

# REGISTRAR OF COMPANIES

## Holland Park School

### Annual Report and Financial Statements

Period from 27 June 2013  
to 31 August 2014

Company Limited by Guarantee  
Registration Number  
8588099 (England and Wales)

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## Reference and administrative information

### Members

Ms Anne Marie Carrie  
Cllr Mrs Elizabeth Rutherford JP  
Ms Gilly Wiscarson JP  
Mr Michael Tory  
Dr Krish Soni  
Mrs Margaret Allen

### Governors

Professor Peter McCaffery  
Ms Sarah-Jane Holm  
Mr Leigh Tapper  
Mr Colin Hall- Head  
Ms Anne Marie Carrie (Chair)  
Cllr Mrs Elizabeth Rutherford JP (Vice Chair)  
Ms Gilly Wiscarson JP\*  
Mr Michael Tory  
Dr Krish Soni\*  
Mrs Margaret Allen  
Mr David Chappell- Associate Head & Accounting Officer\*  
Ms Melinda Libby resigned as a governor, effective 31 August 2014\*

\*Members of the Resources Committee

### Clerk to the Governors

Mr Michael Metcalfe

### Company Secretary

Wilsons Solicitors LLP

## Reference and administrative information

### Leadership Team

**Head** Colin Hall

**Associate Head** David Chappell (Accounting Officer)

**Deputy Heads** Michael Crow  
Richard Northover  
Amanda Redfeairn  
Nicholas Robson  
Daniel Seed

**Assistant Headteachers** Ross Wilson  
Simon Dobson  
Frances Hirst  
Gregory Smith  
Lucy Stevens  
James Thom

**Associate Deputy** Paul Eakins

**Director of Finance** Michelle McWalter

**Registered address** Airlie Gardens  
London  
W8 7AF

**Company registration number** 8588099

**Auditor** Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

**Bankers** Lloyds Bank  
112 Kensington High Street  
London  
W8 4SN

**Solicitors** Wilsons Solicitors LLP  
Alexandra House  
St John Street  
Salisbury  
SP1 2SB

## **Governors' report** Period from 27 June 2013 to 31 August 2014

The governors of Holland Park School ('the Academy' or 'the Academy Trust') present their annual report together with the financial statements of the charitable company for the period from 27 June 2013 to 31 August 2014. The company was dormant until 30 August 2013. The annual report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 28 to 31 of the attached financial statements and comply with the Academy's Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

The Academy Trust operates an academy school for pupils aged 11 to 18 serving a catchment area in the Tri-Borough partnership of Kensington and Chelsea, Westminster and Hammersmith and Fulham. It has a pupil capacity of 1400 and had a roll of 1336 on the census date of 16 January 2014.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

Holland Park School is a charitable company limited by guarantee and is an exempt charity, incorporated on 27 June 2013 company number 08588099. The Academy's Articles of Association and the Funding Agreement executed on 30 August 2013 are the primary governing documents of the Academy.

The governors act as trustees and are also directors of the charitable company for the purposes of company law. The company is known as Holland Park School.

### **Members' liability**

Every member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Academy Trust's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves. (Articles of Association section 8)

### **Governors' indemnities**

As stated in the Academy's Articles of Association (Clause 133): 'Subject to the provisions of the Companies Act 2006 every Governor or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he/she is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.'

The Academy has an indemnity policy in place to cover the cost of any such claims up to a total of £2,000,000 in any one year.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Principal activities**

1. 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 and carrying on, managing and developing a school offering a broad and balanced curriculum.
2. To be at the heart of our community promoting community cohesion and sharing facilities with other schools and this wider community

**Governors**

The governors are directors of the charitable company for the purposes of the Companies Act 2006. The following governors were in office at 31 August 2014 and served throughout the period except where shown.

<b>Governor</b>	<b>Appointed/Resigned</b>	<b>Appointing body</b>
Ms Margaret Allen		
Ms Anne Marie Carrie		
Mr David Chappell		
Mr Colin Hall		
Ms Sarah-Jane Holm	Appointed November 2013	Elected by parental vote Appointed by Members
Ms Melinda Libby	Resigned 31 August 2014	
Prof Peter McCafferty		
Cllr Mrs Elizabeth Rutherford JP		
Dr Krish Soni		
Mr Leigh Tapper	Appointed November 2013	Elected by parental vote Appointed by Members
Mr Michael Tory		
Mrs Gilly Wiscarson JP		

**Method of recruitment and appointment or election of governors**

Following election by the previous governing body, the members appointed a sixth member (to meet the requirements of voting rights associated with local authority representatives) and those governors required to complement the Articles of Association. These governors were appointed in accordance with the Articles and this defines their term of office.

Future governors shall be appointed or elected as the case may be under the Articles of Association and Funding Agreement. In general the Academy Trust will have the following governors:

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Method of recruitment and appointment or election of governors (continued)**

The members of, whom there must be a minimum of three, may appoint up to eight Governors including:

- ♦ A minimum of two parent governors
- ♦ The Head Teacher (Ex-officio)
- ♦ The Associate Head Teacher
- ♦ Up to four co-opted governors

The total number of governors (including the Head Teacher) who are employees of the Academy Trust must not exceed one third of the total number of governors.

The parent governors are elected by parents of registered pupils at the Academy and should be a parent of a pupil at the Academy as the time when they are elected. If this is not reasonably practical then a person who is a parent of a child of compulsory school age may be appointed.

