsible Officer (Cliff Mills) in his role in this regard. Updates to the Financial Regulations manual for the academy were approved by the Finance sub-committee in January 2013 (in line with EFA changes to the Academies Financial Handbook) and this has been used as the guide for the quarterly audits undertaken by a separate office of the auditors. The reports have been presented at the subsequent meetings by the Responsible Officer.

It can be seen from the accounts on the following pages that the central EFA grant funding (GAG or general annual grants) plus local authority grants, which are the majority of the school's income have been fully utilised in the operations of the school.

GAG funding is broken down into various elements which includes, 11 to 16 funding, sixth form funding and then special educational needs funding which in turn is derived from a number of different factors. The main element to funding is the pupil count which is reported by the academy in the annual census in October. There is always a lag of one year so the main grants paid in 2012/13 reflect the census numbers in October 2011.

The pupil premium funding is an important element of the current government's plans and this is included in the GAG element. A full breakdown of how this was spent in the financial year is shown on the school's website.

Financial and Risk Management Objectives and Policies including Principal Risks and Uncertainties

The risk assessment process for the academy has already been outlined. The sections under the financial category in the risk register include the risk of a budget deficit and that performance is not checked against budget on a regular basis. The internal control procedures are well tested and supported by the external audits but there are risks in future years that with sixth form funding falling and the overall school 11 to 16 funding moving towards a national formula that income streams through main GAG funding will fall. In addition, from 2013/14 there will be a new grant to replace the LACSEG (Local authority holdback) and this will be lower than the current funding levels.

Homewood School & Sixth Form Centre

Trustees' Report (continued....) Year ended 31 August 2013

Financial Review (continued....)

Financial and Risk Management Objectives and Policies including Principal Risks and Uncertainties

It is for this reason that the risks are regularly assessed and the academy is already working on its plans for 2014/15 and 2015/16. The new 11 to 16 formula has been applied for 2013/14 and this has provided funding at a similar level to 2012 but there has been a fall as 2012 saw a fall in year 7 recruitment given the low birth year. With pupil numbers being the main driver of GAG income there is a plan to increase the sixth form numbers in the coming years and with the first year of the RPA (Raising the participation age) this has increased in 2013 to 418 from 350 in the previous year. We are also planning to increase the intake in year 7. Part of that plan includes the raising of the possible school intake to 390 from the current 360 from September 2014 and in addition, the school will work even more closely with its feeder primary schools. The very positive Ofsted report in September 2012 which showed the school as “good” in all categories and “good” overall will help in this respect.

Financial risks in terms of payments by debtors are low and so is cash flow risk with the current level of reserves and investments maintained. The main risk to the academy apart from the new funding arrangements as noted above is the provision of the same level of additional income streams. Over the coming years much work will be undertaken to consolidate this area but there are risks that income could fall in some of the constituent areas.

The main funding methodology is being amended in 2013/14 across the 11-16 and sixth form elements as well as the local authority holdback. In 2011/12 the LACSEG amount (the LA holdback) was £495k and this was the additional funding on a gross basis available to the school for becoming an academy. This figure was £573k in 2012/13 but will fall in 2013/14 when a new grant called the ESG (Education support grant) replaces LACSEG. In 2013/14 the ESG will be £310k and in 2014/15 it will fall to £299k based on the 2013 census. The three year finance budgets enable the academy to plan for any necessary changes to ensure that surplus budgets will be maintained in the stretching years ahead.

One area to be noted is the Local Government Pension Scheme with a deficit of £2.86m and a movement of £189k in increased deficit during the year. These figures are taken from the latest actuarial valuation undertaken for the academy undertaken by Barnett Waddingham public sector consulting. There is a risk that this deficit will grow to April 2014 and there is little that the academy can do in this respect. In the longer term the new LGPS from 1 April 2014 should mean falling deficit valuations.

Reserves Policy

The Governing body has considered the need to establish a reasonable level of reserves given the size of the academy and the age of some of the buildings in the campus. However, it is noted that unlike many charities who need to take a very cautionary approach with their reserves given the uncertainty of their income, the academy has knowledge of regular grant funding from the EFA and the local authority and thus a similar view is not warranted. Nonetheless, it has been agreed that the level of reserves should be maintained at or around the level of two weeks of total staff costs. For the 2012/13 year this calculates at £317k based on total staff costs of £8.2m. As staff costs are about 71% of all costs this covers by far the largest item on the cost side of running the academy. This level of reserves will provide 1.5 weeks cover for all of the academy's costs and not just staff costs.

For 2012/13 the free reserves are £697k (2012 - £373k) and exceed the minimum level agreed and noted above.

The deficit on the LGPS described above is not an immediate liability and will have a cash flow effect over a period of years as a result of higher employer's pension contributions.

Investment Policy

The academy holds reserves and invests on the basis that it can meet its short term requirements for cash flow purposes but also to maximise the interest earned. In 2012/13 there were investments made on the money market via Lloyds Bank PLC who provided competitive interest rates on less than one month, one month, three months and six months options, all of which were used. The school has enhanced its short term investments by using the grant money paid on the first of the month and then investing the amount needed to cover salary payments on the 25th.

Homewood School & Sixth Form Centre

Trustees' Report (continued....) Year ended 31 August 2013

Financial Review (continued....)

Investment Policy

The Governing body are comfortable that given the cash flow needs of the academy, best possible use is made of the investments available.

