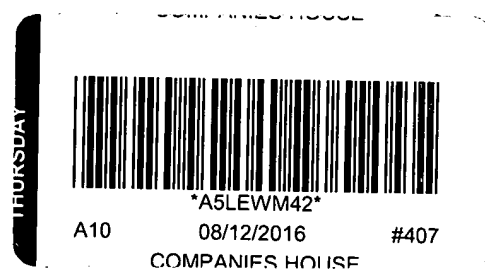


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REGISTERED COMPANY NUMBER: 07736448 (England and Wales)

**Report of the Trustees and
Financial Statements for the Year Ended 31 August 2016
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

**Contents of the Financial Statements
for the Year Ended 31 August 2016**

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 8
Governance Statement	9 to 11
Appendices to the Report of the Trustees and Governance Statement	12 to 17
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees Responsibilities	19
Report of the Independent Auditors	20 to 21
Independent Accountant's Report on Regularity	22 to 23
Statement of Financial Activities	24
Balance Sheet	25
Cash Flow Statement	26
Notes to the Cash Flow Statement	27
Notes to the Financial Statements	28 to 46

Homewood School & Sixth Form Centre

Reference and Administrative Details for the Year Ended 31 August 2016

Trustees	Parent Trustees	Partnership Trustees
	Mr D Akporehe	Mrs J Kirk
	Mr T Barton	Mr I Kirkland
	Mr S Parker	Mrs S Mash
	Ms K Smith	
	Mr M Thornton (resigned 1/10/15)	
	Teacher Trustees	Community Trustees
	Mrs S White	Mrs G Guthrie
	Staff Trustees	Mr C Mills
	Mrs S Clarke (resigned 19/11/15)	Mrs S Moon
Secretary	Mrs J Ross-Smith	Mr N Vincer
	Principal	Clerk
	Mrs S Lees	Mrs K Douglas
Senior management team	Mrs K Douglas	
	Mrs S Lees	Principal
	Mrs S King	Vice Principal
	Mr C Foreman	Vice Principal
	Mr S Ridgway	Vice Principal
	Mrs D Faulkner	Head of Administration
	Mr M Seymour	School Business Manager
	Mr W McAllister	Assistant Vice Principal
	Mr S Pusey	Assistant Vice Principal
Registered Office	Mrs H Jones	Assistant Vice Principal
	Mr P Philpot	Senior Assistant Head of College
	Mrs B Wostear	Director of Student Development
Company Registration Number	Homewood School & Sixth Form Centre Ashford Road Tenterden Kent TN30 6LT	
Auditors	07736448	
Bankers	McCabe Ford Williams Invicta Business Centre Monument Way Orbital Park Ashford Kent TN24 0HB	

Homewood School & Sixth Form Centre

Report of the Trustees for the Year Ended 31 August 2016

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 2016. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education Funding Agency.

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 2015/16 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 with 50% graded as outstanding.
- Improve the impact of all leaders and management - 64% 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 85% in English.
- Improve outcomes for vulnerable groups including FSM, Pupil Premium and SEN.
- Audit progress of vulnerable groups including "FSM ever" for impact of pupil premium income.
- Review Curriculum model for 2016/17 - to incorporate changes to GCSE, BTEC, A level and new accountability measures including Progress 8.
- Ensure behaviour for learning is outstanding by reinforcing the 4 P's - Politeness, Punctuality. Pride, Putting litter in the bin
- Embed I-Pads as a tool for learning in Years 7 to 10 and 6th form.
- Work closely with local primary schools through the Tenterden Rural Alliance to raise attainment across the alliance and to improve transition from KS2.
- Continued focus on attendance and maintenance of successful strategies in this area.
- Develop community cohesion including building on existing links with the community.
- Continued focus on high quality transition into Discovery College and out of the Sixth Form.
- Submit application for Governor Mark and provide Tenterden Rural Alliance Governor training.
- Continue to improve communication with parents by 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.
- Deliver balanced budget for 2015/16.

Public benefit

The trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 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 2016

STRATEGIC REPORT

Achievement and performance

Key financial performance indicators

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

In September 2012 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 since then and the examination results in 2016 were the best ever at KS5. The KPIs later in this report evidence this. There was a more mixed picture at KS4 where the overall percentage achieving A* to C in English and Maths at 48% was a little lower than the previous year reflecting grade boundary changes and the volume of students on the C/D borderline. The Pupil Premium gaps closed considerably in both Maths and English. The results at KS5 were strong with the percentage of students achieving 2 plus subjects at A2 level or equivalent at 77% but the A* to C percentage increasing from 52 the previous year to 61 this year, a significant hike. The highest number of students ever applied to and left for university (96). The School Improvement Partner undertook reviews in 2015/16 and his evaluation was that the school was solidly "good" which is where the detailed Self-Evaluation in September 2016 assessed the school to be. During the year there were further premises improvements adding to the previous four years of investment in the site. The refurbishment of the F block language area with carpets and LED lighting and new ceiling was undertaken in the summer. In addition, a new mobile with a training suite of sports equipment was installed. This will add another teaching facility for PE. The Property Data Survey from the EFA which was undertaken in December 2013 evidenced 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. There were some significant strides towards the establishing of the Multi-academy trust with the Tenderden primary schools during the academic year and the conversion date of 1 December 2016 has been agreed by all parties involved.

The financial element is covered in the financial section to follow.

Financial review

The academy had a small surplus of income over expenditure of £14k in 2015/16 (prior to the movement on the pensions deficit) which was good and this was close to the budgeted surplus. After 2014/15, in which there was an in-year deficit the academy wanted to ensure that 2015/16 showed a surplus and this has been the case. Reserves have thus been strengthened. There were a number of areas in which the school obtained additional income. Income from facilities and services was as strong as it has ever been and there were a number of additional grants. £50k was obtained from the EFA for capital grant funding to replace windows in T block where there had been a problem with the previous ones. There was also a teacher specialist subject grant for £60k and income from KCC for supporting another school. Whilst there was expenditure against these income areas nonetheless the additional income enabled the school to spend over £130k on premises improvements in a year when maintenance only was planned in order to keep costs down. 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 February 2016 (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 2015/16 reflect the census numbers in October 2014.