The term of office for any governor is four years except for:

- ♦ Parent governors who cease to be governors when they are no longer a parent of a pupil at the Academy or four years, whichever is the shorter; and
- ♦ Staff governors who will only hold office for so long as they continue to be employed as a member of teaching or associate staff.

### **Policies and procedures adopted for the induction and training of governors**

Governance at Holland Park School is taken very seriously. Governors meet regularly to lead, control and monitor the overall performance of the Academy. The governing body considers and decides on all major matters of Academy strategy. Certain specific responsibilities are delegated to the governors' committees. The governing body reviews its own performance and that of the committees, primarily through discussion with the Chair and the Head. On conversion to Academy status, four of the original governors were elected as members of the new academy by the governing body of the time to ensure continuity of experience and knowledge. Two new governors were appointed through national selection consultants to ensure we had access to the widest and highest possible level of applicants. Parent governors are elected by the parent body. All new governors are briefed thoroughly by the Chair and the Head, with a tour of the school and extensive discussion on roles and responsibilities. A system of annual skills audit has been put in place to ensure that any gaps in skills and knowledge within the governing body can be identified and rectified by training, or by ensuring that any new governors are able to offer those specifically. Training sessions for governors have this year included RAISE-online, and tailored training provided by our lawyers, who are experts in the governance of academies. In addition to governors meetings, the entire governing body attend the school for two days each year to observe staff and students at work.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Organisational structure**

The Academy's organisational leadership involves the governors and the Leadership Team.

The governors are responsible for setting general policy, adopting an annual school self-improvement plan and budget, monitoring financial and operational performance and making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments. The full board meet 4 times per year and more often when necessary.

The Academy has the following committees:

- ◆ Performance
- ◆ Personnel
- ◆ Resources
- ◆ Standards

All committees have approved terms of reference. Within these terms of reference authority and responsibility for decisions is delegated to the appropriate decision makers.

There are also a number of panels which are convened as necessary, including:

- ◆ Admissions
- ◆ Admissions appeals
- ◆ Staff discipline
- ◆ Staff discipline appeals
- ◆ Student discipline
- ◆ Student discipline appeals
- ◆ Staff performance management
- ◆ Staff performance management appeals

The overall scheme of financial delegation and the finance policy is currently under review to incorporate the new Academies Financial Handbook 2014 and changes to the academy finance arrangements post conversion to academy status. It is intended that the new policy will be submitted to the governors for approval at the end of the Autumn Term 2014.

Day to day management of the Academy is delegated to the Head and the Associate Head.



## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Connected organisations, including related party relationships**

Holland Park School has long established links with The Holland Park Trust an independent charity which supports the pupil enrichment activities of the school such as Duke of Edinburgh award scheme, sports and fitness coaching, science activities, visits and trips, as well as contributing towards the cost of the universal free breakfast provision.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

Holland Park School is a highly successful and over-subscribed comprehensive school in the heart of west central London. It is recognised as "an outstanding school" by Ofsted (2011), recorded as one of the country's top performing specialist Humanities Colleges and praised in the Good Schools Guide as a school which "has seen a steep and continuing rise in results".

The school is committed to exacting high standards, to formality, to demanding creative excellence from its staff and students. It is a driven institution where students' success lies at the core of all planning. It seeks to be ambitious, to be bold for students' futures. Seeing people's potential and making detailed plans for its realisation is at the centre of its approach. Recognising people's personal strengths and development profile is important.

Career planning for staff and students is intentionally diverse and personalised, building on capacity and believing that aspiration is for all. Very little at Holland Park School happens by chance or accident: this is a planned, well-articulated institution which relishes its responsibility for driving forwards fast and is passionate about equality of opportunity.

### **Public Benefit**

In setting the Academy's objectives and planning its activities, the governors have given careful consideration to the Charity Commission's general guidance on public benefit.

## **STRATEGIC REPORT**

### **Achievements and performance**

#### ***Review of activities***

#### ***Results***

In 2013, 87% of students achieved 5 or more A\*-C GCSEs, including English and Mathematics. In 2014 this figure was 86%.

In 2013, 43% of students achieved the English Baccalaureate. This rose to 46% in 2014.

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

*Review of activities* (continued)

*Results* (continued)

The percentage of students making expected progress in 2013 was English: **92%**  
Mathematics: **85%**

In 2014 these figures were: English: **92%** Mathematics: **84%**

*KS5 Exam Results A2 2014*

	2008	2009	2010	2011	2012	2013	2014	2014 National
<b>Pass rate (%)</b>	75.7	94.0	90.5	87.0	89.7	97.7	<b>95.9</b>	<b>88.8</b>
<b>A-C (%)</b>	40.7	64.7	67.5	56.3	70.8	81.3	<b>72.4</b>	<b>61.4</b>
<b>A-B (%)</b>	25.2	38.9	44.3	34.5	45.0	60.3	<b>48.7</b>	<b>40.2</b>
<b>A (%)</b>	10.7	18.0	21.3	17.7	21.6	31.5	<b>24.6</b>	<b>19.9</b>

