

**Strategic Report, Report of the Trustees and
Financial Statements for the Year Ended 31 August 2014
for
Homewood School & Sixth Form Centre**

McCabe Ford Williams
Statutory Auditors &
Chartered Accountants
Invicta Business Centre
Monument Way
Orbital Park
Ashford
Kent
TN24 0HB

Homewood School & Sixth Form Centre

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Homewood School & Sixth Form Centre

Reference and Administrative Details for the Year Ended 31 August 2014

Trustees	Parent Trustees Ms D Beeching Mr C Mills Mr S Parker Ms K Smith Mr M Thornton Mrs P Ashby (resigned 12.9.13) Teacher Trustees Mrs E Finn (resigned 28.8.14) Mrs S White Staff Trustees Mrs S Clarke Principal Mrs S Lees	LEA Trustees Mrs S Moon Mr C Kinloch (resigned 4.2.14) Partnership Trustees Mrs J Kirk Mrs S Twort (resigned 28.8.14) Mr I Kirkland Mrs S Mash Community Trustees Nr N Vincer Mr W Wills (resigned 24.4.14) Rev Canon L Hammond (appointed 5.9.14) Clerk Mrs K Douglas
Secretary	Mrs K Douglas	
Senior management team	Mrs S Lees Mrs S King Mr C Foreman Mr S Ridgway Mrs D Faulkner Mr M Seymour Mr W McAllister Mrs S Williams Mr S Pusey Mrs H Jones Mr P Philpot	Principal Vice Principal Vice Principal Vice Principal Head of Administration School Business Manager Assistant Vice Principal Assistant Vice Principal Assistant Vice Principal Assistant Vice Principal Senior Head of Mini School
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

Report of the Trustees for the Year Ended 31 August 2014

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 and the Academies Accounts Direction issued by the Education Funding Agency.

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.

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.

Homewood School & Sixth Form Centre

Report of the Trustees for the Year Ended 31 August 2014

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 Trustees' 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.

Homewood School & Sixth Form Centre

Report of the Trustees for the Year Ended 31 August 2014

OBJECTIVES AND ACTIVITIES

Objectives 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.

The objectives for the year 2013/14 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 – 100% lessons are graded good or outstanding.

Improve the impact of all leaders and management - 63% of pupils to achieve A* to C in 5 GCSE's including English and Maths. 85% of pupils to make 3 plus levels of progress between KS2 and KS4 in Maths and 92% in English.

Audit progress of vulnerable groups including "FSM ever" for impact of pupil premium.

Review Curriculum model for 2014/15 - evaluate new approaches, incorporate raising of participation age.

Build on programme of focus days to deliver PHSRE.

Reinforce marking policy.

Work closely with local primary schools through the Tenterden Rural Alliance to raise attainment across the alliance and to improve transition from KS2.

Implement attendance plan to ensure improved attendance at school and in lessons.

Develop community cohesion including building on existing links with the community.

TRA Governor training to include partnership working.

Improve communication with parents by email, text messaging and use of the website plus 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.

Homewood School & Sixth Form Centre

Report of the Trustees for the Year Ended 31 August 2014

STRATEGIC REPORT

ACHIEVEMENT 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 financial performance indicators

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

In September 2012, prior to 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 very positive step forward. Progress has been maintained with the school's self evaluation of "good" with an "outstanding" in leadership and management confirmed by the external School Improvement Partner at the end of the year. The examination results in 2014 were strong at both level 2 and level 3. The level 3 results were the best the school has ever achieved. In addition, the school has spent £500k on premises in the year. This includes work following an insurance claim for damage to the dance studio and roof in D block. Other premises work to note is the replacement flat roof on F block, the complete refurbishment of the dining area (the costs of which were borne by the new catering company), the completion of the security fencing in the woods, boilers replaced in DT block and a replacement cold water tank in E block. The replacement window programme was completed by C block work in October 2013. There was a large mobile extension to the Life Centre mobile in August 2013. As well as these listed areas of premises improvements there were a number of other smaller projects undertaken. The Property Data Survey from the EFA which they arranged in December 2013 evidences the improvement across the site from the large financial investment over the past few years. Few areas are mentioned as needing priority work and these are in storage buildings and outbuildings rather than teaching areas. In September 2013 a biometric registration was installed across the school for pupil registration to help us record and monitor this vital area.

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 result closely in line with expectations in the original budget despite an additional £250k 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 2014 (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 2013/14 reflect the census numbers in October 2012.

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.

On 1 April 2014 the nursery on the school site known as Home Farm Childrens Nursery Ltd. became a subsidiary company to the academy. This was agreed by the EFA at the same time as a new 5 year lease was sanctioned by them granting the nursery a continuing leasehold over the building and surrounding land. The nursery is a charitable company limited by guarantee and no consideration was paid for this acquisition. The academy is the member of the nursery. Home Farm Children's Nursery Ltd will present their accounts separately for the seventeen month period to 31 August 2015 and thereafter.

Homewood School & Sixth Form Centre

Report of the Trustees for the Year Ended 31 August 2014

FINANCIAL REVIEW

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 (last drop in 2015/16) 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 2015/16 the Educational Services Grant that replaced the LACSEG (Local authority holdback) will fall from £140 per pupil in 2014/15 to £87 per pupil which is a considerable drop in funding (over £110k).