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 Limited 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 sole member of the nursery. Home Farm Children's Nursery Limited will present their accounts separately for the year to 31 August 2016. As explained in note 26 the subsidiary is not consolidated as it is regarded as being immaterial to the group.

Homewood School & Sixth Form Centre

Report of the Trustees for the Year Ended 31 August 2016

STRATEGIC REPORT

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 2016/17 the Educational Services Grant that replaced the LACSEG (Local authority holdback) will fall once again. In 2014/15 this was £140 per student and in 2015/16 £87 per student. In 2016/17 it will be £77 per student. The resultant cuts over two years are £140k which is considerable. The base funding per student allowance remains on a flat cash basis which means that there has been no additional funding for over 6 years. 2015/16 saw an increase in the employers' contributions to teachers pensions by 2.3% and also from April 2016 the employers' national insurance contributions will increase due to the ending of the allowance for contracting-out of the additional state pension. This will add in a full year (2016-17) about £150k to staffing costs. Furthermore, the Government's Apprenticeship levy will cost the school about £42k in 2017.

It is for this reason that the risks are regularly assessed and the academy is already working on its plans for 2017/18 and thereafter. 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 2016/17 is about £100k up on 2015/16 which is helpful in a year of additional costs as noted above. The plan of increasing numbers has been successful for the sixth form but has fallen back a little in September 2016 which will give us a challenge in 2017/18 under the lagged funding system. Overall sixth form numbers increased by 65 to 415 in September 2013, by a further 47 to 462 in September 2014 and then 38 to 500 in September 2015. In September 2016 they have fallen back to 443 with a number of reasons underlying this but we are confident that this is a one year blip. Recruitment for year 7 was sound in September 2016 at 358. With the Grammar schools increasing their PAN (Planned Admission Number) and the rising costs of the Kent Freedom bus pass it is challenging to move nearer to the new PAN of 390. However, with the Tent1 building programme underway the school should gain additional students across all years in the next two years. The raising of the possible school intake to 390 from 2014 was successful in the first year as 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 which shows the need for an additional four form entry across Ashford from 2018.

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 e.g. lettings, consultancy support etc. As noted above, 2015/16 saw a strong performance in these areas which is encouraging.

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 2016 and to the Full Committee later the same month.

One area to be noted is the Local Government Pension Scheme with a deficit of £5.01m where there was an increase of £2.5m in the deficit over the year. These figures are taken from the latest actuarial valuation for the academy undertaken by Barnett Waddingham public sector consulting. There has been a significant increase in the deficit and the report states "Deficits have increased considerably this year due to the fall in corporate bond yields". Given this there has been a change in the discount rate assumptions used in the calculations. It is apparent that this has been affected by the Brexit vote and may well change in the next year's review. There is a risk that this deficit could further increase in the period to August 2017 although by then the Brexit strategy and its early effect will be clearer.

Homewood School & Sixth Form Centre

Report of the Trustees for the Year Ended 31 August 2016

STRATEGIC REPORT

Financial review

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 by the Trustees that the level of reserves should be maintained at or around the level of two weeks of total staff costs. For the 2015/16 year this calculates at £331k based on total staff costs of £8.7m. As staff costs are about 74% of all costs this covers by far the largest item on the cost side of running the academy. This level of reserves will provide 1.5 weeks cover for all of the academy's costs and not just staff costs.

For 2015/16 the free reserves in the audited accounts are £266k (2015 - £218k) and are less than the minimum level noted above. This would equate to 1.6 weeks of salary costs. The Trustees aim to continue to strengthen the reserves over the next two to three years but these will be challenging years so they acknowledge the need to be realistic in this.

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.

The total funds at 31 August 2016 were £27,380k of which £266k were in unrestricted funds and £27,114k are in restricted funds not available for general purposes of the academy trust at 31 August 2016. The balance on restricted and unrestricted general funds was £266k.

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 2015/16 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.

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

Going concern

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

Homewood School & Sixth Form Centre

Report of the Trustees for the Year Ended 31 August 2016

STRATEGIC REPORT

Future plans

As noted above, the academy has a three year budget plan and this extends to 2018/19. 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. With the commencement of the Tenterden Schools Trust in December 2016 the Homewood plans will form part of the overall trust plans. Under those plans the individual schools in the trust will each have balanced budgets as far as possible. The Homewood budget for 2016/17 shows a surplus of £39k and there will be regular reviews of performance against that budget via the management accounts. The following two years are challenging on a flat cash settlement basis and 2017/18 will be particularly challenging with lower sixth form numbers this year. From 2018/19 there will be the first tranche of a move towards a national funding formula which should provide Kent secondary schools with more income on the per pupil funding measure. There should also be some Section 106 secondary school funding from the new housing development in the town. This could bring over £300k of funding for capital building projects.

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 more in terms of covering the additional numbers to meet the commissioning plan from KCC for the Ashford area and the additional students from the Tent 1 development in Tenterden. 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. There are two longer term premises projects which are under consideration. The first is a new building on the school site which was originally approved for planning permission in August 2015. As part of the growth plans to meet demand for places in the Ashford area the trust will be looking to move this forward, if possible. The second is a 3G sports pitch on the current Redgra area which the school plans to use during school hours and to let to the community for evening and weekend use. Funding will be sought through the S106 playing pitches provision under the Tent 1 new housing agreement and from sports bodies. The school is working with the community on these plans.

The academy has plans to continue to increase its roll and the numbers are a large driver in finance as noted above. The Sixth Form growth has been noted in this report and from 2017 we anticipate this settling at around the 480/490 level. From the current position we feel that the year 7 intake will improve as the demand for places grows with the additional numbers coming through from the primary schools. This starts from 2016/17 but by 2018 will be more evident. In addition, we are seeking to increase our in year recruitment. The PAN (planned admission number) has increased from 360 to 390 and will remain at this level for the next few years.

The major change for 2016/17 will be the establishment of the Tenterden Schools Trust from December 2016 which will bring St.Michael's C of E Primary school, Tenterden C of E Junior school and Tenterden Infants school together with Homewood School & Sixth Form Centre into a multi-academy trust. Considerable planning has gone into the creation of this trust which will build on the success of the Tenterden Rural Alliance.