*KS5 Exam Results AS 2014*

	2008	2009	2010	2011	2012	2013	2014	2014 National
<b>Pass rate (%)</b>	75.7	94.0	90.5	87.0	89.7	97.7	<b>95.9</b>	<b>88.8</b>
<b>A-C (%)</b>	40.7	64.7	67.5	56.3	70.8	81.3	<b>72.4</b>	<b>61.4</b>
<b>A-B (%)</b>	25.2	38.9	44.3	34.5	45.0	60.3	<b>48.7</b>	<b>40.2</b>
<b>A (%)</b>	10.7	18.0	21.3	17.7	21.6	31.5	<b>24.6</b>	<b>19.9</b>

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

**Review of activities** (continued)

*University Destinations 2014*

This year there were 60 applicants to UCAS from Holland Park School students. The final UCAS report shows the following:

	2013 number of students	2013 % of total	2014 number of students	2014 % of total
Students with places at Russell Group Universities	29	48.3%	30	50%
Students with places at universities that are not Russell Group but are in the 1994 group of universities	4	6.7%	8	13.3%
Art College	2	3.3%	0	0%
Total number of students placed	54	90%	51	85%
Total number of students not placed	6	10%	9	15%

Of those students not placed, five are taking a gap year, with the intention of applying for a university course next year. The other student achieved A\*, A\*, A and was placed on a medicine course and has decided to defer this for one year.

*Commentary about placements*

There are examples of stunning success from many students in the Sixth Form. One student took up a place this September, at Queen's College Cambridge to read Architecture. Another has started a Physics course at Brasenose College, University of Oxford. Three students are off to read medicine. Another student with three A\*'s, is off to read classics and Italian at St Andrew's – and is the first student going on to read classics from Holland Park School in a very long time.

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

**Review of activities** (continued)

*Ofsted*

The Ofsted review in 2011 judged Holland Park School to be **outstanding**.

Holland Park School requested a voluntary inspection by B11 Education in 2013-14. The team judged the Academy to be **outstanding** in all categories.

The governors have invited a full section 5 inspection.

**Awards** currently held by the Academy include:

- ◆ SSAT- Outstanding Improvement Award
- ◆ Investors in People Gold Award
- ◆ The Teaching Awards – Distinction
- ◆ London Schools – Gold Club
- ◆ National College for School Leadership
- ◆ Inclusion Quality Mark

**Key financial performance indicators**

Holland Park School is a high achieving, oversubscribed, fully comprehensive, secular, mixed gender secondary school. Applications for places in year 7 were oversubscribed in excess of 6:1.

Holland Park School is in the top 2% of all schools nationally in terms of progress made from KS2 to KS4 with 96.3% of pupils achieving 5 GCSEs at A\* to C and 86.1 % achieving 5 A\* to C including English and Mathematics in 2014.

**Going concern**

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

The continued provision of education is dependent on the ongoing funding by the Education Funding Agency of the Department for Education of which there is reasonable expectation of it continuing for the foreseeable future.

## **STRATEGIC REPORT (continued)**

### **Financial review**

#### ***Financial report for the period***

Most of the Academy's income is obtained from the Education Funding Agency in the form of the General Annual Grant (GAG), the use of which is restricted for education purposes. The grants received from the EFA and other government bodies during the period and the associated expenditure are shown as restricted funds in the statement of financial activities.

Total income for the period was £66,249,000 of which £54,784,000 was fixed assets transferred from the Local Authority on conversion (note 24).

Total expenditure in the period was £11,583,000.

The total funds of the Academy at 31 August 2014 were £54,323,000

The results for the period are shown on page 25.

#### **Reserves policy**

The Academy inherited a substantial reserve from the predecessor school as a legacy from the new building which was completed in November 2012. The governors have agreed that the surplus unrestricted funds carried forward to 2014-15 should be used to complete the final phase of the whole school site renovations, principally the refurbishment of Thorpe Lodge, a grade 2 listed building at the entrance to the school grounds, to provide teaching conference and administrative space. A structural survey has been commissioned and it is anticipated that costs will be between £1m and £2m.

The Academy is also building a £300,000 reserve for the replacement of IT equipment throughout the school which is scheduled to happen in 2015-16.

Under accounting standard FRS17 it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for associate staff to a specific restricted reserve. As at 31 August 2014 the deficit on this reserve amounted to £1,005,000.

#### **Investment policy**

The governors are aware that there is a need to improve the current return on balances the Academy holds and to this effect an investment policy has been drafted and is under review by the resources committee. The governors have agreed in the interim to opening a 32 day investment account with the Academy's bankers, Lloyds Bank Ltd. This will be managed day to day by the Director of Finance and reported to the Resources Committee.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The risks to the Academy have been identified and a risk register established which is reviewed at the Resources Committee meetings and reported to the full governing body termly.

The highest financial risks identified and which are being monitored are:

- ◆ Significant drop in funding following the introduction of the National Funding Formula;
- ◆ Loss of Sixth Form due to reduction in funding for small sixth forms; and
- ◆ Financial systems are not compatible with Academy needs.

The Academy has initiated actions in order to mitigate these risks.

### **PLANS FOR FUTURE PERIODS**

The Academy's Self Improvement Plan 2014-2015 has been considered fully by the Academy's Leadership Team and the governors. It is published for all staff in our Staff Planner and it directs the work of the Academy for the coming year. The quality of teaching is its primary focus to ensure that the school adapts accordingly to maintain its exceptional performance against a national changing framework of examination and assessment. We are intending to opt in to the new Progress-8 measure. To complement this, a Staff Development Programme will ensure that our teachers have access to the very best of practice, guidance and support. The school assesses the performance of teachers against published Teacher Standards and value added measured against targets set in the top 10% of performance.