Plans for Future Periods

As noted above, the academy has a three year budget plan and this extends to 2015/16. Incorporated into this plan are the three year premises development plans and the three year ICT plans. These two areas form the highest areas of expenditure after staff costs and thus the budgets are drawn from the underlying plans. The academy considers that it has detailed planning processes embedded into its operations and these help considerably with the financial plans for the coming years. There are factors that will change each year, including the ability to bid for new projects for capital funding, new ICT opportunities and other work that was not anticipated when budgets were initially set. These will be considered and progressed, if necessary, at the time. In 2012/13 there were a number of examples of this including the work involved in moving the business department into the basement of the Kirk building and the complete refurbishment of both this area and the ground floor of E block for the vocational department. This added both premises and ICT costs to the original budget.

The academy has plans to increase its roll and the numbers are a large driver in finance as noted above. For this reason, moderate increases have been built into the three year plans but there is also a three year budget plan with a worst case scenario in which numbers stay the same up for years 7 to 11. Following an increase of 68 in the sixth form in 2013, we have assumed this remains fairly flat for the next two years, although in practice with the RPA(raising the participation age) to move further to 18 in two years time, numbers should increase from current levels.

There are a couple of larger projects which the academy is considering. One of these involves a new sixth form building and work is beginning so that the school can proceed to planning stage by November 2013. The plan is to produce a capital bid to the EFA by the end of 2013. At this stage our plan is to purchase the ICT requirements for the new build from in year cash flow and/or reserves. This serves as a contribution from the school. The other project will be a direct bid for the EFA academies maintenance fund to enable us to re-roof F block which has been a source of leaks for several years. This may require a small contribution from the school to cover some repair work. The new college structure, which will be introduced from September 2014, will only have a small impact in financial terms and these costs show in the 2013/14 budget planning.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by order of the members of the Governing Body on 27 November 2013 and signed on its behalf by:

Mr I Kirkland
Chairperson

Homewood School & Sixth Form Centre

**Appendices to the Financial Statements
for the Year ended 31 August 2013**

- Appendix 1 - Structure of Trustee Committees
- Appendix 2 - Leadership Team Areas Of Responsibility
- Appendix 3 - Method of Recruitment and Appointment of Trustees
- Appendix 4 - Key Performance Indicators

Homewood School & Sixth Form Centre

Structure of Trustee Committees
for the Year ended 31 August 2013

Finance	
<i>s</i>	Sue Clarke
<i>l</i>	Colin Kinloch
<i>f</i>	Jill Kirk
<i>f</i>	Sue Mash
<i>p</i>	Steve Parker
<i>f</i>	Sue Twort
<i>c</i>	Wayne Wills
Mark Seymour	

Curriculum & Welfare	
<i>s</i>	Paula Ashby
<i>p</i>	Diane Beeching
<i>s</i>	Sue Clarke
<i>s</i>	Erica Finn
<i>f</i>	Sue Mash
<i>p</i>	Cliff Mills
<i>l</i>	Sue Moon
<i>p</i>	Kate Smith
<i>p</i>	Michael Thornton
<i>s</i>	Sandra White
<i>c</i>	Wayne Wills
Steve Ridgway	

Personnel	
<i>p</i>	Diane Beeching
<i>l</i>	Colin Kinloch
<i>f</i>	Jill Kirk
<i>l</i>	Sue Moon
<i>p</i>	Steve Parker
<i>p</i>	Kate Smith
<i>f</i>	Sue Twort
Nicola Callingham	

Premises	
<i>p</i>	Cliff Mills
<i>l</i>	Colin Kinloch
<i>f</i>	Jill Kirk
<i>p</i>	Michael Thornton
<i>c</i>	Neil Vincer
<i>c</i>	Wayne Wills
Mark Seymour	

Discipline	
<i>f</i>	Jill Kirk
<i>f</i>	Sue Mash
<i>f</i>	Sue Twort
<i>c</i>	Wayne Wills

Admissions	
<i>p</i>	Paula Ashby
<i>f</i>	Sue Mash
<i>f</i>	Sue Twort
<i>c</i>	Wayne Wills
Sarah Williams	

Ex-officio on all committees (with full voting rights)	
<i>s</i>	Sally Lees
<i>f</i>	Ian Kirkland

Child Protection	
Cliff Mills	
SEN	
Cliff Mills	
Training	
Erica Finn	

Chair of Committee in Bold

Type of Trustee

p = parent*l* = LEA*f* = partnership*s* = staff (head +2 teachers + 1 non-teaching staff)*c* = community

Homewood School & Sixth Form Centre

**Leadership Team Areas Of Responsibility
for the Year ended 31 August 2013**

**STRATEGY TEAM
Areas of Responsibility**

Sally Lees – Principal

The Principal is directly responsible for the strategic development of the school; relations with trustees; contractual matters concerning staff; approval of staff absence; fixed term and permanent exclusion of students; Performance Management of staff; quality assurance and self-evaluation; links with Local Trust Board and Local Education Authority.

The Principal chairs the STRATEGY team

NB The bold capitalized word represents the membership of a core Hard Delivery Team