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 & 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 & 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.

Homewood School & Sixth Form Centre

Report of the Trustees for the Year Ended 31 August 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

Method of recruitment and appointment or election of trustees

The 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.

Homewood School & Sixth Form Centre

Report of the Trustees for the Year Ended 31 August 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

Arrangements for setting pay and remuneration of key management personnel

The Governing body has a Pay Review Committee established from the Chairs of the various sub committees. This group meets with the Principal to review the pay of all senior teaching and associate staff. This meeting is usually in October each year after the year-end appraisals but additional meetings are held during the year as necessary. The Committee question the Principal closely on the proposals and comparisons are made to other schools and the marketplace to ensure that salary levels are appropriate.

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.

Related parties

Home Farm Children's Nursery Limited

The nursery is situated on the school site and there are three directors who are school staff and two others one of whom has connections with the school but is not employed by the school. The Company secretary is the same for both companies. The nursery became a subsidiary company to Homewood School & Sixth Form Centre on 1 April 2014. It has an annual turnover of about £250k and employs 13 staff. During this period the nursery has made donations to the school totalling £8.9k of which £6.9k is to cover the cost of the school's purchase of the artificial grass surface area for all year usage and the other £2k are payments relating to the initial cost of the new mobile extension which was noted in last year's accounts. There was a small surplus of £8.2k in the nursery accounts for the twelve months to 31 August 2016 and sound reserves of £38k.

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.

AUDITORS

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

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on23/11/2016..... and signed on the board's behalf by:



Ms K Smith - Trustee

Homewood School & Sixth Form Centre

Governance Statement for the Year Ended 31 August 2016

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to Mrs S Lees, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Homewood School and Sixth Form Centre and the Secretary of State for Education. She is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The appendices set out on pages 12 to 17 detail the Structure of Trustee Committees and the Leadership Team Areas Of Responsibility.

The Governing body provided strong support to the senior leadership in the year both overall and through the work of the sub-committees. They are closely involved with specialist areas such as Pupil Premium, SEN/D and Child Protection by attaching designated Governors to these areas. In addition, the governors work closely with the school on the high priority areas for the year. Two parent governors were re-elected in September 2015 and two new parent governors were appointed. One Community Governor was appointed in October 2015 and the Associate Staff Governor was elected and appointed in October 2015. In 2012 the Ofsted report stated : "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". This situation continues to apply and has moved further forward since that time.

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 three 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	Mr D Akporehe	4	9
	Mr S Parker	9	16
	Mr T Barton	6	8
	Ms K Smith	10	12
Staff Trustees	Mrs S White	8	8
	Mrs S Clarke	2	2
	Mrs J Ross-Smith	6	6
Principal	Mrs S Lees	21	23
Partnership Trustees	Mrs J Kirk	10	20
	Mr I Kirkland		
	(Chairperson to 30 Jun 16)	14	18
	Mrs S Mash	14	15
Community Trustees	Mrs G Guthrie	4	6
	Mr C Mills	10	14
	Mr S Moon	11	12
	Mr N Vincer	17	17
	(Chairperson from 1 Jul 16)		
Clerk	Mrs K Douglas	23	23

Review of Value for Money

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

Homewood School & Sixth Form Centre

Governance Statement for the Year Ended 31 August 2016

Review of Value for Money

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees on a regular basis. The academy has delivered value for money during the year adhering closely to the Financial Regulations Manual in all of its financial transactions and by comparing its performance with other academy schools from EFA benchmarking data to ensure that expenditure levels are reasonable for an academy of this size.

The Financial Regulations Manual is the guide in this area which the school, the Governing Body and the auditors use. This is updated each year to fit closely to the Academies Handbook (last updated February 2015). It establishes the financial roles, powers and responsibilities of the Principal as Accounting Officer, the School Business Manager and the Finance Committee of the Governing body. There are specific guidelines on purchases:

- 1 All service contracts over the OJEU limit must go via a tendering process with the obligatory European advertisements duly placed.
- 2 All orders over £10k must evidence "best value" - whether this be by alternative quotations in full or by a study of what other organisations have paid or evidence given of reasonable market rates for the goods/services to be supplied. In practice this is applied to all purchases over £1k.
- 3 All purchases over £20k must have evidence of three alternative quotations.
- 4 The principal teachers and all other budget holders must have all purchase orders over £1k countersigned by the school business manager.
- 5 The principal teachers and budget holders will have their budgets agreed by the school business manager before the academic year and these will link with their department plans which are agreed by the Principal.

All of these above help to ensure that the school achieves value for money in its purchasing and that the purchases link with whole school plans.

The internal accounting controls are strengthened by the auditors undertaking a full accounting year audit as is standard practice but in addition to this they also perform three internal interim audit checks. These are managed by a separate office to the same accountancy practice that undertake the year-end audit (McCabe Ford Williams). The interim audits cover purchasing, payments and salaries as well as income areas. Areas to be covered and volume of checks undertaken are detailed in the Financial Regulations Manual. The report is sent to a Trustee who is the Responsible Officer and he in turn reports to the Audit Committee. The Responsible Officer is not part of the Finance Committee and has a reporting role to the Audit Committee only. During 2015/16 these audits showed that financial matters were being conducted well but there were minor areas for improvement and the Trustees and the school appreciate the depth and breadth of these reviews.

In addition, the Education Funding Agency provide an Accounts Direction document for the year end audit. One area of focus is a review of contracted work undertaken by relatives of the Charity trustees for the benefit of the school. During the year just one piece of work was undertaken for £660.

We strongly believe that Homewood School & Sixth Form Centre delivered value for money during the 2015/16 academic year. The imperative to ensure value for money is one of the cornerstones of what we do and firmly engrained into all of our expenditure plans as we move into 2016/17.

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 2015 to 31 August 2016 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Homewood School & Sixth Form Centre

Governance Statement for the Year Ended 31 August 2016

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

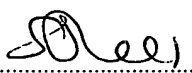
As Accounting Officer, Mrs S Lees has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- * the work of the Responsible Officer and interim audit checks;
- * 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.