More specifically, in relation to student achievement, we have an acute focus on the gap between FSM (Free School Meals) and non-FSM performance, beginning with a closer analysis of performance on entry following KS2 testing. Additionally we are seeking to close the gap in performance at KS4 between mathematics and English (in 2014 84% and 92% respectively).

To support leaders in the school, a number of staff have been appointed to the position of Leading Practitioners. These colleagues are considered to be outstanding in their own classroom and this is evidenced through their students' examination performance. These colleagues will work with teachers to disseminate and share exceptional practice.

Having moved into a new building in November 2012, we continue to develop facilities for students, with a particular focus this year on outdoor areas and play spaces. The school will also be using reserves to restore and develop Thorpe Lodge, a listed on-site building currently unsuitable for use by staff and students.

The school has revised its Community Use Scheme and is working with the Royal Borough to implement this, thereby enabling use of the school's facilities by local community groups.

### **PLANS FOR FUTURE PERIODS (continued)**

The key priorities for the year are published in our Staff Planner which is available on request from the school. In summary these are:

#### **Achievement of students**

- ◆ Recognise the significance of the Progress-8 measure and changing nature of vocational courses and ensure that the school's curriculum is planned appropriately and that all stakeholders including teachers, students, parents and governors understand the impact of these different demands.
- ◆ Ensure that there is an on-going and robust staff development programme that has a developed understanding of student progress at its core.
- ◆ Maintain a close gap between the achievement of FSM and non-FSM students.
- ◆ Improve further the progress at GCSE in mathematics so that it is in line with the outstanding performance in English.
- ◆ Improve provision in underperforming GCSE subjects to ensure that results are consistent across all subjects.
- ◆ Reduce the variation in levels of achievement between subjects at A level.

#### **Quality of teaching**

- ◆ Assess the capacity of each individual teacher against the criteria for outstanding teaching.
- ◆ Ensure that high quality marking and assessment continues to inform teachers' planning and assist students' progress in the short and long term.
- ◆ Ensure that teachers provide greater challenge and differentiation for the most able.
- ◆ Develop teaching to respond to changes in curriculum and examinations e.g. the disappearance of coursework and controlled assignment.

#### **Behaviour of students**

- ◆ Recognise the impact of the changing nature of examinations and curriculum on the morale and self-esteem of those students who are most challenged by learning.
- ◆ Develop further the students' capacity for sophisticated self-control and self-discipline, ensuring that they understand the importance of this in relation to learning.
- ◆ Continue to develop teachers' capacity to implement behaviour management strategies that contribute to the school's positive climate for learning.

**PLANS FOR FUTURE PERIODS** (continued)

**Behaviour of students** (continued)

- ◆ Ensure that the provision in place for vulnerable children impacts positively on their self-esteem, behaviour and awareness of progress.

**Leadership and management**

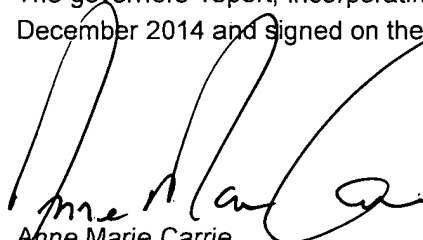
- ◆ Creation of Leading Practitioner roles to impact on developing the quality of teaching further.
- ◆ Extension to junior levels of Leadership Team to address changing profile of curriculum and examination requirements.
- ◆ Ensure that leaders are demonstrably outstanding teachers whose lessons and outcomes represent rapid progress for students.
- ◆ Implement with robustness and sensitivity the school's new pay and performance management policies.
- ◆ Achieve clarity that student progress is the core of performance management.
- ◆ Ensure that the allocation of Pupil Premium funding impacts on performance.
- ◆ Manage the requests from other schools to visit and collaborate with us.

**AUDITOR**

In so far as the governors are aware:

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

The governors' report, incorporating a strategic report, was approved by the governors on 4 December 2014 and signed on their behalf by:



Anne Marie Carrie  
Chair of governors

Date: 4 December 2014



### **Scope of responsibility**

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

The board of governors have delegated the day-to-day responsibility to the Associate Head, 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 the Academy and the Secretary of State for Education. The Associate Head is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The board of governors has formally met four times during the period. Attendance during the period at meetings of the board of governors was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Ms Anne Marie Carrie (Chair)	3	4
Cllr Mrs Elizabeth Rutherford JP	3	4
Ms Gilly Wiscarson JP	4	4
Mr Michael Tory	3	4
Dr Krish Soni	4	4
Mrs Margaret Allen	3	4
Professor Peter McCaffery	2	3
Mrs Sarah-Jane Holm	2	3
Mr Leigh Tapper	3	4
Mr Colin Hall	4	4
Mr David Chappell	4	4
Ms Melinda Libby	4	4

### **Governance reviews**

The governing body reviews its own performance and that of the committees, primarily through discussion with the Chair and the Head. All new governors are briefed thoroughly by the Chair and the Head, with a tour of the school and extensive discussion on roles and responsibilities.

A system of annual skills audit has been put in place to ensure that any gaps in skills and knowledge within the governing body can be identified and rectified by training, or by ensuring that any new governors are able to offer those specifically.

Training sessions for governors have this year included RAISE-online, and tailored training provided by our lawyers, who are experts in the governance of academies.