Vice Principal	Vice Principal	Vice Principal	Head of Administration & PA to Principal	School Business Manager
S Ridgway	S King	C Foreman	D Faulkner	M Seymour
Learning	Students	Partnerships		
<ul style="list-style-type: none"> • Learning HDT Leader • KSS Team Leader • Curriculum Development • QA in Teaching and Learning (with AVP T) • Co-construction of Learning • IAG and Careers <ul style="list-style-type: none"> • Options • UCAS • IB Co-ordinator • Flexible Learning • KIC Centre 	<ul style="list-style-type: none"> • Student HDT Leader • Line management of Mini-School Leaders • Inclusion Team Leader • Mentoring Programme/Assemblies • Child protection lead • SSA 's / Welfare • Attendance • Looked After Children • PSHE/Citizenship • Ethos for Learning • Multi-agency liaison • Alternative Curriculum 	<ul style="list-style-type: none"> • Teaching Staff Training (with AVP T&L) • Systems Design • Business sponsorship • Regional Training Centre • Repton Manor Primary School • ICT Development across the Curriculum • ICT Services Team Leader • Media and I-Total Centres • IIT programme (with AVP T&L) • NQT induction (with AVP Inclusion) 	<ul style="list-style-type: none"> • PA to Principal • Staff HDT Leader • Personnel overview • Policy overview • Statutory Returns and PLASC overview • Communication Team Leader • Associate Staff Training • Performance Management administration • QA in Administration Services • Data Protection and FOI • Staff training administration • Homewood Portfolio of Services administration 	<ul style="list-style-type: none"> • Finance Team Leader • Premises Team Leader • Health and Safety • Retail Services Team Leader • Print Team Leader • Contracts Management • Income Generation • Marketing • Theatre • Farm
LEARNING HDT STRATEGY	STUDENT HDT INCLUSION TEAM STRATEGY	LEARNING HDT TRAINING TEAM STRATEGY	STAFF HDT TRAINING TEAM STRATEGY	COMMUNITY HDT STRATEGY
Assistant Vice Principal	Assistant Vice Principal	Assistant Vice Principal	Assistant Vice Principal	
A Lewis	W McAllister	S Williams	S Pusey	
Learning Development	Teaching and Learning	Community	Curriculum	
<ul style="list-style-type: none"> • Curriculum Leader for 1 MS • Learning Support • Grade Watch • Achievement Group • Ashford NEETs Rep • Ashford GSC Rep • Staff mentor • NQT Induction (With VP Partnerships) 	<ul style="list-style-type: none"> • Curriculum Leader for 1 MS • QA in Teaching and Learning (with VP Lea • Teaching Staff Training (with VP Partners • Department Reviews • Department SEFs and Development Plans • IIT programme (with VP Partnerships) • A4L • G&T 	<ul style="list-style-type: none"> • Community HDT Leader • Extended Services Core Offer • Youth Services • Primary Liaison and Admissions • Transport • Trips and Visits • International Links • Staff duties • Healthy Schools status • United Nations Respect agenda 	<ul style="list-style-type: none"> • Curriculum Leader for 1 MS (including Per • COSMOS • Timetable • Assessment, Reporting and Exams • Data Team Leader • SIMs overview • 14 – 19 Ashford Consortium Representative 	
LEARNING HDT INCLUSION TEAM STRATEGY	LEARNING HDT TRAINING TEAM STRATEGY	COMMUNITY HDT STRATEGY STRATEGY	LEARNING HDT DATA TEAM STRATEGY	

Homewood School & Sixth Form Centre**Method of Recruitment and Appointment of Trustees
for the Year ended 31 August 2013****Method of Recruitment and Appointment of Trustees****Election Process:****Parent:**

- Letter to all parents stating number of vacancies and asking for nominations.
- If more nominations received than vacancies, 100 word election speech from all parents wishing to stand, is sent out to other parents asking for nominations.
- All nominations received, counted by member of staff and clerk, over seen by independent witness.
- Welcome letters sent to all successful parents, along with documents required prior to them taking office. CRB checks in place before new parent trustees attend their first meeting.

Staff:

- Letters to all staff asking for self nominations sent by the Clerk.
- Ballot boxes are put in place in the main school staff room, staff are notified which members have put themselves forward for election.
- Clerk counts votes received, over seen by an independent witness.
- Welcome letters sent to successful staff members, along with documents required prior to them taking office.
- All staff informed of their new Staff Trustee.

Community:

- Letters sent out to parents , asking for feedback, or self nominations from the wider community.
- The Governing Body elects community trustees to Homewood School Governing Body.

Partnership:

- These positions are normally filled by people that the current Governing Body are aware have some skills that would benefit the Governing Body. The person is approached and asked if they would be willing to stand as a trustee.
- Parents of registered pupils are asked to provide nominations for partnership trustees.
- Parents or staff eligible to be staff trustees are not eligible to be partnership trustees.

Homewood School & Sixth Form Centre

Key Performance Indicators for the Year ended 31 August 2013

Achievements and Performance

- Ofsted 2012 – Overall Effectiveness “Good” with “Good” in all four categories of Achievement, Teaching, Behaviour and Leadership & Management
- Examination Outcomes 2013 (compared with 2012)

	Measure	Target	All	2012	
Key Stage 4	% 5+ A*-C (GCSE and equivalent)	93	79	74	
	% 5+ A*-C (GCSE only)	77	53	49	
	% 5+ A*-C inc. Maths and English (GCSE and equivalent)	75	53	41	
	% 5+ A*-C including maths and English (GCSE only)	74	48	38	
	% A*-C GCSE in English	83	60	48	
	% A*-C GCSE in Maths	78	63	57	
	% A*-C GCSE in Maths and English	75	53	42	
	% 2+ A*-C science subjects (GCSE and equivalent)	43	34	24	
	% 1+ A*-C modern foreign languages (GCSE and equivalent)	18	24	22	
	% A*-C GCSE in Geography or History	34	20	20	
	% English Baccalaureate	6	7	8	
	% 1+ A*-G (GCSE and equivalent)	100	100	100	
	3 Levels of Progress KS2 to 4				
		English	93	62	47
		Maths	89	65	58
	4+ Levels of Progress KS2 to 4				
		English	43	22	15
	Maths	34	31	22	
APS (Capped 8 ALL)		234	334	325	
Key Stage 5	A*/A grades	4.5	22	15	
	A*/B grades	17.5	36	29	
	A*/E grades	100	98	95	
	% 2+ A2 and equivalent passes	79.1	71.9	81	
	APS per student	494	624	564	
	APS per examination entry	211.9	187.2	194	

Key Performance Indicators 2012 - 13

- Examination outcomes as above
- 87% lessons observed during the year were Good or Outstanding

Plans for Future Periods

School Improvement Plan priorities for 2013 – 14

- Percentage of students achieving 5A* - C including En/Ma at GCSE 63%
- Retention of students into Year 12 to reach 80%
- Recruitment at Year 7 to reach 360
- Quality of Teaching – 100% Good or Outstanding
- Fixed term exclusions reduced to 100 or less
- Attendance improves to at least 94%
- Curriculum 2014/15 and beyond developed in the light of Government changes including RPA.