Approved by order of the members of the board of trustees on 23/11/2016 and signed on its behalf by:


Ms K Smith - 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 2016

- | | |
|------------|---|
| 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 2016

Finance	
<i>s</i>	Sue Clarke
<i>f</i>	Jill Kirk
<i>f</i>	Sue Mash
<i>p</i>	Steve Parker
<i>p</i>	David Akporehe
Mark Seymour	

Curriculum & Welfare	
<i>p</i>	Tim Barton
<i>s</i>	Sue Clarke
<i>c</i>	Gillian Guthrie
<i>f</i>	Sue Mash
<i>l</i>	Sue Moon
<i>p</i>	Kate Smith
<i>s</i>	Jane Ross - Smith
<i>s</i>	Sandra White
Steve Ridgway	

Personnel	
<i>f</i>	Jill Kirk
<i>p</i>	Cliff Mills
<i>c</i>	Sue Moon
<i>p</i>	Steve Parker
<i>p</i>	Kate Smith

Nicola Callingham

Premises Health & Safety	
<i>p</i>	David Akporehe
<i>p</i>	Tim Barton
<i>f</i>	Jill Kirk
<i>c</i>	Cliff Mills
<i>p</i>	Steve Parker
<i>c</i>	Neil Vincer

Discipline	
<i>f</i>	Jill Kirk
<i>f</i>	Sue Mash

Admissions	
<i>f</i>	Sue Mash
<i>c</i>	Sue Moon
<i>s</i>	Jane Ross - Smith

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

Child Protection
Steve Parker
SEN
Cliff Mills
Pupil Premium
Sue Moon

Chair of Committee in Bold

Type of Trustee

p = parent

/ = LEA

$f =$ partnership

$s = \text{staff (head +2 teachers + 1 non-teaching staff)}$

c = community

Homewood School & Sixth Form Centre

Leadership Team - Areas of Responsibility for year ended 31 August 2016

Sally Lees – Principal The Principal is directly responsible for the strategic development of the school; relations with governors; 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 Kent Association of Headteachers and Local Education Authority. The Principal chairs the EXECUTIVE group and 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 • Line management of English • Literacy • 6th Form 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"> o Options o UCAS • IB Co-ordinator • Flexible Learning • Whole Education Champion • KIC Centre LEARNING HDT STRATEGY TEAM EXECUTIVE GROUP	<ul style="list-style-type: none"> • Student HDT Leader • Line management of Maths • Numeracy • Inclusion Team Leader • Early Intervention Team Leader • Mentoring Programme/Assemblies • FLO 's / Welfare • Student Services Team Leader • Attendance • PSHE/Citizenship • Ethos for Learning • Multi-agency liaison/CAFs • Alternative Curriculum • Transport -students (with colleges) • Healthy schools oversight STUDENT HDT INCLUSION TEAM STRATEGY TEAM EXECUTIVE GROUP	<ul style="list-style-type: none"> • Head of TRA Leadership & Training Centre • Line management of Science • I-College • Teaching Staff Training (with AVP T&L) • Systems Design • Business sponsorship • Regional Training Centre • ICT Development across the Curriculum • ICT Services Team Leader • ITT programme (with AVP T&L) • NQT induction • Research and Development LEARNING HDT TRAINING TEAM STRATEGY TEAM EXECUTIVE GROUP
Head of Administration & PA to Principal D Faulkner	School Business Manager M Seymour	Assistant Vice Principal Hannah Jones
		Learning Support
<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 • Staff Duties • Master classes and summer school STAFF HDT TRAINING TEAM STRATEGY TEAM EXECUTIVE GROUP	<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 • Transport contracts • Trips and Visits - finance COMMUNITY HDT STRATEGY TEAM EXECUTIVE GROUP	<ul style="list-style-type: none"> • Head of World College • Head of Learning Support department • Looked After Children • Child Protection advisor • International links • Trips and Visits EVC LEARNING HDT INCLUSION TEAM STRATEGY TEAM

Homewood School & Sixth Form Centre

Leadership Team - Areas of Responsibility for year ended 31 August 2016

Senior Assistant Head of College P Philpot	Assistant Vice Principal W McAllister
Assistant Head of Discovery College	Teaching and Learning
<ul style="list-style-type: none"> Assistant Head of College Student progress and welfare Line management of Discovery College Senior FLO, FLO and College Co-ordinator Oversight of FLO Team 	<ul style="list-style-type: none"> Head of Discovery College QA in Teaching and Learning with VP Learning) Delivery of Literacy and Numeracy through T&L Teaching Staff Training (with VP Partnerships) Department Reviews ITT programme (with VP Partnerships) A4L G&T
STUDENT HDT STRATEGY TEAM	LEARNING HDT ADMISSIONS TEAM STRATEGY TEAM
Director of Student Development B Wostear	Assistant Vice Principal S Pusey
	Curriculum
<ul style="list-style-type: none"> Head of Enterprise College Apprenticeships Student Leadership <ul style="list-style-type: none"> Student Council Prefect Team Student Union 	<ul style="list-style-type: none"> Head of Arts College COSMOS Timetable Assessment, Reporting and Exams Data Team Leader Achievement Team Leader SIMs overview Rotary Awards Artsmark Award
STUDENT HDT STRATEGY TEAM	LEARNING HDT DATA TEAM STRATEGY TEAM

Homewood School & Sixth Form Centre

Method of Recruitment and Appointment of Trustees for the Year Ended 31 August 2016

Method of Recruitment and Appointment of Trustees

Election Process:

Parent:

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

Staff:

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

Community:

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

Partnership:

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

Homewood School & Sixth Form Centre

Key Performance Indicators for the Year ended 31 August 2016

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 July 2016 – Overall Effectiveness “Good” with “Good” Achievement, Teaching, Behaviour and Leadership & Management

Examination Outcomes 2016 (compared with 2014 and 2015)

*

Measure		2016	2015	2014
	% 5+ A*-C inc. Maths and English (GCSE and equivalent)	43	50	46
	% A*-C GCSE in English	63	70	64
	% A*-C GCSE in Maths	53	62	63
	% A*-C GCSE in Maths and English	48	54	52
	% English Baccalaureate	14	13	7
	3 Levels of Progress KS2 to 4			
	English	67	73	68
	Maths	50	67	67
	4+ Levels of Progress KS2 to 4			
	English	20	24	23
	Maths	18	25	29
Key Stage 5	A*/A grades	18	20	25
	A*/B grades	34	30	40
	A*/C grades	61	52	65
	A*/E grades	97	91	99
	% 2+ A2 and equivalent passes	76	77	71
	APS per student	622	612.5	594
	APS per examination entry	208	201	206