**Governance (continued)**

The Resources Committee is a committee of the main board of governors. Its purpose is to assist the governors to fulfil their responsibility to ensure sound management of the Academy's finances and resources including planning, monitoring and probity.

The Resources Committee has been involved with the necessary compliance and adherence to the new financial regulations which come with academy status as outlined in the Academies Financial Handbook including appointment of the auditors, solicitors and new contract caterers.

The Resources Committee is also responsible for health and safety.

The Committee has been fulfilling the function of the audit committee this year as the number of governors is small. It has been agreed that a separate audit committee will be established in the academic year 2014-15 in line with the EFA handbook.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
Melinda Libby	4	4
Gilly Wiscarson	4	4
Krish Soni	3	4
David Chappell	4	4

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy for the period ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The board of governors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

**The risk and control framework**

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- ◆ regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

The governors have considered the need for a specific internal audit function and have decided to appoint Dr Krish Soni a governor, as Responsible Officer (RO) and 3BM consultants, to perform the required checks and report to the 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 termly basis, the RO reports to the governors, through the Resources Committee on the operation of the systems of control and on the discharge of the governors' financial responsibilities.

This year there have been two responsible officer visits and one report to governors.

All recommendations are being addressed through new systems and controls.

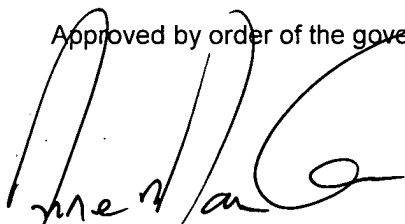
**Review of effectiveness**

As Accounting Officer, the Associate Head has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:


- ♦ the work of the Responsible Officer;
- ♦ the work of the external auditor;
- ♦ the financial management and governance self assessment process;
- ♦ the work of the Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Resources Committee of the implications of his review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the governors on 4 December 2014 and signed on their behalf by:



Anne Marie Carrie  
Chair of governors



David Chappell  
Accounting Officer

Approved on: 4 December 2014

**Statement on regularity, propriety and compliance 31 August 2014**

As Accounting Officer of Holland Park School, I have considered my responsibility to notify the Academy Trust board of governors 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 Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

A handwritten signature in black ink, appearing to read 'D Chappell', with a stylized, cursive flourish extending to the right.

David Chappell  
Accounting Officer

Date: 4 December 2014

## Statement of governors' responsibilities 31 August 2014

The governors (who act as trustees of the Academy for the purposes of charity law and are also the directors of the Academy for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law, the governors 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 Academy and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

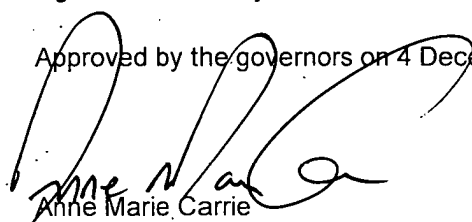
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

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

The governors are responsible for ensuring that in its conduct and operation the Academy 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.

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

Approved by the governors on 4 December 2014 and signed on their behalf by:

  
Anne Marie Carrie  
Chair of governors

**Independent auditor's report on the financial statements to the Members of Holland Park School**

We have audited the financial statements of Holland Park School ("the charitable company") for the period ended 31 August 2014 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies 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 Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 governors and auditor**

The governors act as trustees for the charitable activities of Holland Park School and are also the directors of the charitable company for the purpose of company law.

As explained more fully in the statement of governors' responsibilities set out in the governors' report, including the strategic report, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the governors' report, including the strategic report, 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**

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the governors' report, including the strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

**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 governors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

14 December 2014



**Independent reporting accountant's assurance report on regularity to Holland Park School and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 4 April 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Holland Park School during the period from 27 June 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Holland Park School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Holland Park School 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 Holland Park School and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Holland Park School's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Holland Park School's funding agreement with the Secretary of State for Education dated 30 August 2013 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. 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 from 27 June 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 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.

**Approach (continued)**

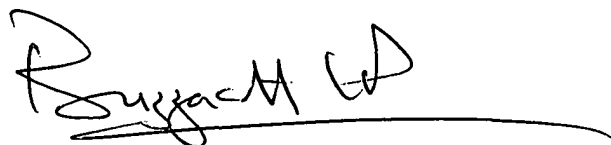
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

**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 from 27 June 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

12 December 2014

**Statement of financial activities (including income and expenditure account and statement of total recognised gains and losses) Period from 27 June 2013 to 31 August 2014**

		Unrestricted general fund £'000	Restricted funds			2014 Total funds £'000
	Notes		EFA £'000	Other £'000	Fixed assets fund £'000	
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary income	1	159	—	—	—	159
Voluntary income on conversion	24	1,450	(598)	—	54,784	55,636
Activities for generating funds	2	8	—	101	—	109
Investment income		2	—	—	—	2
Incoming resources from charitable activities						
Funding for the academy's educational operations	3	—	9,910	407	26	10,343
<b>Total incoming resources</b>		<b>1,619</b>	<b>9,312</b>	<b>508</b>	<b>54,810</b>	<b>66,249</b>
<b>Resources expended</b>						
Cost of generating funds:						
Cost of generating voluntary income		2	—	—	—	2
Charitable activities						
Academy's educational operations	5	—	9,726	243	1,523	11,492
Governance costs	6	—	89	—	—	89
<b>Total resources expended</b>	4	<b>2</b>	<b>9,815</b>	<b>243</b>	<b>1,523</b>	<b>11,583</b>
<b>Net incoming (outgoing) resources before transfers</b>						
		1,617	(503)	265	53,287	54,666
Gross transfers between funds						
	13	(27)	(150)	—	177	—
<b>Net income (expenditure) for the period</b>						
		1,590	(653)	265	53,464	54,666
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension scheme	22	—	(343)	—	—	(343)
<b>Net movement in funds</b>						
		1,590	(996)	265	53,464	54,323
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 27 June 2013						
		—	—	—	—	—
Total fund balances carried forward at 31 August 2014						
		1,590	(996)	265	53,464	54,323