It is for this reason that the risks are regularly assessed and the academy is already working on its plans for 2015/16 and 2016/17. The strategic plan for the school over the 2013 - 2017 period was to offset the cuts in sixth form funding and the expected falls in additional academy funding (Educational Services Grant) by recruiting additional pupils at year 7 and in the sixth form. Overall funding in 2014/15 is slightly down on 2013/14 but this plan of increasing numbers has been successful as the numbers in the sixth form increased by 65 to 415 in September 2013 and by a further 47 to 462 in September 2014. This will mask the last sixth form reduction in funding for 2015/16. Recruitment was strong in September 2014 at 367 for year 7 but during 2013/14 we also were successful in adding students in other years. The 11 to 16 age group numbers increased from 1720 in September 2013 to 1776 in September 2014. This will offset the reduction in the Educational Services Grant scheduled for 2015/16 and help to pay the additional pension contributions due on teacher's pensions from 2015/16 (cost circa £100k). The raising of the possible school intake to 390 from 2014 was successful as this meant we exceeded the normal 360 intake in a low birth year. The 390 will remain to help us to continue to build numbers and to support the Ashford area part of the Kent Commissioning plan.

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 three year finance budgets enable the academy to plan for any necessary changes to ensure that where possible surplus budgets will be maintained in the stretching years ahead. These budgets were presented to the Finance Sub-Committee of the Governing body in July 2014 and to the Full Committee later the same month.

One area to be noted is the Local Government Pension Scheme with a deficit of £2.31m but there was a reduction of £549k in the deficit over 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 slight risk that this deficit will grow to April 2015. 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 2013/14 year this calculates at £327k based on total staff costs of £8.5m. As staff costs are about 73% 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.

As at 31 August 2014 the free reserves are £568k after the transfer of £419k to restricted funds (2013 - £697k) 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 2013/14 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

Report of the Trustees for the Year Ended 31 August 2014

FINANCIAL REVIEW

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 2016/17. 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 2013/14 there were a few examples of this with the main one being the new flat roof on F block which was completed in the summer break. The school were not successful in the capital bid for this project but were able to fund it from the additional sixth form funding in year adjustment which was provided by the EFA following a business case made by the school. During the Christmas break the D block dance studio roof was destroyed by high winds and this was replaced and a new dance floor installed in readiness for use in September 2014. This was covered by insurance.

The academy has invested considerably in the buildings and site generally since conversion in September 2011. There are plans to continue to make improvements in the coming years but investment will be lower overall. As noted above, the EFA issued a property data survey in September 2014 following an in depth visit by consultants in December 2013. This identifies few areas requiring work in the short term. Those areas that are highlighted are mainly in the outbuildings used for storage only. The main school buildings are in good condition overall. The survey evidences that the academy has sustained and considerably improved its building stock.

The academy has plans to continue 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. Following an increase of 65 in the sixth form in 2013 and a further increase of 47 in 2014 we would expect a moderate increase again in 2015 as the RPA (raising the participation age) moves to 18. After that it should level out. It is important to note that we have been successful in external recruitment into the sixth form from other schools and not just from year 11. Year 7 recruitment has been commented on above - this will grow from 2016/17 as the population increase currently in the primary schools moves into the secondary sector. The PAN (planned admission number) has increased from 360 to 390 and will remain at this level for the next few years.

There is one large project which the academy is considering. This is the provision of a new teaching block to support the additional students added to our roll. The plan is that this block will include sixth form areas and the school will submit an application to the EFA for funding by the end of 2014. The bid will be just under the £4m maximum funding level and there will be a contribution from the school's reserves. An initial bid was unsuccessful in 2013 but we stand better placed one year on. Planning permission was obtained for the building in September 2014.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

TRUSTEES' REPORT, INCORPORATING A STRATEGIC REPORT, APPROVED BY ORDER OF THE BOARD OF TRUSTEES, AS THE COMPANY DIRECTORS, AND SIGNED ON BEHALF OF THE BOARD:

I Kirkland - Trustee

26 November 2014

Homewood School & Sixth Form Centre

Governance Statement for the Year Ended 31 August 2014

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Homewood School & 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 of loss.

The board of the trustees has delegated the day-to-day responsibility to the Principal, 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 & Sixth Form Centre and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The appendices set out on pages 11 to 17 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 backdrop 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 twenty 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	Ms D Beeching	9	12
	Mr C Mills	11	12
	Mr S Parker	12	16
	Miss K Smith	12	12
	Mr M Thornton	3	12
Teacher Trustees	Mrs E Finn	8	9
	Mrs S White	5	9
Staff Trustee	Mrs S Clarke	13	13
Principal	Mrs S Lees	19	20
LEA Trustees	Mrs S Moon	11	13
	Mr C Kinloch	0	6
Partnership Trustees	Mrs J Kirk	10	17
	Mrs S Twort	5	12
	Mr I Kirkland (Chairperson)	20	20
	Mrs S Mash	13	13
Community Trustees	Mr N Vincer	9	10
	Mr W Wills	12	12
Clerk	Mrs K Douglas	19	20

The trustees aspire to achieve the GLM Governors Mark accreditation and during the year a training event was held in which a self-evaluation exercise was undertaken. Following on from this, in 2014/15 there will be further training, reviews and progress towards the Governor Mark accreditation.

Homewood School & Sixth Form Centre

Governance Statement for the Year Ended 31 August 2014

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of charitable company 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 & Sixth Form Centre for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1 September 2013 to 31 August 2014 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.

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 maintenance of the internal control framework.
- 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.