Key Performance Indicators 2016- 17

- Examination outcomes as above
- 87% lessons observed during the year were Good or Outstanding with 32% Outstanding
- 6th form retention below target of 80% following GCSE outcomes but overall growth seen over last three years
- Improvement in attainment and progress outcomes in English for Pupil Premium and SEND students compared with 2014 and 2015

Plans for Future Periods

School Improvement Plan priorities for 2016 – 17

- Percentage of students achieving A* - C including En and Ma at GCSE 64%; positive Progress 8
- Focus on closing PP and SEND progress gaps in Maths
- Continue focus on closing gender gap, particularly in English
- Retention of students into Year 12 80%+
- Recruitment at Year 7 360+
- Quality of Teaching – 100% Good or Outstanding with 50% Outstanding
- Fixed term exclusions reduced to 120 or less
- Attendance at least 94%
- Curriculum 2017 and beyond developed to improve cost efficiency whilst delivering accountability outcomes

School Improvement Plan 2016-17 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 2016**

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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



Mrs S Lees - Accounting Officer

Date: 23/11/16

Homewood School & Sixth Form Centre

Statement of Trustees Responsibilities for the Year Ended 31 August 2016

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 Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- 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.

Approved by order of the board of trustees on 23/11/2016 and signed on its behalf by:

K. Smith
Ms K Smith - Trustee

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 2016 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 2015 to 2016 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 set out on page thirteen, 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 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 2016 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 Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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



Date: 2 DECEMBER 2016

**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 2015 to 2016, 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 2015 to 31 August 2016 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 the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than 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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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



Date: 21 SEPTEMBER 2016

Homewood School & Sixth Form Centre

Statement of Financial Activities for the Year Ended 31 August 2016

					2016	2015
	Not es	Unrestricted fund £	Restricted Fixed Assets Fund £	Restricted General funds £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	77,959	-	102,183	180,142	245,627
Charitable activities						
Funding for the academy's educational operations	3	-	-	11,017,840	11,017,840	10,733,124
Other trading activities	4	424,630	-	221,989	646,619	605,292
Investment income	5	2,714	-	-	2,714	3,141
Total		505,303	-	11,342,012	11,847,315	11,587,184
EXPENDITURE ON						
Raising funds	7	158,795	-	196,222	355,017	362,449
Charitable activities						
Academy's educational operations		264,741	71,538	11,422,094	11,758,373	11,769,172
Total	6	423,536	71,538	11,618,316	12,113,390	12,131,621
NET INCOME/(EXPENDITURE)		81,767	(71,538)	(276,304)	(266,075)	(544,437)
Transfers between funds	21	(34,232)	37,928	(3,696)	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	-	(2,225,000)	(2,225,000)	81,000
Net movement in funds		47,535	(33,610)	(2,505,000)	(2,491,075)	(463,437)
RECONCILIATION OF FUNDS						
Total funds brought forward		217,997	32,165,845	(2,513,000)	29,870,842	30,334,279
TOTAL FUNDS CARRIED FORWARD		265,532	32,132,235	(5,018,000)	27,379,767	29,870,842

The notes form part of these financial statements

Homewood School & Sixth Form Centre

Balance Sheet
At 31 August 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	14	32,132,235	32,165,845
CURRENT ASSETS			
Stocks	15	44,633	60,115
Debtors	16	170,553	194,327
Prepayments and accrued income		316,165	376,678
Cash at bank and in hand		<u>763,672</u>	<u>657,416</u>
		1,295,023	1,288,536
CREDITORS			
Amounts falling due within one year	17	<u>(1,029,491)</u>	<u>(1,070,539)</u>
NET CURRENT ASSETS		<u>265,532</u>	<u>217,997</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		32,397,767	32,383,842
PENSION LIABILITY	22	<u>(5,018,000)</u>	<u>(2,513,000)</u>
NET ASSETS		<u>27,379,767</u>	<u>29,870,842</u>
FUNDS	21		
Unrestricted funds:			
General fund		265,532	217,997
Restricted funds:			
Pension reserve		(5,018,000)	(2,513,000)
Fixed Asset Fund		<u>32,132,235</u>	<u>32,165,845</u>
		<u>27,114,235</u>	<u>29,652,845</u>
TOTAL FUNDS		<u>27,379,767</u>	<u>29,870,842</u>

The financial statements were approved by the Board of Trustees on 23/11/2016 and were signed on its behalf by:


Ms K Smith -Trustee

The notes form part of these financial statements

Homewood School & Sixth Form Centre

**Cash Flow Statement
for the Year Ended 31 August 2016**

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Cash generated from operations	1	143,676	2,781
Interest paid		<u>(2,206)</u>	<u>(2,352)</u>
Net cash provided by (used in) operating activities		<u>141,470</u>	<u>429</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(37,928)	(151,975)
Interest received		<u>2,714</u>	<u>3,141</u>
Net cash provided by (used in) investing activities		<u>(35,214)</u>	<u>(148,834)</u>
Change in cash and cash equivalents in the reporting period		106,256	(148,405)
Cash and cash equivalents at the beginning of the reporting period		<u>657,416</u>	<u>805,821</u>
Cash and cash equivalents at the end of the reporting period		<u>763,672</u>	<u>657,416</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 2016**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(266,075)	(544,437)
Adjustments for:		
Depreciation	71,538	68,349
Interest received	(2,714)	(3,141)
Interest paid	2,206	2,352
Decrease/(increase) in stocks	15,482	(3,039)
Decrease in debtors	84,287	176,856
(Decrease)/increase in creditors	(41,048)	27,841
Difference between pension charge and cash contributions	<u>280,000</u>	<u>278,000</u>
Net cash provided by (used in) operating activities	<u>143,676</u>	<u>2,781</u>

Homewood School & Sixth Form Centre

Notes to the Financial Statements for the Year Ended 31 August 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Homewood School & Sixth Form Centre meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Homewood School & Sixth Form Centre prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015. The financial statements of Homewood School & Sixth Form Centre for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for comparative figures are included in note 27.