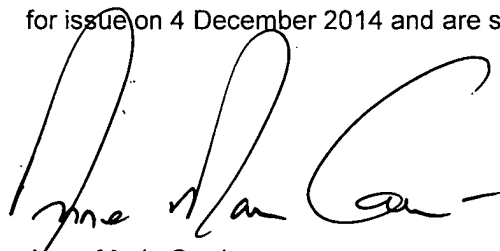
All of the Academy Trust's activities derived from operations which commenced during the period ended 31 August 2014.

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

# Balance sheet 31 August 2014

	Notes	2014 £'000	2014 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10		53,464
<b>Current assets</b>			
Debtors	11	634	
Cash at bank and in hand		1,751	
		<u>2,385</u>	
<b>Liabilities</b>			
Creditors: amounts falling due within one year	12	(521)	
<b>Net current assets</b>			<u>1,864</u>
<b>Total assets less current liabilities</b>			55,328
Pension scheme liability	22		(1,005)
<b>Net assets including pension scheme liability</b>			<u>54,323</u>
<b>Funds of the Academy</b>			
Restricted income funds			
. Fixed assets fund	13		53,464
. EFA funds	13		9
. Pension reserve	13		(1,005)
. Other funds	13		265
			<u>52,733</u>
Unrestricted funds			
. General fund	13		1,590
<b>Total funds</b>			<u>54,323</u>

The financial statements on page 25 to 46 were approved by the governors, and authorised for issue on 4 December 2014 and are signed on their behalf by:

  
 Anne Marie Carrie  
 Chair of governors

Holland Park School  
 Company Limited by Guarantee  
 Registration Number: 8588099 (England and Wales)

**Cash flow statement** Period from 27 June 2013 to 31 August 2014

	Notes	2014 £'000
<b>Net cash inflow from operating activities</b>	16	476
Cash transferred on conversion to an Academy Trust	19	1,450
Returns on investment and servicing of finance	17	2
Capital expenditure and financial investment	18	(177)
<b>Increase in cash in the period</b>		<b>1,751</b>
<b>Reconciliation of net cash flow to movement in net funds:</b>		
Net funds at 27 June 2013		—
<b>Net funds at 31 August 2014</b>		<b>1,751</b>

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

### **Going concern**

The governors 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 governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

### **Incoming resources**

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

#### **♦ *Grants receivable***

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

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

#### **♦ *Donations***

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

#### **♦ *Other income***

Other income is recognised in the year it is receivable and to the extent the goods have been provided or on completion of the service.

### **Resources expended**

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

♦ ***Costs of generating funds***

These are costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

♦ ***Charitable activities***

These are costs incurred on the Academy Trust's educational operations.

♦ ***Governance costs***

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

### **Tangible fixed assets**

Assets costing £250 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, at rates calculated to write off the cost/valuation of each asset on a straight-line basis over its expected useful economic life, as follows:

♦ Long leasehold buildings	2% per annum
♦ Fixtures, fittings and equipment	10% per annum
♦ IT equipment	33% per annum
♦ Motor vehicles	20% per annum reducing balance

**Tangible fixed assets (continued)**

A full year's depreciation is charged in the year of acquisition. None is charged in the year of disposal.

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.

**Leased assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

**Taxation**

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

**Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.



**Pensions benefits (continued)**

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

**Fund accounting**

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

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

Restricted general funds comprise all other grants received from the Education Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, the Royal Borough of Kensington and Chelsea.

**Conversion to an Academy Trust**

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from a state maintained school to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Holland Park School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 24.

**1 Voluntary income**

	Unrestricted funds £'000	Restricted funds £'000	2014 Total funds £'000
Donations	159	—	159

**2 Activities for generating funds**

	Unrestricted funds £'000	Restricted funds £'000	2014 Total funds £'000
Trip income	—	101	101
Miscellaneous income	8	—	8
	8	101	109

**3 Funding for academy's educational operations**

	Unrestricted funds £'000	Restricted funds £'000	2014 Total funds £'000
<b>DfE / EFA capital grants</b>			
Academy capital grants	—	26	26
<b>DfE / EFA revenue grants</b>			
General Annual Grant (GAG)	—	9,307	9,307
Pupil Premium grants	—	592	592
Other DfE / EFA	—	11	11
	—	9,910	9,910
<b>Other government grants</b>			
Local Authority rate relief	—	140	140
Other Local Authority grants	—	267	267
	—	407	407
	—	10,343	10,343