Homewood School & Sixth Form Centre

**Governance Statement
for the Year Ended 31 August 2014**

Approved by order of the members of the board of trustees on 26 November 2014 and signed on its behalf by:

I Kirkland - Trustee

Mrs S Lees - Accounting Officer

Homewood School & Sixth Form Centre

**Appendices to the Report of the Trustees
and the Governance Statement**

for the Year Ended 31 August 2014

- 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 2014

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>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 Health & Safety	
<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>l</i>	Colin Kinloch
<i>f</i>	Jill Kirk
<i>f</i>	Sue Mash
<i>f</i>	Sue Twort
<i>c</i>	Wayne Wills

Admissions	
<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 2014

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 <i>NB The bold capitalized word represents the membership of a core Hard Delivery Team</i>		
Vice Principal S Ridgway	Vice Principal S King	Vice Principal C Foreman
Learning	Students	Partnerships
<ul style="list-style-type: none"> • Learning HDT Leader • KS5 Team Leader • Curriculum Development • QA in Teaching and Learning (with AVP T&L) • Co-construction of Learning • IAG and Careers <ul style="list-style-type: none"> • Options • UCAS • IB Co-ordinator • Flexible Learning <p> LEARNING HDT STRATEGY EXECUTIVE GROUP </p>	<ul style="list-style-type: none"> • Student HDT Leader • Line management of Mini-School Leaders • Inclusion Team Leader • Mentoring Programme/Assemblies • Child protection lead • FLO's / Welfare • Attendance • Looked After Children • PSHE/Citizenship • Ethos for Learning • Multi-agency liaison • Alternative Curriculum <p> STUDENT HDT INCLUSION TEAM STRATEGY EXECUTIVE GROUP </p>	<ul style="list-style-type: none"> • Teaching Staff Training (with AVP T&L) • Systems Design • Business sponsorship • Regional Training Centre • Research and Development • ICT Development across the Curriculum • ICT Services Team Leader • Media and I-Total Centres • ITT programme (with AVP T&L) • NQT induction (with AVP Inclusion) <p> LEARNING HDT TRAINING TEAM STRATEGY EXECUTIVE GROUP </p>
Head of Administration & PA to Principal D Faulkner	School Business Manager M Seymour	Assistant Vice Principal H Jones
<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 <p> STAFF HDT TRAINING TEAM STRATEGY EXECUTIVE GROUP </p>	<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 <p> COMMUNITY HDT STRATEGY EXECUTIVE STRATEGY </p>	<p style="text-align: center;">Learning Development</p> <ul style="list-style-type: none"> • Curriculum Leader for Hythe MS • Learning Support and interventions • DCPC • Numeracy <p> LEARNING HDT INCLUSION TEAM STRATEGY </p>

Homewood School & Sixth Form Centre

**Leadership Team Areas of Responsibility
for the Year Ended 31 August 2014**

**Strategy Team
Areas of responsibility continued**

Assistant Vice Principal W McAllister	Assistant Vice Principal S Williams
Teaching and Learning	Community
<ul style="list-style-type: none"> • Curriculum Leader for 1 MS • QA in Teaching and Learning (with VP Learning) • Teaching Staff Training (with VP Partnerships) • Department Reviews • Department SEFs and Development Plans • ITT programme (with VP Partnerships) • A4L • G&T <p>LEARNING HDT TRAINING TEAM STRATEGY</p>	<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 • KIC Centre • Quality Marks <p>COMMUNITY HDT STRATEGY</p>
Assistant Vice Principal S Pusey	Senior Head of Mini School P Philpott
Curriculum	Head of Hythe Mini School
<ul style="list-style-type: none"> • Curriculum Leader for 1 MS (including Performing Arts) • COSMOS • Timetable • Assessment, Reporting and Exams • Data Team Leader • SIMs overview • Literacy <p>LEARNING HDT DATA TEAM STRATEGY</p>	<ul style="list-style-type: none"> • Head of Mini School • Line Mgt of FLO and MS Co-ord <p>STUDENT HDT STRATEGY</p>

Homewood School & Sixth Form Centre

Method of Recruitment and Appointment of Trustees for the Year Ended 31 August 2014

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 2014

Achievements and Performance

- Ofsted 2012 – Overall Effectiveness “Good” with “Good” in all four categories of Achievement, Teaching, Behaviour and Leadership & Management
- School Improvement Partner report June 2014 – Overall Effectiveness “Good” with “Good” Achievement, Teaching and Behaviour and “Outstanding” Leadership & Management
- Examination Outcomes 2014 (compared with 2013)
- * Note that changes in accountability measures in 2014 mean the figures marked * cannot be directly compared with the 2013 figures

Measure		2014	2013
	% 5+ A*-C inc. Maths and English (GCSE and equivalent)	46*	53
	% 5+ A*-C including maths and English (GCSE only)	41*	48
	% A*-C GCSE in English	64	62
	% A*-C GCSE in Maths	63	64
	% A*-C GCSE in Maths and English	52	53
	% 2+ A*-C science subjects (GCSE and equivalent)	31	34
	% 1+ A*-C modern foreign languages (GCSE and equivalent)	18	24
	% A*-C GCSE in Geography or History	27	20
	% English Baccalaureate	7	7
	% 1+ A*-G (GCSE and equivalent)	100	100
	3 Levels of Progress KS2 to 4		
	English	68	62
	Maths	67	64
	4+ Levels of Progress KS2 to 4		
	English	23	22
Maths	29	31	
Key Stage 5	A*/A grades	25	22
	A*/B grades	40	36
	A*/C grades	65	60
	A*/E grades	99	98
	% 2+ A2 and equivalent passes	71	71.9
	APS per student	594	624
	APS per examination entry	206	187.2