Consolidated Accounts

Consolidated accounts have not been prepared as the results, assets and liabilities of the only subsidiary, Home Farm Childrens Nursery Limited, are not considered material to the group. Further details of the subsidiary are included within note 26.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

1. ACCOUNTING POLICIES - continued

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and the subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 25.

Other income

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Raising funds

Raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

Costs of charitable activities are incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

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.

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 (including land), it is considered that the estimated residual value as defined in FRS 102 is not materially different to the current net book value and therefore no depreciation is provided on freehold property.

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 2016

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 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 and Department for Education.

Pension costs and other post-retirement benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Donations	<u>77,959</u>	<u>102,183</u>	<u>180,142</u>	<u>245,627</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	10,411,708	10,411,708	10,276,271
Other DfE/EFA grants	-	229,557	229,557	94,849
Devolved Capital Grant	-	44,337	44,337	42,222
	-	10,685,602	10,685,602	10,413,342
Other government grant				
Local Authority Grants	-	332,238	332,238	319,782
	-	11,017,840	11,017,840	10,733,124

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Trip income	-	161,989	161,989	203,636
Copier income	103,587	-	103,587	95,275
Farm income	13,816	-	13,816	10,049
Hire of facilities	54,098	-	54,098	63,279
Catering income	78,873	-	78,873	72,183
Shop income	81,852	-	81,852	65,359
Supply Course income	2,018	-	2,018	1,270
Consultancy income	33,240	60,000	93,240	20,945
PGCE Income	12,078	-	12,078	8,082
ICT recharges	15,352	-	15,352	4,004
Departmental income	13,768	-	13,768	37,833
English and Maths Workshops	8,630	-	8,630	8,145
Insurance claims	7,318	-	7,318	15,232
	<u>424,630</u>	<u>221,989</u>	<u>646,619</u>	<u>605,292</u>

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Short term deposits	<u>2,714</u>	-	<u>2,714</u>	<u>3,141</u>

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

6. EXPENDITURE

				2016	2015
	Staff costs	Non-pay expenditure		Total	Total
	£	Premises £	Other costs £	£	£
Raising funds					
Costs incurred by trading for a fundraising purpose	-	-	355,017	355,017	362,449
Charitable activities					
Academies educational operations					
Direct costs	7,525,741	-	1,113,508	8,639,249	8,665,770
Allocated support costs	1,386,584	867,779	864,761	3,119,124	3,103,402
	<u>8,912,325</u>	<u>867,779</u>	<u>2,333,286</u>	<u>12,113,390</u>	<u>12,131,621</u>

Net income/(expenditure) is stated after charging/(crediting):

	2016	2015
	£	£
Auditors' remuneration	15,025	12,500
Auditors' remuneration for non audit work	2,200	2,175
Depreciation - owned assets	<u>71,538</u>	<u>68,349</u>

7. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	Unrestricted funds	Restricted funds	2016 Total funds	2015 Total funds
	£	£	£	£
Purchases	69,973	196,222	266,195	275,410
Copying fundraising	<u>88,822</u>	<u>-</u>	<u>88,822</u>	<u>87,039</u>
	<u>158,795</u>	<u>196,222</u>	<u>355,017</u>	<u>362,449</u>

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	2016 Total funds	2015 Total funds
	£	£	£	£
Direct costs	264,740	8,374,509	8,639,249	8,665,770
Support costs	<u>-</u>	<u>3,119,124</u>	<u>3,119,124</u>	<u>3,103,402</u>
	<u>264,740</u>	<u>11,493,633</u>	<u>11,758,373</u>	<u>11,769,172</u>

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

	2016 Total £	2015 Total £
Analysis of support costs		
Support staff costs	1,386,584	1,383,286
Depreciation	71,538	68,349
Technology costs	14,400	15,333
Premises costs	867,779	912,491
Other support costs	714,070	675,300
Governance costs	64,753	48,643
Total support costs	3,119,124	3,103,402

9. 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. The value of trustees' remuneration was as follows:

Mrs S Lees, Principal and trustee		
Remuneration	£110k - £115k	(2015 - £100k - £105k)
Employer's pension contributions	£15k - £20k	(2015 - £10k - £15k)
Mrs S Clarke, staff trustee		
Remuneration	£20k - £25k	(2015 - £20k - £25k)
Employer's pension contributions	£0 - £5k	(2015 - £0 - £5k)
Mrs S White, staff trustee		
Remuneration	£25k - £30k	(2015 - £25k - £30k)
Employer's pension contributions	£0 - £5k	(2015 - £0 - £5k)
Mrs J Ross-Smith, staff trustee		
Remuneration	£10k - £15k	
Employer's pension contributions	£0 - £5k	

Mrs S Clarke and Mrs S White resigned as trustees at the end of their terms of office respectively on 18 November 2015 and 22 July 2016. Mrs J Ross-Smith commenced as a trustee on 14 October 2015. The remuneration disclosed above reflects remuneration for the whole of the accounting period and not just the periods of trusteeship.

Trustees' expenses

During the year ended 31 August 2016, no travel and subsistence expenses were reimbursed to the trustees (2015 - £nil). Related party transactions involving the trustees are set out in note 24.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

10. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	6,753,898	7,014,922
Social security costs	544,197	517,762
Other pension costs	<u>1,274,045</u>	<u>1,204,697</u>
	8,572,140	8,737,381
Supply teacher costs	333,685	120,541
Compensation payments	<u>6,500</u>	<u>47,390</u>
	<u><u>8,912,325</u></u>	<u><u>8,905,312</u></u>

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

	2016	2015
Teachers	120	130
Administration and support	110	118
Management	<u>12</u>	<u>12</u>
	<u><u>242</u></u>	<u><u>260</u></u>

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

	2016	2015
£60,001 - £70,000	3	5
£70,001 - £80,000	2	2
£100,001 - £110,000	-	1
£110,101 - £120,000	<u>1</u>	<u>-</u>
	<u><u>6</u></u>	<u><u>8</u></u>

Five of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employer's pension contributions for these staff amounted to £61,577 (2015 - Seven employees £69,922). The other employee participated in the Local Government Pension Scheme, employer's pension contributions amounted to £13,910 (2015 - £12,784).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £930,424 (2015 - £958,918).