The School Improvement Plan (SIP) sets out the steps to be taken to achieve these objectives

Homewood School & Sixth Form Centre

Governance Statement Year ended 31 August 2013

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to Mrs S Lees, 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 Homewood School and Sixth Form Centre and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The appendices set out on pages 8 to 12 detail the Structure of Trustee Committees and the Leadership Team Areas Of Responsibility.

The Governing body has supported the senior leadership well in the year and the sub-committees have also had a successful year. One parent trustee resigned at the end of the year. The academy change has brought about new and increased responsibilities for the trustees and their performance against this backcloth is best summed up by the Ofsted report in September 2012. "The Governing body has a positive relationship with the school at leadership and departmental level, sharing the school's learning journey and enabling informed discussion which holds the school to account while providing necessary support".

The information on trustees included here supplements that described in the trustees' Report and in the Statement of Trustees' responsibilities. The governing body and its subcommittees have formally met a total of eighteen times during the year including the AGM. Attendance during the year at these meetings was as follows:

	Name	Meetings Attended	Out of a possible
Parent Trustees	Mrs P Ashby	2	6
	Ms D Beeching	8	10
	Mr C Mills	10	10
	Mr S Parker	9	11
	Miss K Smith	10	10
	Mr M Thornton	8	10
Teacher Trustees	Mrs E Finn	5	7
	Mrs S White	4	7
Staff Trustee	Mrs S Clarke	11	11
Principal	Mrs S Lees	17	18
LEA Trustees	Mrs S Moon	10	11
	Mr C Kinloch	7	14
Partnership Trustees	Mrs J Kirk	12	15
	Mrs S Twort	6	11
	Mr I Kirkland (Chairperson)	18	18
	Mrs S Mash	10	11
Community Trustees	Nr N Vincer	8	8
	Mr W Wills	15	15
Clerk	Mrs K Douglas	17	18

Homewood School & Sixth Form Centre

Governance Statement Year ended 31 August 2013

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's 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 Homewood School and Sixth Form Centre for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2013 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 trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- the key elements of the risk management strategy, including the way in which risk (or change in risk) is identified, evaluated, and controlled. Explicitly how risks to information are being managed and controlled as part of this process;
- the internal audit / Responsible Officer function;
- key ways in which risk management is embedded in the activity of the organisation;
- the key elements of the way in which public stakeholders are involved in managing risks which impact on them (where relevant);
- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed McCabe Ford Williams, a firm of Chartered Accountants and the academy trust's auditors, to assist the Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

Homewood School & Sixth Form Centre

**Governance Statement (continued)
Year ended 31 August 2013**

Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and other explicit review/assurance mechanisms.

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

Approved by order of the members of the Governing Body on 27 November 2013 and signed on its behalf by:

Mr I Kirkland
Chairperson

Mrs S Lees
Accounting Officer

Homewood School & Sixth Form Centre

**Statement on Regularity, Propriety and Compliance
Year ended 31 August 2013**

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

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

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

Mrs S Lees
Accounting Officer

Homewood School & Sixth Form Centre

Statement of Trustees' Responsibilities Year ended 31 August 2013

The trustees (who act as governors for Homewood School and Sixth Form Centre and 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 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 the 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 in the Charities SORP;
- make judgements and 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 academy will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy 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 academy 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 academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Young People's Learning Agency, Education Funding Agency and Department for Education 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 academy'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 27 November 2013 and signed on its behalf by:

Mr I Kirkland
Chairperson

Homewood School & Sixth Form Centre

Independent Auditor's Report to the Members of Homewood School and Sixth Form Centre Year ended 31 August 2013

We have audited the financial statements of Homewood School and Sixth Form Centre for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, 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.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2013, 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013, issued by the Education Funding Agency

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Homewood School & Sixth Form Centre

**Independent Auditor's Report to the Members of Homewood School and Sixth Form Centre (continued....)
Year ended 31 August 2013**

Matters on which we are required to report by exception

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

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

John Sheather BSc FCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors & Chartered Accountants
Invicta Business Centre
Monument Way
Orbital Park
Ashford
Kent
TN24 0HB

Date 29 November 2013

Homewood School & Sixth Form Centre

Independent Reporting Accountant's Assurance Report on Regularity to Homewood School and Sixth Form Centre Limited and the Education Funding Agency Year ended 31 August 2013

In accordance with the terms of our engagement letter dated 27 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Homewood School and Sixth Form Centre during the period 1 September 2012 to 31 August 2013 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 Homewood School and Sixth Form Centre and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Homewood School and Sixth Form Centre and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Homewood School and Sixth Form Centre and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Homewood School and Sixth Form Centre's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Homewood School and Sixth Form Centre's funding agreement with the Secretary of State for Education dated 24th August 2011 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Homewood School & Sixth Form Centre

Independent Reporting Accountant's Assurance Report on Regularity to Homewood School and Sixth Form Centre Limited and the Education Funding Agency Year ended 31 August 2013

Approach (continued)

The work undertaken to draw our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the responsible officer during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between Homewood School & Sixth Form Centre and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

John Sheather BSc FCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors & Chartered Accountants