#### 4 Resources expended

	Non pay expenditure			2014
	Staff costs £'000	Premises £'000	Other costs £'000	Total funds £'000
Cost of generating funds				
. Cost of generating voluntary income	—	—	2	2
Charitable activities				
. Academy's educational operations				
.. Direct costs	5,060	1,218	789	7,067
.. Allocated support costs	1,271	1,985	1,169	4,425
	6,331	3,203	1,958	11,492
Governance costs including allocated support costs	—	—	89	89
	6,331	3,203	2,049	11,583
Incoming resources for the period include:				
Operating leases				103
Fees payable to auditor				
. Statutory audit				9
. Other services				11

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Individual items above £5,000	
		Amount £	Reason
Ex-gratia/compensation payments	31,820	16,820	Compromise agreement
		15,000	Compromise agreement

**5 Charitable activities - academy's educational operations**

	2014 Total funds £'000
<b>Direct costs</b>	
Teaching and educational support staff costs	5,060
Depreciation	1,218
Educational supplies	207
Examination fees	143
Educational consultancy	24
Staff development	52
Other direct costs	363
	<u>7,067</u>
<b>Allocated support costs</b>	
Support staff costs	1,271
Depreciation	305
Technology costs	473
Recruitment and support	98
Maintenance of premises and equipment	863
Cleaning	398
Rent and rates	112
Energy costs	213
Insurance	94
Security and transport	115
Catering	280
Marketing	34
Other support costs	169
	<u>4,425</u>
<b>Total direct and support costs</b>	<u>11,492</u>

**6 Governance costs**

	2014 Total funds £'000
Legal and professional fees	69
Auditor's remuneration:	
Audit of financial statements	9
Other services	11
	<u>89</u>

## 7 Staff

### (a) Staff costs

Staff costs during the period were:

	2014 Total funds £'000
Wages and salaries	4,893
Social security costs	407
Pension costs	673
	5,973
Supply teacher costs	220
Agency costs	88
Compensation payments	50
	6,331

### (b) Staff severance payments

Included within compensation payments are non-statutory/non-contractual severance payments totalling £31,820 (2013: nil). The two non-statutory/non-contractual payments exceeded £5,000 individually, and they were for £16,820 and £15,000.

### (c) Staff numbers

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

Charitable activities	2014 No.
Teachers	72
Administration and support	53
Management	12
	137

### (d) Higher paid staff

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

	2014 No.
£60,001 - £70,000	4
£70,001 - £80,000	4
£80,001 - £90,000	3
£90,001 - £100,000	3
£130,001 - £140,000	1
£180,001 - £190,000	1

## 7 Staff (continued)

### (d) Higher paid staff (continued)

13 of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014 employer's pension contributions for these staff amounted to £170,229. The other employees participated in the Local Government Pension Scheme and employer's pension contributions amounted to £58,111.

## 8 Governors' remuneration and expenses

Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration was as follows:

	2014 £
Colin Hall, Headteacher and Governor	£180,000-£185,000
David Chappell, Associate Headteacher and Governor	£135,000-£140,000

During the period ended 31 August 2014, none of the governors claimed any expenses for travel and subsistence.

Other related party transactions involving the governors are set out in note 23.

## 9 Governors' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2m on any one claim and the cost for the period ended 31 August 2014 was £1,750.

## 10 Tangible fixed assets

	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total funds £'000
<b>Cost/valuation</b>					
Transfer on conversion	52,500	1,306	937	41	54,784
Additions	—	194	9	—	203
At 31 August 2014	52,500	1,500	946	41	54,987
<b>Depreciation</b>					
Charge in period	1,050	150	315	8	1,523
At 31 August 2014	1,050	150	315	8	1,523
<b>Net book value</b>					
At 31 August 2014	51,450	1,350	631	33	53,464

**10 Tangible fixed assets (continued)**

The lease for the land and buildings has not yet been finalised. However, the School is occupying and using the land and buildings, and hence their value has been included above.

**11 Debtors**

	2014 £'000
Trade debtors	4
Prepayments and accrued income	416
VAT Debtor	213
Other debtors	1
	<u>634</u>

**12 Creditors: amounts falling due within one year**

	2014 £'000
Trade creditors	14
Taxation and social security	129
Accruals and deferred income	378
	<u>521</u>

### 13 Funds

	Balance at 27 June 2013 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2014 £'000
<b>EFA revenue grant fund</b>					
. General Annual Grant (GAG)	—	9,307	(9,157)	(150)	—
. Other EFA grants	—	603	(594)	—	9
	—	9,910	(9,751)	(150)	9
. Pension reserve	—	(598)	(64)	(343)	(1,005)
	—	9,312	(9,815)	(493)	(996)
<b>Fixed assets fund</b>					
. EFA capital grants	—	26	(2)	—	24
. Capital expenditure from GAG	—	—	(20)	177	157
. Academy building and furniture and equipment transferred from Local Authority	—	54,784	(1,501)	—	53,283
	—	54,810	(1,523)	177	53,464
<b>Other funds</b>					
. Local Authority grants	—	407	(169)	—	238
. Other funds	—	101	(74)	—	27
	—	508	(243)	—	265
<b>Total restricted funds</b>	—	64,630	(11,581)	(316)	52,733
<b>Unrestricted funds</b>					
. Unrestricted funds	—	1,619	(2)	(27)	1,590
<b>Total unrestricted funds</b>	—	1,619	(2)	(27)	1,590
<b>Total funds</b>	—	66,249	(11,583)	(343)	54,323

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

#### ***EFA revenue grant fund and other restricted funds***

##### ***General Annual Grant (GAG)***

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 2014.