Homewood School & Sixth Form Centre

Key Performance Indicators continued for the Year Ended 31 August 2014

Key Performance Indicators 2013 - 14

- Examination outcomes as above
- 85% lessons observed during the year were Good or Outstanding with 32% Outstanding
- 6th form retention exceeded target of 80% (80.7%)
- Year 7 intake 2014 exceeded target of 360 (366)
- Attendance Sept – May reached target of 94%

Plans for Future Periods

School Improvement Plan priorities for 2014 – 15

- Percentage of students achieving 5A* - C including En/Ma at GCSE 63%
- Continued focus on closing PP gap in Maths and English
- Continue focus on closing gender gap, particularly in English
- Retention of students into Year 12 to continue at 80%+
- Recruitment at Year 7 to continue at 360+
- Quality of Teaching – 90% Good or Outstanding with 40% Outstanding
- Fixed term exclusions reduced to 100 or less
- Attendance to remain at least 94%
- Curriculum 2015 and beyond developed in the light of next phase of RPA and new Government accountability measures

School Improvement Plan 2014-15 sets out the steps to be taken to achieve these objectives

Homewood School & Sixth Form Centre

**Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2014**

As accounting officer of Homewood School & Sixth Form Centre I have considered my responsibility to notify the charitable company board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the charitable company 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 charitable company board of trustees are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company'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.

If any instances are identified after the date of this statement, these will be notified to the governing body and EFA.

Mrs S Lees - Accounting Officer

26 November 2014

Homewood School & Sixth Form Centre

Statement of Trustees Responsibilities for the Year Ended 31 August 2014

The trustees (who act as governors of Homewood School & Sixth Form Centre and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. 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 Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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.

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

ON BEHALF OF THE BOARD:

I Kirkland - Trustee

26 November 2014

Report of the Independent Auditors to the Members of Homewood School & Sixth Form Centre

We have audited the financial statements of Homewood School & Sixth Form Centre for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 issued by the Education Funding Agency (EFA).

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company'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 Strategic Report and the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 charitable company's affairs as at 31 August 2014 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 EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

**Report of the Independent Auditors to the Members of
Homewood School & Sixth Form Centre**

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

5 December 2014

Note:

The maintenance and integrity of the Homewood School & Sixth Form Centre website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Independent Reporting Accountant's Assurance Report on Regularity to Homewood School & Sixth Form Centre and the Education Funding Agency

In accordance with the terms of our engagement 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 & Sixth Form Centre during the period 1 September 2013 to 31 August 2014 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 & 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 Homewood School & Sixth Form Centre and 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 Homewood School & Sixth Form Centre and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Homewood School & Sixth Form Centre's funding agreement with the Secretary of State for Education 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 2013 to 31 August 2014 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 matter 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 charitable company's income and expenditure.

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 and 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.

**Independent Reporting Accountant's Assurance Report on Regularity to
Homewood School & Sixth Form Centre and the Education Funding Agency**

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 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

McCabe Ford Williams
Chartered Accountants
Invicta Business Centre
Monument Way
Orbital Park
Ashford
Kent
TN24 0HB

5 December 2014

Homewood School & Sixth Form Centre

**Statement of Financial Activities
for the Year Ended 31 August 2014**

		Unrestricted fund	Restricted funds	2014 Total funds	2013 Total funds
	Notes	£	£	£	£
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	79,683	109,532	189,215	153,815
Activities for generating funds	3	649,304	-	649,304	677,874
Investment income	4	4,478	-	4,478	6,883
Incoming resources from charitable activities					
Academy's educational operations	5	<u>-</u>	<u>10,748,391</u>	<u>10,748,391</u>	<u>10,914,189</u>
Total incoming resources		733,465	10,857,923	11,591,388	11,752,761
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising trading: cost of goods sold and other costs	7	339,815	36,962	376,777	430,742
Charitable activities					
Academy's educational operations	8	71,146	11,154,871	11,226,017	11,174,362
Governance costs	9	<u>-</u>	<u>55,776</u>	<u>55,776</u>	<u>44,697</u>
Total resources expended	6	<u>410,961</u>	<u>11,247,609</u>	<u>11,658,570</u>	<u>11,649,801</u>
NET INCOMING RESOURCES BEFORE TRANSFERS					
		322,504	(389,686)	(67,182)	102,960
Gross transfers between funds	21	<u>(451,593)</u>	<u>451,593</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources before other recognised gains and losses		(129,089)	61,907	(67,182)	102,960
Other recognised gains/losses					
Actuarial gains/losses on defined benefit schemes		<u>-</u>	<u>745,000</u>	<u>745,000</u>	<u>(64,000)</u>
Net movement in funds		(129,089)	806,907	677,818	38,960
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>697,148</u>	<u>28,959,313</u>	<u>29,656,461</u>	<u>29,617,501</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>568,059</u></u>	<u><u>29,766,220</u></u>	<u><u>30,334,279</u></u>	<u><u>29,656,461</u></u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

The notes form part of these financial statements

Homewood School & Sixth Form Centre (Registered Company Number 07736448)