Date 29 November 2013

Homewood School & Sixth Form Centre

**Statement of Financial Activities
for the Year ended 31 August 2013**

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	Total 2012 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	57,348	96,468	-	153,816	175,262
Transfer from local authority on conversion	29	-	-	-	-	29,929,390
Activities for generating funds	3	677,874	-	-	677,874	791,809
Investment income	4	6,883	-	-	6,883	9,366
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	10,875,072	39,117	10,914,189	10,270,672
Total incoming resources		742,105	10,971,540	39,117	11,752,762	41,176,499
Resources expended						
<i>Cost of generating funds:</i>						
Fundraising trading		418,689	12,053	-	430,742	553,912
<i>Charitable activities:</i>						
Academy's educational operations	7	-	11,144,332	30,031	11,174,363	10,375,238
Governance costs	8	-	44,697	-	44,697	27,848
<i>Other resources expended:</i>						
Total resources expended	6	418,689	11,201,082	30,031	11,649,802	10,956,998
Net incoming/(outgoing) resources before transfers		323,416	(229,542)	9,086	102,960	30,219,501
Gross transfers between funds	16	-	(69,756)	69,756	-	-
Net income/(expenditure) for the year		323,416	(299,298)	78,842	102,960	30,219,501
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	16, 27	-	(64,000)	-	(64,000)	(602,000)
Net movement in funds carried forward		323,416	(363,298)	78,842	38,960	29,617,501

Homewood School & Sixth Form Centre

**Statement of Financial Activities
for the Year ended 31 August 2013**

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2013	Total 2012
Note	£	£	£	£	£
Net movement in funds carried forward	323,416	(363,298)	78,842	38,960	29,617,501
Reconciliation of funds					
Funds brought forward to 1 September 2012	373,732	(2,679,078)	31,922,847	29,617,501	-
Funds carried forward at 31 August 2013	<u>697,148</u>	<u>(3,042,376)</u>	<u>32,001,689</u>	<u>29,656,461</u>	<u>29,617,501</u>

All of the Academy's activities in the previous financial period were derived from acquisitions.

A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Homewood School & Sixth Form Centre

Balance Sheet as at 31 August 2013

		2013	2013	2012	2012
		£	£	£	£
	Notes				
Fixed assets					
Tangible assets	12		32,001,689		31,922,847
Current assets					
Stock	13	75,159		77,858	
Debtors	14	321,159		217,726	
Cash at bank and in hand		<u>1,183,388</u>		<u>925,419</u>	
		1,579,706		1,221,003	
Creditors: Amounts falling due within one year	15	<u>1,059,934</u>		<u>850,349</u>	
Net current assets			519,772		370,654
Total assets less current liabilities			<u>32,521,461</u>		<u>32,293,501</u>
Net assets excluding pension liability					
Pension scheme liability	27		(2,865,000)		(2,676,000)
Net assets including pension liability			<u><u>29,656,461</u></u>		<u><u>29,617,501</u></u>
Funds of the academy:					
Restricted funds					
Fixed asset fund(s)	16		32,001,689		31,922,847
General fund(s)	16		(177,376)		(3,078)
Pension reserve	16		<u>(2,865,000)</u>		<u>(2,676,000)</u>
Total restricted funds			28,959,313		29,243,769
Unrestricted funds	16		697,148		373,732
Total funds			<u><u>29,656,461</u></u>		<u><u>29,617,501</u></u>

The financial statements on pages 22 to 42 were approved by the Trustees, and authorised for issue on 27 November 2013 and are signed on their behalf by:

Mr I Kirkland
Chairperson
Homewood School and Sixth Form Centre
Company Limited by Guarantee
Registration Number: 07736448

Homewood School & Sixth Form Centre

**Cash Flow Statement
for the year ended 31 August 2013**

	Notes	2013 £	2013 £	2012 £	2012 £
Net cash inflow from operating activities	20		462,416		762,051
Returns on investments and servicing of finance	21		6,883		9,366
Capital expenditure	22		(108,873)		(76,351)
Financing	23		(102,457)		(101,432)
Cash at bank transferred on conversion to an academy trust	29		-		331,785
Loan transferred on conversion to an academy trust	29		-		(259,756)
Increase in cash in the year	24		<u>257,969</u>		<u>665,663</u>
Increase in cash in the year		257,969		665,663	
Cash outflow from increase in debt and lease financing		<u>102,457</u>		<u>101,432</u>	
			360,426		767,095
Reconciliation of net cash flow to movement in net funds					
Net funds at 1 September 2012			767,095		-
Net funds at 31 August 2013			<u><u>1,127,521</u></u>		<u><u>767,095</u></u>

All of the cash flows in the previous financial period were derived from acquisitions.

Homewood School & Sixth Form Centre

Notes to the Financial Statements for the Year ended 31 August 2013

1. Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP 2005), the Annual Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 one year from the date of approval of the financial statements.

The academy has a consistent pupil roll. The academy produces its annual budgets with prudent figures for both income and expenditure. For this reason the trustees continue to adopt the going concern basis in preparing the financial statements.

Incoming Resources

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Other income

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

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

1. Accounting Policies (continued)

Donated Services and Gifts in Kind

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

Resources Expended

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

- **Costs of generating funds**
These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- **Charitable activities**
These are costs incurred on the Academy's educational operations.
- **Governance Costs**
These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustee's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Conversion to an Academy

The conversion from a state maintained school to an academy trust in the prior year involved the transfer of identifiable assets and liabilities and the operation of the school for no consideration and was accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Homewood School and Sixth Form Centre to an academy trust were valued at their fair value being a reasonable estimate of the current market value that the trustees would have expected to pay in an open market for an equivalent item at that date. Their fair value was in accordance with the accounting policies set out for Homewood School and Sixth Form Centre. The amounts were recognised under the appropriate balance sheet categories, with the corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 29.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

1. Accounting Policies (continued)

Tangible Fixed Assets

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset(s) may not be recoverable.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and buildings, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful lives, as follows:

Improvements to property	10% Straight line method
Motor Vehicles	20% Straight line method

In the case of freehold properties, annual depreciation would not be material and hence no depreciation is provided.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value on a first in first out basis. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

1. Accounting Policies (continued)

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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Young People's Learning Agency/Department for Education/sponsors/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Young People's Learning Agency/Department for Education.