11. STAFF SEVERANCE PAYMENTS

Included in staff costs are non statutory/non contractual severance payments totalling £6,500 (2015 - £47,390). The total during the year consisted of one individual payment.

12. TRUSTEES' AND OFFICERS' INSURANCE

The charitable company has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees' and officers' indemnity element from the overall cost of the RPA scheme.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted Fixed Assets Fund £	Restricted General funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	112,524	-	133,103	245,627
Charitable activities				
Funding for the academy's educational operations	-	42,222	10,690,902	10,733,124
Other trading activities	605,292	-	-	605,292
Investment income	3,141	-	-	3,141
Total	720,957	42,222	10,824,005	11,587,184
EXPENDITURE ON				
Raising funds	362,449	-	-	362,449
Charitable activities				
Academy's educational operations	598,819	68,349	11,102,004	11,769,172
Total	961,268	68,349	11,102,004	12,131,621
NET INCOME/(EXPENDITURE)	(240,311)	(26,127)	(277,999)	(544,437)
Transfers between funds	(109,753)	109,753	-	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	-	81,000	81,000
Net movement in funds	(350,064)	83,626	(196,999)	(463,437)
RECONCILIATION OF FUNDS				
Total funds brought forward	568,060	32,082,219	(2,316,000)	30,334,279
TOTAL FUNDS CARRIED FORWARD	217,996	32,165,845	(2,512,999)	29,870,842

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

14. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 September 2015	31,843,361	331,767	25,121
Additions	-	37,928	-
At 31 August 2016	<u>31,843,361</u>	<u>369,695</u>	<u>25,121</u>
DEPRECIATION			
At 1 September 2015	-	77,155	6,704
Charge for year	-	36,164	5,025
At 31 August 2016	-	<u>113,319</u>	<u>11,729</u>
NET BOOK VALUE			
At 31 August 2016	<u>31,843,361</u>	<u>256,376</u>	<u>13,392</u>
At 31 August 2015	<u>31,843,361</u>	<u>254,612</u>	<u>18,417</u>

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2015	87,250	68,697	32,356,196
Additions	-	-	37,928
At 31 August 2016	<u>87,250</u>	<u>68,697</u>	<u>32,394,124</u>
DEPRECIATION			
At 1 September 2015	67,150	39,342	190,351
Charge for year	7,450	22,899	71,538
At 31 August 2016	<u>74,600</u>	<u>62,241</u>	<u>261,889</u>
NET BOOK VALUE			
At 31 August 2016	<u>12,650</u>	<u>6,456</u>	<u>32,132,235</u>
At 31 August 2015	<u>20,100</u>	<u>29,355</u>	<u>32,165,845</u>

15. STOCKS

	2016 £	2015 £
Clothing	<u>44,633</u>	<u>60,115</u>

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2016**

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade debtors	51,192	57,449
Other debtors	10,473	-
VAT	<u>108,888</u>	<u>136,878</u>
	<u>170,553</u>	<u>194,327</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	464,987	567,709
Social security and other taxes	159,964	151,156
Other creditors	133,913	129,929
Accrued expenses	<u>270,627</u>	<u>221,745</u>
	<u>1,029,491</u>	<u>1,070,539</u>

Deferred income

	2016	2015
	£	£
Deferred income at 1 September 2015	78,290	112,275
Released from previous years	(78,290)	(112,275)
Resources deferred in the year	<u>65,770</u>	<u>33,985</u>
Deferred income at 31 August 2016	<u>65,770</u>	<u>78,290</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. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's minimum lease payments under non-cancellable operating leases was:

	Other operating leases	
	2016	2015
	£	£
Expiring:		
Within one year	1,539	1,539
Between one and five years	<u>-</u>	<u>2,053</u>
	<u>1,539</u>	<u>3,592</u>

19. 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.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				2016	2015
	Unrestricted fund	Restricted Fixed Assets Fund	Restricted General funds	Total funds	Total funds
	£	£	£	£	£
Fixed assets	-	32,132,235	-	32,132,235	32,165,845
Current assets	1,295,023	-	-	1,295,023	1,288,536
Current liabilities	(1,029,491)	-	-	(1,029,491)	(1,070,539)
Pension liability	-	-	(5,018,000)	(5,018,000)	(2,513,000)
	<u>265,532</u>	<u>32,132,235</u>	<u>(5,018,000)</u>	<u>27,379,767</u>	<u>29,870,842</u>

21. MOVEMENT IN FUNDS

	At 1.9.15 £	Net movement in funds £	Transfers between funds £	At 31.8.16 £
Unrestricted funds				
General Fund	<u>217,997</u>	<u>81,767</u>	<u>(34,232)</u>	<u>265,532</u>
Restricted general funds				
School voluntary fund	-	(34,232)	34,232	-
General Annual Grant	-	37,928	(37,928)	-
Pension reserve	<u>(2,513,000)</u>	<u>(2,505,000)</u>	<u>-</u>	<u>(5,018,000)</u>
	<u>(2,513,000)</u>	<u>(2,501,304)</u>	<u>(3,696)</u>	<u>(5,018,000)</u>
Restricted fixed asset funds				
Fixed Asset Fund	<u>32,165,845</u>	<u>(71,538)</u>	<u>37,928</u>	<u>32,132,235</u>
TOTAL FUNDS	<u>29,870,842</u>	<u>(2,491,075)</u>	<u>-</u>	<u>27,379,767</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	505,303	(423,536)	-	81,767
Restricted funds				
School voluntary fund	264,174	(298,406)	-	(34,232)
General Annual Grant	10,411,708	(10,373,780)	-	37,928
Other DfE/EFA grants	273,892	(273,892)	-	-
Other Government Grants	392,238	(392,238)	-	-
Fixed Asset Fund	-	(71,538)	-	(71,538)
Pension reserve	-	(280,000)	(2,225,000)	(2,505,000)
	<u>11,342,012</u>	<u>(11,689,854)</u>	<u>(2,225,000)</u>	<u>(2,572,842)</u>
TOTAL FUNDS	<u>11,847,315</u>	<u>(12,113,390)</u>	<u>(2,225,000)</u>	<u>(2,491,075)</u>

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

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 2016.