**Balance Sheet
At 31 August 2014**

	Notes	Unrestricted fund £	Restricted funds £	2014 Total funds £	2013 Total funds £
FIXED ASSETS					
Tangible assets	14	-	32,082,219	32,082,219	32,001,689
CURRENT ASSETS					
Stocks	15	57,076	-	57,076	75,161
Debtors	16	235,466	-	235,466	137,407
Prepayments and accrued income		512,395	-	512,395	183,752
Cash at bank and in hand		<u>805,821</u>	<u>-</u>	<u>805,821</u>	<u>1,183,388</u>
		1,610,758	-	1,610,758	1,579,708
CREDITORS					
Amounts falling due within one year	17	<u>(1,042,698)</u>	<u>-</u>	<u>(1,042,698)</u>	<u>(1,059,936)</u>
NET CURRENT ASSETS		<u>568,060</u>	<u>-</u>	<u>568,060</u>	<u>519,772</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		568,060	32,082,219	32,650,279	32,521,461
PENSION LIABILITY	22	<u>-</u>	<u>(2,316,000)</u>	<u>(2,316,000)</u>	<u>(2,865,000)</u>
NET ASSETS		<u>568,060</u>	<u>29,766,219</u>	<u>30,334,279</u>	<u>29,656,461</u>
FUNDS					
Unrestricted funds:	21				
General fund				568,060	697,148
Restricted funds:					
General Annual Grant				-	(183,122)
Pension reserve				(2,316,000)	(2,865,000)
Other Government Grants				-	2,486
Other income				-	3,260
Fixed Asset Fund				<u>32,082,219</u>	<u>32,001,689</u>
				<u>29,766,219</u>	<u>28,959,313</u>
TOTAL FUNDS				<u>30,334,279</u>	<u>29,656,461</u>

The financial statements were approved by the Board of Trustees on 26 November 2014 and were signed on its behalf by:

I Kirkland -Trustee

The notes form part of these financial statements

Homewood School & Sixth Form Centre

**Cash Flow Statement
for the Year Ended 31 August 2014**

	Notes	2014 £	2013 £
Net cash (outflow)/inflow from operating activities	1	(198,482)	464,404
Returns on investments and servicing of finance	2	2,418	4,894
Capital expenditure and financial investment	2	(125,636)	(108,873)
		<hr/>	<hr/>
		(321,700)	360,425
Financing	2	(55,867)	(102,457)
		<hr/>	<hr/>
(Decrease)/increase in cash in the period		<u>(377,567)</u>	<u>257,968</u>

Reconciliation of net cash flow to movement in net debt

	3		
(Decrease)/increase in cash in the period		(377,567)	257,968
Cash outflow from decrease in debt and lease financing		<u>55,867</u>	<u>102,457</u>
Change in net debt resulting from cash flows		<u>(321,700)</u>	<u>360,425</u>
Movement in net debt in the period		(321,700)	360,425
Net debt at 1 September		<u>1,127,521</u>	<u>767,096</u>
Net debt at 31 August		<u>805,821</u>	<u>1,127,521</u>

The notes form part of these financial statements

Homewood School & Sixth Form Centre

**Notes to the Cash Flow Statement
for the Year Ended 31 August 2014**

1. RECONCILIATION OF NET (OUTGOING)\INCOMING RESOURCES TO NET CASH (OUTFLOW)\INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Net (outgoing)\incoming resources	(67,182)	102,960
Depreciation charges	45,106	30,031
Interest received	(4,478)	(6,883)
Interest paid	2,060	1,989
Decrease in stocks	18,085	2,698
Increase in debtors	(426,702)	(103,435)
Increase in creditors	38,629	312,044
Difference between pension charge and cash contributions	<u>196,000</u>	<u>125,000</u>
Net cash (outflow)/inflow from operating activities	<u>(198,482)</u>	<u>464,404</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2014	2013
	£	£
Returns on investments and servicing of finance		
Interest received	4,478	6,883
Interest paid	<u>(2,060)</u>	<u>(1,989)</u>
Net cash inflow for returns on investments and servicing of finance	<u>2,418</u>	<u>4,894</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(125,636)</u>	<u>(108,873)</u>
Net cash outflow for capital expenditure and financial investment	<u>(125,636)</u>	<u>(108,873)</u>
 Financing		
Loan repayments in year	<u>(55,867)</u>	<u>(102,457)</u>
Net cash outflow from financing	<u>(55,867)</u>	<u>(102,457)</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.13	Cash flow	At 31.8.14
	£	£	£
Net cash:			
Cash at bank and in hand	1,183,388	(377,567)	805,821
Debt:			
Debts falling due within one year	(55,867)	55,867	-
	<u> </u>	<u> </u>	<u> </u>
Total	<u>1,127,521</u>	<u>(321,700)</u>	<u>805,821</u>

Homewood School & Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2014

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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 2013 to 2014 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 included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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.

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.

Donations

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

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.

Donated services and gifts in kind

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

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

1. ACCOUNTING POLICIES - continued

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.

Cost 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.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2014

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
Plant and equipment	20%	Straight line method
Computer equipment	33%	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.

Stocks

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.

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.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2014

1. ACCOUNTING POLICIES - continued

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.

Pension costs and other post-retirement 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 22, 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.

Conversion to an academy

The conversion from a state maintained school to an academy trust in 2011 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.

2. VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Donations	<u>79,683</u>	<u>109,532</u>	<u>189,215</u>	<u>153,815</u>

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Trip income	170,420	-	170,420	177,106
Copier income	91,680	-	91,680	98,474
Farm income	12,003	-	12,003	24,403
Hire of facilities	45,369	-	45,369	40,914
Catering income	44,373	-	44,373	83,436
Shop income	82,093	-	82,093	70,625
Supply Course income	10,760	-	10,760	3,840
Consultancy income	19,173	-	19,173	23,113
PGCE Income	15,647	-	15,647	13,892
ICT recharges	1,511	-	1,511	13,369
Exam income	1,992	-	1,992	11,522
Departmental income	25,839	-	25,839	37,430
English and Maths Workshops	4,991	-	4,991	4,527
Bursary Fund	92,795	-	92,795	63,602
Other insurance claims	<u>30,658</u>	-	<u>30,658</u>	<u>11,621</u>
	<u>649,304</u>	-	<u>649,304</u>	<u>677,874</u>

4. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Short term deposits	<u>4,478</u>	-	<u>4,478</u>	<u>6,883</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	10,249,026	10,249,026	10,299,430
Other DfE/EFA grants	-	118,125	118,125	393,038
Devolved Capital Grant	-	<u>39,016</u>	<u>39,016</u>	<u>39,117</u>
	-	10,406,167	10,406,167	10,731,585
Other government grant				
Local Authority Grants	-	<u>342,224</u>	<u>342,224</u>	<u>182,604</u>
	-	<u>10,748,391</u>	<u>10,748,391</u>	<u>10,914,189</u>

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

6. RESOURCES EXPENDED

		Non-pay expenditure		2014	2013
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
Costs of generating funds					
Fundraising trading: cost of goods sold and other costs	-	-	376,777	376,777	430,742
Charitable activities					
Academy's educational operations					
Direct costs	7,207,305	-	1,084,163	8,291,468	8,203,508
Allocated support costs	<u>1,240,104</u>	<u>1,061,403</u>	<u>633,042</u>	<u>2,934,549</u>	<u>2,970,854</u>
	8,447,409	1,061,403	2,093,982	11,602,794	11,605,104
Governance costs including allocated support costs	<u>-</u>	<u>-</u>	<u>55,776</u>	<u>55,776</u>	<u>44,697</u>
	<u><u>8,447,409</u></u>	<u><u>1,061,403</u></u>	<u><u>2,149,758</u></u>	<u><u>11,658,570</u></u>	<u><u>11,649,801</u></u>

Net resources are stated after charging/(crediting):

	2014	2013
	£	£
Auditors' remuneration	9,000	17,100
Auditors' remuneration for non-audit work	2,125	2,800
Depreciation - owned assets	<u>45,106</u>	<u>30,031</u>

7. FUNDRAISING TRADING: COST OF GOODS SOLD AND OTHER COSTS

	Unrestricted funds	Restricted funds	2014 Total funds	2013 Total funds
	£	£	£	£
Purchases	248,135	-	248,135	236,779
Copying fundraising	91,680	36,962	128,642	110,527
Catering fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,436</u>
	<u><u>339,815</u></u>	<u><u>36,962</u></u>	<u><u>376,777</u></u>	<u><u>430,742</u></u>

8. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	2014 Total funds	2013 Total funds
	£	£	£	£
Direct costs				
Teaching and educational support staff	-	7,207,305	7,207,305	7,136,864
Educational supplies	71,146	737,468	808,614	812,099
Carried forward	71,146	7,944,773	8,015,919	7,948,963

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

8. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Direct costs				
Brought forward	71,146	7,944,773	8,015,919	7,948,963
Examination fees	-	195,706	195,706	208,612
Staff development	-	47,665	47,665	42,783
Educational consultancy	-	32,178	32,178	3,150
	<u>71,146</u>	<u>8,220,322</u>	<u>8,291,468</u>	<u>8,203,508</u>
Allocated support costs				
Support staff costs	-	1,240,104	1,240,104	1,022,202
Depreciation	-	45,106	45,106	30,031
Technology costs	-	16,000	16,000	17,157
Catering	-	110,337	110,337	60,546
Maintenance of premises and equipment	-	422,013	422,013	667,188
Cleaning	-	240,701	240,701	227,456
Rent and rates	-	115,080	115,080	124,283
Energy costs	-	178,957	178,957	201,481
Insurance	-	92,992	92,992	93,709
Security and Transport	-	49,295	49,295	39,613
Health and safety costs	-	45,574	45,574	67,265
Postage, stationery, copying and advertising	-	197,912	197,912	272,758
Interest payable and similar charges	-	2,060	2,060	1,989
FRS17 pension finance cost	-	108,000	108,000	82,000
Other support costs	-	70,418	70,418	63,176
	-	2,934,549	2,934,549	2,970,854
	<u>71,146</u>	<u>11,154,871</u>	<u>11,226,017</u>	<u>11,174,362</u>

9. GOVERNANCE COSTS

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Legal and professional	-	44,651	44,651	19,597
Auditors' remuneration	-	9,000	9,000	17,100
Auditors' remuneration for non-audit work	-	2,125	2,125	2,800
Other accountancy services	-	-	-	5,200
	-	<u>55,776</u>	<u>55,776</u>	<u>44,697</u>

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

10. TRUSTEES' REMUNERATION AND BENEFITS

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.

Trustees' expenses

During the year ended 31 August 2014, no travel and subsistence expenses were reimbursed to the trustees (2013 - £nil). Related party transactions involving the trustees are set out in note 24.