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - (continued)
for the Year ended 31 August 2013**

2. Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Donations	57,348	96,468	153,816	175,262

3. Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Hire of facilities	40,914	-	40,914	27,975
Catering Income	83,436	-	83,436	250,639
Shop income	70,625	-	70,625	78,955
Trip Income	177,106	-	177,106	107,763
Copier Income	98,474	-	98,474	133,160
Farm Income	24,403	-	24,403	27,042
Supply course income	3,840	-	3,840	1,134
Consultancy income	23,113	-	23,113	41,468
PGCE Income	13,892	-	13,892	51,930
CILT Income	-	-	-	13,500
ICT Recharges	13,369	-	13,369	3,702
Exam Income	11,522	-	11,522	9,323
Departmental Income	37,430	-	37,430	15,567
English & Maths Workshops	4,527	-	4,527	(1,241)
Bursary Fund	63,602	-	63,602	6,140
Other Insurance Claims	11,621	-	11,621	24,752
	<u>677,874</u>	<u>-</u>	<u>677,874</u>	<u>791,809</u>

4. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Short term deposits	6,883	-	6,883	9,366

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - (continued)
for the Year ended 31 August 2013**

5. Funding for Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
DfE/YPLA/EFA revenue grants				
General Annual Grant (GAG)	-	10,299,430	10,299,430	9,972,817
Other DfE/YPLA/EFA grants	-	393,038	393,038	6,250
	-	10,692,468	10,692,468	9,979,067
Other Government grants				
Local authority grants	-	221,721	221,721	291,605
Special educational projects	-	-	-	-
	-	221,721	221,721	291,605
	-	10,914,189	10,914,189	10,270,672

6. Resources Expended

	Staff Costs £	Non Pay Expenditure		Total £	
		Premises £	Other Costs £		
Costs of activities for generating funds Academy's educational operations	-	-	430,742	430,742	553,912
Direct costs	7,136,865	-	1,066,644	8,203,509	7,847,678
Allocated support costs	1,104,202	1,344,148	522,504	2,970,854	2,527,560
	8,241,067	1,344,148	2,019,890	11,605,105	10,929,150
Governance costs including allocated support	-	-	44,697	44,697	27,848
	8,241,067	1,344,148	2,064,587	11,649,802	10,956,998

The method used for the apportionment of support costs is disclosed in the accounting policies.

Incoming/outgoing resources for the year include:

	£ 2013	£ 2012
Fees payable to auditor: Audit	17,100	7,500
Other services	8,000	6,300
Depreciation	30,031	16,865

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

7. Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012
<i>Direct costs</i>				
Teaching and educational support staff costs	-	7,136,865	7,136,865	7,037,541
Educational supplies	-	1,019,711	1,019,711	765,956
Examination fees	-	1,000	1,000	10,667
Staff development	-	42,783	42,783	31,054
Educational consultancy	-	3,150	3,150	2,460
Other direct costs	-	-	-	-
	-	8,203,509	8,203,509	7,847,678
<i>Allocated support costs</i>				
Support staff costs	-	1,104,202	1,104,202	1,056,743
Depreciation	-	30,031	30,031	16,865
Maintenance of premises and equipment	-	667,188	667,188	331,501
Cleaning	-	227,456	227,456	203,895
Rent and rates	-	124,283	124,283	149,011
Insurance	-	93,709	93,709	83,716
Light and heat	-	201,481	201,481	200,756
Postage, stationery, copying and advertising	-	272,758	272,758	291,080
Security and transport	-	39,613	39,613	34,902
Telephone	-	17,157	17,157	14,097
Health and safety costs	-	67,266	67,266	37,478
Catering	-	60,546	60,546	55,724
Bank interest and charges	-	1,989	1,989	2,474
Other support costs	-	63,175	63,175	49,318
	-	2,970,854	2,970,854	2,527,560
	-	11,174,363	11,174,363	10,375,238

8. Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012
Legal and professional fees	-	19,597	19,597	14,048
Auditor's remuneration				
• Audit of financial statements	-	17,100	17,100	7,500
• Responsible officer assistance	-	2,800	2,800	2,800
• Accountancy, taxation and other services	-	5,200	5,200	3,500
	-	44,697	44,697	27,848

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

9. Staff Costs

	£ 2013	£ 2012
Staff costs during the period were:		
Wages and salaries	6,556,940	6,450,505
Social security costs	453,541	455,087
Pension costs	1,089,960	1,041,625
	8,100,441	7,947,217
Supply teacher costs	109,226	60,266
Compensation payments	31,400	86,801
	8,241,067	8,094,284

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

	2013 No.	2012 No.
<i>Charitable Activities</i>		
Teachers	126	128
Administration and support	93	87
Management	8	8
	227	223

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

£60,001 -upwards	4	5
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159 (2102 - 134) of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £624,074 (2012 - £638,030). The other employees participated in the Local Government Pension Scheme, pension contributions amounted to £340,886 (2012 - £335,595).

10. Related Party Transactions - Trustees' Remuneration and Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

During the year ended 31 August 2013, no travel and subsistence expenses were reimbursed to the trustees (2012 - £nil). Related party transactions involving the trustees are set out in note 28.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,622 (2012 - £1,622).