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.

The transfer from the general fund to the school voluntary fund represents an excess of expenditure over income on school trips which is met from general reserves. The transfer from general restricted funds to the fixed asset funds represents the value of capital additions less depreciation charged during the year.

22. PENSION AND SIMILAR OBLIGATIONS

The academy trust'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 [name]. Both are multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £133,666 were payable to the schemes at 31 August 2016 (2015 - £129,736) and are included within creditors.

Teachers' pension scheme

Introduction

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

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

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

22. PENSION AND SIMILAR OBLIGATIONS - continued

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs payable to the TPS in the period amounted to £737,150 (2015 - £677,153).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2016 was £465,000 (2015: £450,000), of which employer's contributions totalled £355,000 (2015: £344,000) and employees' contributions totalled £110,000 (2015: £106,000). The agreed contribution rates for future years are 19.8% for employers and 5.5% to 12.5% for employees.

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

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2016**

22. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Present value of funded obligations:	(9,262,000)	(5,882,000)
Fair value of plan assets	<u>4,244,000</u>	<u>3,369,000</u>
	<u>(5,018,000)</u>	<u>(2,513,000)</u>
Deficit	<u>(5,018,000)</u>	<u>(2,513,000)</u>
Liability	<u><u>(5,018,000)</u></u>	<u><u>(2,513,000)</u></u>

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

	Defined benefit pension plans	
	2016	2015
	£	£
Current service cost	539,000	527,000
Net interest from net defined benefit asset/liability	94,000	93,000
Administrative expenses	<u>2,000</u>	<u>2,000</u>
	<u><u>635,000</u></u>	<u><u>622,000</u></u>

Re-measurements in other comprehensive income:

	2016	2015
	£	£
Return on fund assets in excess of interest	363,000	(46,000)
Change in financial assumptions	<u>(2,588,000)</u>	<u>127,000</u>
Remeasurement of the net assets/(defined liability)	<u><u>(2,225,000)</u></u>	<u><u>81,000</u></u>

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2016**

22. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	2016	2015
	£	£
Defined benefit obligation	(5,882,000)	(5,211,000)
Current service cost	(539,000)	(527,000)
Contributions by scheme participants	(110,000)	(106,000)
Interest cost	(236,000)	(214,000)
Actuarial losses/(gains)	(2,588,000)	127,000
Benefits paid	<u>93,000</u>	<u>49,000</u>
	<u>(9,262,000)</u>	<u>(5,882,000)</u>

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

	Defined benefit pension plans	
	2016	2015
	£	£
Fair value of scheme assets	3,369,000	2,895,000
Interest on assets	142,000	121,000
Contributions by employer	355,000	344,000
Contributions by scheme participants	110,000	106,000
Return on assets less interest	363,000	(46,000)
Benefits paid	(93,000)	(49,000)
Administrative expenses	<u>(2,000)</u>	<u>(2,000)</u>
	<u>4,244,000</u>	<u>3,369,000</u>

Homewood School & Sixth Form Centre

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2016**

22. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	2016	2015
	£	£
Equities	2,871,000	2,282,000
Gilts	38,000	34,000
Other Bonds	453,000	369,000
Property	595,000	452,000
Cash	102,000	87,000
Target Return Portfolio	185,000	145,000
	<u>4,244,000</u>	<u>3,369,000</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 2015) for the period to 31 August 2016. 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.

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

	2016	2015
Discount rate	2.2%	4%
Future salary increases	4.1%	4.4%
Future pension increases	2.3%	2.6%
Inflation assumption (CPI)	2.3%	2.6%

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

The estimated value of employer contributions for the year ended 31 August 2017 is £356,000.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

22. PENSION AND SIMILAR OBLIGATIONS - continued

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	9,070,000	9,262,000	9,459,000
- Projected service cost	755,000	771,000	787,000
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
- Present value of total obligation	9,293,000	9,262,000	9,101,000
- Projected service cost	771,000	771,000	771,000
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
- Present value of total obligation	9,427,000	9,262,000	9,231,000
- Projected service cost	787,000	771,000	755,000
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
- Present value of total obligation	9,511,000	9,262,000	9,020,000
- Projected Service cost	791,000	771,000	752,000

23. CONTINGENT LIABILITIES

No contingent liabilities existed at the year end.

24. RELATED PARTY DISCLOSURES

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

No material related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

25. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the year ended 31 August 2016 the trust received £40,669 and this was all disbursed from the fund.

Homewood School & Sixth Form Centre

Notes to the Financial Statements - continued for the Year Ended 31 August 2016

26. HOME FARM CHILDRENS NURSERY LIMITED

On 1 April 2014 the nursery on the school site known as Home Farm Children's Nursery Limited 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 Limited will present their accounts separately for the year to 31 August 2016 and these will be filed with Companies House and the Charity Commission.

As explained in note 1, the subsidiary company has not been consolidated as it is regarded as being immaterial to the group. For the year ended 31 August 2016 total Incoming Resources in the subsidiary were £254,090 and there was a surplus for the year of £8,298 all in unrestricted funds. The surplus is after donations made to Homewood School & Sixth Form Centre of £8,828. At 31 August 2016 the subsidiary had total net assets of £38,244.

27. FIRST YEAR ADOPTION

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with these standards. Comparative figures have been restated to reflect the adjustments made.

There is no change in total funds as a result of the transition to FRS 102 and SORP 2015. A reconciliation of the effect of the transition to FRS 102 and SORP 2015 on net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 is given below:

	31 August 2015 £
Net income/(expenditure) previously reported under UK GAAP	(478,437)
Change in recognition of LGPS interest cost	<u>(66,000)</u>
Net income/(expenditure) reported under FRS 102	<u><u>(544,437)</u></u>

Change in recognition of the LGPS interest cost:

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to income/expense by £66,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

Recognition of outstanding employee benefits:

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. Certain employees are entitled to carry forward any unused holiday entitlement at the reporting date. The cost of any unused entitlement is considered to be immaterial and therefore no transitional adjustments have been made.