11. STAFF COSTS

	2014	2013
	£	£
Wages and salaries	6,681,066	6,556,939
Social security costs	495,858	453,541
Other pension costs	<u>1,061,970</u>	<u>1,007,960</u>
	8,238,894	8,018,440
Supply teacher costs	196,515	109,226
Compensation payments	<u>12,000</u>	<u>31,400</u>
	<u><u>8,447,409</u></u>	<u><u>8,159,066</u></u>

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

	2014	2013
Teachers	121	126
Administration and support	97	93
Management	<u>9</u>	<u>8</u>
	<u><u>227</u></u>	<u><u>227</u></u>

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

	2014	2013
£60,001 - £70,000	6	3
£100,001 - £110,000	<u>1</u>	<u>1</u>
	<u><u>7</u></u>	<u><u>4</u></u>

Six of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 employer's pension contributions for these staff amounted to £61,205 (2013 - Four employees £42,935). The other employee participated in the Local Government Pension Scheme, employer's pension contributions amounted to £13,176.

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

12. STAFF SEVERANCE PAYMENTS

Included in staff costs are non statutory/non contractual severance payments of £12,000 (2013 - £31,400) which reflected one payment of £12,000.

13. 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 in aggregate for each year. The cost for the year ended 31 August 2014 was included in the academy's total liability insurance cover.

14. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 September 2013	31,843,361	160,474	-
Additions	<u>-</u>	<u>67,905</u>	<u>8,400</u>
At 31 August 2014	<u>31,843,361</u>	<u>228,379</u>	<u>8,400</u>
DEPRECIATION			
At 1 September 2013	-	22,146	-
Charge for year	<u>-</u>	<u>22,033</u>	<u>1,680</u>
At 31 August 2014	<u>-</u>	<u>44,179</u>	<u>1,680</u>
NET BOOK VALUE			
At 31 August 2014	<u>31,843,361</u>	<u>184,200</u>	<u>6,720</u>
At 31 August 2013	<u>31,843,361</u>	<u>138,328</u>	<u>-</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2013	74,750	-	32,078,585
Additions	<u>-</u>	<u>49,331</u>	<u>125,636</u>
At 31 August 2014	<u>74,750</u>	<u>49,331</u>	<u>32,204,221</u>
DEPRECIATION			
At 1 September 2013	54,750	-	76,896
Charge for year	<u>4,950</u>	<u>16,443</u>	<u>45,106</u>
At 31 August 2014	<u>59,700</u>	<u>16,443</u>	<u>122,002</u>
NET BOOK VALUE			
At 31 August 2014	<u>15,050</u>	<u>32,888</u>	<u>32,082,219</u>
At 31 August 2013	<u>20,000</u>	<u>-</u>	<u>32,001,689</u>

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

15. STOCKS

	2014	2013
	£	£
Clothing	<u>57,076</u>	<u>75,161</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade debtors	53,209	39,418
Other debtors	<u>182,257</u>	<u>97,989</u>
	<u>235,466</u>	<u>137,407</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Bank loans and overdrafts (see note 18)	-	55,867
Trade creditors	523,106	319,264
Social security and other taxes	147,384	143,157
Other creditors	127,397	122,505
Accrued expenses	<u>244,811</u>	<u>419,143</u>
	<u>1,042,698</u>	<u>1,059,936</u>

Deferred income

	£
Deferred income at 1 September 2013	148,637
Resources deferred in the year	<u>(36,262)</u>
Deferred income at 31 August 2014	<u>112,275</u>

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

18. LOANS

An analysis of the maturity of loans is given below:

	2014	2013
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>-</u>	<u>55,867</u>

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

19. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases	
	2014	2013
	£	£
Expiring:		
Between one and five years	<u>2,053</u>	<u>2,053</u>

20. 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.

21. MOVEMENT IN FUNDS

	At 1.9.13	Net movement	Transfers	At 31.8.14
	£	in funds	between funds	£
		£	£	
Unrestricted funds				
General fund	697,148	322,505	(451,593)	568,060
Restricted funds				
General Annual Grant	(183,122)	(235,851)	418,973	-
Pension reserve	(2,865,000)	549,000	-	(2,316,000)
Other Government Grants	2,486	(2,486)	-	-
Other income	3,260	(3,260)	-	-
Fixed Asset Fund	<u>32,001,689</u>	<u>47,910</u>	<u>32,620</u>	<u>32,082,219</u>
	28,959,313	355,313	451,593	29,766,219
TOTAL FUNDS	<u>29,656,461</u>	<u>677,818</u>	<u>-</u>	<u>30,334,279</u>

Net movement in funds, included in the above are as follows:

	Incoming	Resources	Gains and	Movement in
	resources	expended	losses	funds
	£	£	£	£
Unrestricted funds				
General fund	733,465	(410,960)	-	322,505
Restricted funds				
School voluntary fund	95,149	(95,149)	-	-
General Annual Grant	10,249,027	(10,484,878)	-	(235,851)
Other DfE/EFA grants	118,125	(118,125)	-	-
Other Government Grants	302,224	(304,710)	-	(2,486)
Other income	382	(3,642)	-	(3,260)
Fixed Asset Fund	93,016	(45,106)	-	47,910
Pension reserve	-	(196,000)	745,000	549,000
	10,857,923	(11,247,610)	745,000	355,313
TOTAL FUNDS	<u>11,591,388</u>	<u>(11,658,570)</u>	<u>745,000</u>	<u>677,818</u>

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

21. MOVEMENT IN FUNDS - continued

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.