The cost of this insurance is included in the total insurance cost.

12. Tangible Fixed Assets

	Freehold Land and Buildings	Improvements to Property	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 September 2012	31,843,361	76,351	50,000	31,969,712
Additions	-	84,123	24,750	108,873
Disposals	-	-	-	-
At 31 August 2013	<u>31,843,361</u>	<u>160,474</u>	<u>74,750</u>	<u>32,078,585</u>
Depreciation				
At 1 September 2012	-	6,865	40,000	46,865
Charged in year	-	15,281	14,750	30,031
Disposals	-	-	-	-
At 31 August 2013	<u>-</u>	<u>22,146</u>	<u>54,750</u>	<u>76,896</u>
Net book values				
At 31 August 2013	<u>31,843,361</u>	<u>138,328</u>	<u>20,000</u>	<u>32,001,689</u>
At 31 August 2012	<u>31,843,361</u>	<u>69,486</u>	<u>10,000</u>	<u>31,922,847</u>

13. Stock

	£ 2013	£ 2012
Clothing	75,159	77,858
	<u>75,159</u>	<u>77,858</u>

14. Debtors

	£ 2013	£ 2012
Trade debtors	39,418	39,551
Prepayments	183,752	84,919
Other debtors	97,989	93,256
	<u>321,159</u>	<u>217,726</u>

15. Creditors: amounts falling due within one year

	£ 2013	£ 2012
Trade creditors	319,262	107,791
Other taxation and social security	143,157	144,779
Other creditors	122,505	36,004
Bank loans	55,867	158,324
Accruals and deferred income	419,143	403,451
	<u>1,059,934</u>	<u>850,349</u>

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - (continued)
for the Year ended 31 August 2013**

15. Creditors: amounts falling due within one year

Deferred income

	£
Deferred Income at 1 September 2012	176,412
Resources Deferred in the year	(27,775)
Deferred Income at 31 August 2013	<u>148,637</u>

At the balance sheet date the academy trust was holding funds received in advance in respect of Bursary Fund income, trip income, voluntary fund income and IEC income.

16. Funds

	Balance at 1 September 2012	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2013
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	(3,078)	10,299,430	(10,409,718)	(69,756)	(183,122)
Other DfE/YPLA/EFA grants	-	393,038	(393,038)	-	-
Local Government income	-	182,604	(180,118)	-	2,486
Voluntary income	-	80,715	(80,715)	-	-
Other general reserves	-	15,753	(12,493)	-	3,260
	<u>(3,078)</u>	<u>10,971,540</u>	<u>(11,076,082)</u>	<u>(69,756)</u>	<u>(177,376)</u>
Restricted Pension reserve fund	<u>(2,676,000)</u>	-	<u>(125,000)</u>	<u>(64,000)</u>	<u>(2,865,000)</u>
Restricted fixed asset funds					
Transfer from Local Authority	31,853,361	-	-	-	31,853,361
Local Government	40,539	39,117	(30,031)	-	49,625
Voluntary income	8,500	-	-	-	8,500
Capital expenditure from GAG	20,447	-	-	69,756	90,203
	<u>31,922,847</u>	<u>39,117</u>	<u>(30,031)</u>	<u>69,756</u>	<u>32,001,689</u>
Total restricted funds	<u>29,243,769</u>	<u>11,010,657</u>	<u>(11,231,113)</u>	<u>(64,000)</u>	<u>28,959,313</u>
Unrestricted funds	373,732	742,105	(418,689)	-	697,148
Total funds	<u>29,617,501</u>	<u>11,752,762</u>	<u>(11,649,802)</u>	<u>(64,000)</u>	<u>29,656,461</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy. The Academy is allowed to use the GAG for general purposes at the discretion of the Academy, including capital purposes.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

The pension liability has been charged to restricted reserves. This is because the obligation to fund the deficit is met from the General Annual Grant funding which is accounted for through restricted reserves and therefore it is more appropriate to charge the deficit to restricted reserves. The same treatment is applied to borrowing obligations taken over from the Local Authority.

Amounts included within Voluntary Income and amounts received from Local Government are for specific projects undertaken by the Academy. Restricted fixed asset funds were funded by Government Grants and a transfer from restricted general funds.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

17. Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	32,001,689	32,001,689
Current assets	697,148	882,558	-	1,579,706
Current liabilities	-	(1,059,934)	-	(1,059,934)
Pension scheme liability	-	(2,865,000)	-	(2,865,000)
Total net assets	697,148	(3,042,376)	32,001,689	29,656,461

18. Capital commitments

	£ 2013	£ 2012
Contracted for, but not provided in the financial statements	-	49,695

19. Financial commitments

Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	£ 2013	£ 2012
Other		
Expiring within one year	-	19,797
Expiring within two and five years inclusive	2,053	7,986
	2,053	27,783

20. Reconciliation of net income to net cash inflow from operating activities

	£ 2013	£ 2012
Net income	102,960	30,219,501
Depreciation (note 12)	30,031	16,865
Capital grants from DfE/YPLA/EFA and other capital income	-	(29,929,390)
Interest receivable (note 4)	(6,883)	(9,366)
FRS 17 pension cost less contributions payable (note 27)	43,000	(25,000)
FRS 17 pension finance income (note 27)	82,000	93,000
Decrease/(increase) in stocks	2,699	(77,858)
Increase in debtors	(103,433)	(217,726)
Increase in creditors	312,042	692,025
Net cash inflow from operating activities	462,416	762,051

21. Returns on investments and servicing of finance

	£ 2013	£ 2012
Interest received	6,883	9,366
Net cash inflow from returns on investment and servicing of finance	6,883	9,366

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

22. Capital expenditure and financial investment

	£ 2013	£ 2012
Purchase of tangible fixed assets	108,873	76,351
Net cash outflow from capital expenditure and financial investment	108,873	76,351

23. Financing

	£ 2013	£ 2012
Loan repayments in the year	102,457	101,432

24. Analysis of changes in net funds

	1 September 2012	Cash flows	At 31 August 2013
	£	£	£
Cash in hand and at bank	925,419	257,969	1,183,388
Bank loan	(158,324)	102,457	(55,867)
	767,095	360,426	1,127,521

25. Contingent Liabilities

No contingent liabilities existed at the year end.