22. 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 2012 and of the LGPS 31 March 2013.

At the end of the financial year contributions amounting to £127,159 (2013 - £122,418) were payable to the schemes and are included within other creditors.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

22. 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) and from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic for teachers in part-time employment following appointment or a change of contract although they are able to opt out.

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

The Teachers' Pensions Regulations require an annual 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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website .

Teachers Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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 since April 2012 on a 40:80:100% basis.

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

22. PENSION AND SIMILAR OBLIGATIONS - continued

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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 2014 was £455,000 (2013 - £428,000), of which employer's contributions totalled £356,000 (2013 - £338,000) and employees' contributions totalled £99,000 (2013 - £90,000). The agreed contribution rates for future years are 14.1% for employers and 7.0% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department of Education. The guarantee came into force on 18 July 2013.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2014	2013
	£	£
Present value of funded obligations	(5,211,000)	(5,114,000)
Fair value of plan assets	<u>2,895,000</u>	<u>2,249,000</u>
	<u>(2,316,000)</u>	<u>(2,865,000)</u>
Deficit	<u>(2,316,000)</u>	<u>(2,865,000)</u>
Liability	<u>(2,316,000)</u>	<u>(2,865,000)</u>

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

	Defined benefit pension plans	
	2014	2013
	£	£
Current service cost	444,000	381,000
Interest cost	252,000	174,000
Expected return	<u>(144,000)</u>	<u>(92,000)</u>
	<u>552,000</u>	<u>463,000</u>
Actual return on Fund assets	<u>255,000</u>	<u>269,000</u>

The actuarial 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 £79,000 gain (2013 - £666,000 loss).

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

22. PENSION AND SIMILAR OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2014	2013
	£	£
Defined benefit obligation	(5,114,000)	(4,252,000)
Current service cost	(444,000)	(381,000)
Contributions by scheme participants	(99,000)	(90,000)
Interest cost	(252,000)	(174,000)
Actuarial losses/(gains)	664,000	(241,000)
Benefits paid	<u>34,000</u>	<u>24,000</u>
	<u>(5,211,000)</u>	<u>(5,114,000)</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2014	2013
	£	£
Fair value of scheme assets	2,249,000	1,576,000
Contributions by employer	356,000	338,000
Contributions by scheme participants	99,000	90,000
Expected return	144,000	92,000
Actuarial gains/(losses)	81,000	177,000
Benefits paid	<u>(34,000)</u>	<u>(24,000)</u>
	<u>2,895,000</u>	<u>2,249,000</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2014	2013
	£	£
Equities	1,975,000	1,619,000
Gilts	36,000	-
Other Bonds	341,000	270,000
Property	295,000	180,000
Cash	123,000	90,000
Target Return Portfolio	<u>125,000</u>	<u>90,000</u>
	<u>2,895,000</u>	<u>2,249,000</u>

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 2014) for the period to 31 August 2015. The returns on gilts and other bonds are assumed to be gilt yield and corporate bond yield (with an allowance for defaults) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2014

22. PENSION AND SIMILAR OBLIGATIONS - continued

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2014	2013
Discount rate	3.9%	4.7%
Expected return on scheme assets	6%	5.9%
Future salary increases	4.4%	5.1%
Future pension increases	2.6%	2.9%
Inflation assumption (CPI)	2.6%	2.9%

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

	2014	2013
Retiring today		
Males	22.7	20.1
Females	25.1	24.1
Retiring in 20 years		
Males	24.9	22.1
Females	27.4	26.0

Amounts for the current and previous two periods are as follows:

	2014	2013	2012
	£	£	£
Defined benefit pension plans			
Defined benefit obligation	(5,211,000)	(5,114,000)	(4,252,000)
Fair value of scheme assets	2,895,000	2,249,000	1,576,000
Deficit	(2,316,000)	(2,865,000)	(2,676,000)
Experience adjustments on scheme liabilities	953,000	-	-
Experience adjustments on scheme assets	81,000	177,000	62,000

The estimated value of employer contributions for the year ended 31 August 2015 is £311,000.

Sensitivity Analysis

The following sets out the impact of a 0.1% change in the discount rates, the long term salary increases, the pension increases and deferred revaluation and a 1 year change in the mortality age rating assumption on the present value of the total obligation and the projected service cost.

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
- Present value of total obligation	5,105,000	5,211,000	5,320,000
- Projected service cost	465,000	475,000	485,000
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
- Present value of total obligation	5,238,000	5,211,000	5,184,000
- Projected service cost	475,000	475,000	475,000
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
- Present value of total obligation	5,294,000	5,211,000	5,130,000
- Projected service cost	485,000	475,000	465,000
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
- Present value of total obligation	5,033,000	5,211,000	5,391,000
- Projected Service cost	459,000	475,000	491,000

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2014**

23. CONTINGENT LIABILITIES

No contingent liabilities existed at the year end.

24. RELATED PARTY DISCLOSURES

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.

25. HOME FARM CHILDRENS NURSERY LTD

On 1 April 2014 the nursery on the school site known as Home Farm Children's Nursery Ltd. became a subsidiary company to the academy. This was agreed by the EFA at the same time as a new 5 year lease was sanctioned by them granting the nursery a continuing leasehold over the building and surrounding land. The nursery is a charitable company limited by guarantee and no consideration was paid for this acquisition. The academy is the member of the nursery. Home Farm Childrens Nursery Ltd will present their accounts separately for the seventeen month period to 31 August 2015 and thereafter.