26. 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.

27. Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by M Macey Esq. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

At the end of the financial year contributions amounting to £122,418 (2012 - £35,768) were payable to the schemes and are included within other creditors.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

27. Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

27. Pension and similar obligations (continued) Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

Local Government Pension Scheme

The academy is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The total contribution made for the year ended 31 August 2013 was £428,000 (2012 - £382,000), of which employer's contributions totalled £338,000 (2012 - £301,000) and employees' contributions totalled £90,000 (2012 - £81,000). The agreed contribution rates for future years are 14.1% for employers and 7.0% for employees.

Principal Actuarial Assumptions

	2013		2012	
	% p.a.	Real	% p.a.	Real
Rate of increase in salaries	5.1%	1.4%	4.1%	1.4%
Rate of increase for pensions in payment / inflation	2.9%	-0.8%	1.9%	-0.8%
Discount rate for scheme liabilities	4.7%	1.0%	3.9%	1.2%
Inflation assumption (CPI)	2.9%	-0.8%	1.9%	-0.8%
Commutation of pensions to lump sums	50.0%	-	50.0%	-

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

27. Pension and similar obligations (continued) Local Government Pension Scheme (continued)

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

<i>Retiring today</i>	2013	2012
Males	20.1	20.0
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	22.1	22.0
Females	26.0	25.9

Sensitivity Analysis

The following sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

	£	£	£
Adjustment to the discount rate	0.1%	0.0%	-0.1%
Present value of total obligation	4,995,000	5,114,000	5,235,000
Projected service cost	393,000	404,000	416,000
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	4,925,000	5,114,000	5,305,000
Projected service cost	386,000	404,000	423,000

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
		£		£
Equities	5.9%	1,619,000	5.9%	1,103,000
Gilts	2.8%	-	2.8%	16,000
Bonds	3.9%	270,000	3.9%	205,000
Property	3.9%	180,000	3.9%	158,000
Cash	0.5%	90,000	0.5%	47,000
Target Return Portfolio	4.4%	90,000	4.4%	47,000
Total market value of assets		2,249,000		1,576,000
Present value of scheme liabilities				
- Funded		5,114,000		4,252,000
Surplus/(deficit) in the scheme		(2,865,000)		(2,676,000)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. As at 1 September 2012 for the period to 31 August 2013). The returns on gilts and other bonds are assumed to be gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be margin above gilt yields.

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - (continued)
for the Year ended 31 August 2013**

**27. Pension and similar obligations (continued)
Local Government Pension Scheme (continued)**

Sensitivity Analysis

The actual return on scheme assets was £269,000 (2012 - £141,000).

Amounts recognised in the statement of financial activities

	£	£
	2013	2012
Current service cost (net of employee contributions)	381,000	276,000
Past service cost	-	-
Total operating charge	381,000	276,000

Analysis of pension finance costs

Expected return on pension scheme assets	(92,000)	(79,000)
Interest on pension liabilities	174,000	172,000
Pension finance costs	(82,000)	(93,000)

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £666,000 (2012 - £602,000) loss.

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

	£	£
	2013	2012
At 1 September 2012	4,252,000	-
Donated deferred benefit obligations	-	3,062,000
Current service cost	381,000	276,000
Interest cost	174,000	172,000
Employee contributions	90,000	81,000
Actuarial loss	241,000	664,000
Benefits paid	(24,000)	(3,000)
At 31 August 2013	5,114,000	4,252,000

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

	£	£
	2013	2012
At 1 September 2012	1,576,000	-
Donated fair value of scheme assets	-	1,056,000
Expected return on assets	92,000	79,000
Actuarial gain	177,000	62,000
Employer contributions	338,000	301,000
Employee contributions	90,000	81,000
Benefits paid	(24,000)	(3,000)
At 31 August 2013	2,249,000	1,576,000

The estimated value of employer contributions for the year ended 31 August 2014 is £330,000 (2013 - £296,000).

Homewood School & Sixth Form Centre

Notes to the Financial Statements - (continued) for the Year ended 31 August 2013

27. Pension and similar obligations (continued) Local Government Pension Scheme (continued)

The history of experience adjustments is as follows:

	£ 2013	£ 2012	£ 2011
Present value of defined benefit obligations	(5,114,000)	(4,252,000)	(3,062,000)
Fair value of share of scheme assets	2,249,000	1,576,000	1,056,000
Deficit in the scheme	<u>(2,865,000)</u>	<u>(2,676,000)</u>	<u>(2,006,000)</u>
Experience adjustments on share of scheme assets	<u>177,000</u>	<u>62,000</u>	<u>-</u>
Experience adjustments on scheme liabilities:	<u>-</u>	<u>-</u>	<u>-</u>

28. Related Party Transactions

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

No material related party transactions took place in the period of account.

29. Conversion to an Academy Trust

On 1 September 2011 the Homewood School and Sixth Form Centre converted to academy trust status under the Academies Act 2010 having previously been under the jurisdiction of Kent County Council. All the operations and assets and liabilities were transferred to Homewood School and Sixth Form Centre from the Kent Education Authority for no consideration.

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