##### ***Fixed assets fund***

These grants relate to capital funding to carry out works of a capital nature. The transfer between funds related to the purchase of capital items using EFA restricted or unrestricted general funds.

##### ***Pension reserve***

The pension reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme.



#### 14 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets fund £'000	Total 2014 £'000
<b>Fund balances at 31 August 2014 are represented by:</b>				
Tangible fixed assets	—	—	53,464	53,464
Current assets	1,590	795	—	2,385
Current liabilities	—	(521)	—	(521)
Pension scheme liability	—	(1,005)	—	(1,005)
<b>Total net assets</b>	<b>1,590</b>	<b>(731)</b>	<b>53,464</b>	<b>54,323</b>

#### 15 Financial commitments

##### *Operating leases*

At 31 August 2014, the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	2014 £'000
<b>Other</b>	
Expiring within two and five years inclusive	103

#### 16 Reconciliation of net income to net cash inflow from operating activities

	2014 £'000
Net income	54,666
Fixed assets transferred on conversion to an academy trust	(54,784)
Cash transferred on conversion to an academy trust	(1,450)
Inherited pension deficit	598
Depreciation (note 10)	1,523
Capital grants from DfE and other capital income	(26)
Interest receivable	(2)
FRS 17 pension cost less contributions payable (note 22)	51
FRS 17 pension finance income (note 22)	13
Increase in debtors	(634)
Increase in creditors	521
<b>Net cash inflow from operating activities</b>	<b>476</b>

#### 17 Returns on investment and servicing of finance

	2014 £'000
Interest received	2
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>2</b>

## 18 Capital expenditure and financial investment

	2014 £'000
Provision of tangible fixed assets	(203)
Capital grants from DfE / EFA	26
<b>Net cash outflow from capital expenditure and financial investments</b>	<b>(177)</b>

## 19 Cash transferred on conversion to an Academy Trust

	2014 £'000
Cash transferred on conversion to an academy trust	1,450

## 20 Analysis of changes in net funds

	At 27 June 2013 £'000	Cashflows £'000	At 31 August 2014 £'000
Cash in hand and at bank	—	1,752	1,752

## 21 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.

## 22 Pension and similar obligations

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

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2013.

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

## 22 Pension and similar obligations (continued)

### *Teachers' Pension Scheme*

#### *Introduction*

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers 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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

#### *Valuation of the Teachers' Pension Scheme*

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

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

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

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

## 22 Pension and similar obligations (continued)

### *Teachers' Pension Scheme (continued)*

#### *Teachers' Pension Scheme Changes*

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

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

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

## 22 Pension and similar obligations (continued)

### *Local Government Pension Scheme (LGPS)*

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2014 was £223,000, of which employer's contributions totalled £152,000 and employees' contributions totalled £71,000. The agreed contribution rates for future years are 14.8% of employers and between 5.5% and 10.5% of employees.

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

Principal Actuarial Assumptions	At 31 August 2014
Rate of increase in salaries	4.5%
Rate of increase for pensions in payment / inflation	2.7%
Discount rate for scheme liabilities	4.0%
Inflation assumption (CPI)	2.7%

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

	At 31 August 2014
<i>Retiring today</i>	
Males	22.3
Females	25.5
<i>Retiring in 20 years</i>	
Males	24.5
Females	27.9

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	6.0%	924
Bonds	3.0%	n/a
Property	5.0%	44
Cash	0.5%	22
Absolute return portfolio	4.5%	326
Total market value of assets	5.5%	1,316
Present value of scheme liabilities		(2,321)
Deficit in the scheme		(1,005)

## 22 Pension and similar obligations (continued)

### *Local Government Pension Scheme (LGPS) (continued)*

Amounts recognised in statement of financial activities	2014 £'000
Current service costs (net of employee contributions)	203
Total operating charge	203

### Analysis of pension finance costs

Expected return on pension scheme assets	67
Interest on pension liabilities	(80)
<b>Pension finance costs</b>	<b>(13)</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a loss of £343,000.

Movements in the overall deficit were as follows:	2014 £'000
Deficit at 1 September 2013	598
Current service cost	203
Employer contributions	(152)
Net finance interest	13
Actuarial losses	343
<b>At 31 August 2014</b>	<b>1,005</b>

Movements in the present value of defined benefit obligations were as follows:	2014 £'000
Deficit at 1 September 2013	1,571
Current service costs	203
Interest costs	80
Employee contributions	71
Actuarial loss	396
<b>At 31 August 2014</b>	<b>2,321</b>

## 22 Pension and similar obligations (continued)

### *Local Government Pension Scheme (LGPS) (continued)*

Movements in the fair value of Academy's share of scheme assets:	2014 £'000
At 1 September 2013	973
Expected return on assets	67
Actuarial gain	53
Employer contributions	152
Employee contributions	71
<b>At 31 August 2014</b>	<b>1,316</b>

The estimated value of the employer contributions for the year ended 31 August 2015 is £214,000.

The experience adjustments are as follows:

	2014 £'000
Present value of defined benefit obligations	2,321
Fair value of share scheme assets	(1,316)
<b>Deficit on the scheme</b>	<b>1,005</b>
 Experience adjustments on share of scheme assets	
Amount	53
 Experience adjustments on scheme liabilities	
Amount	—

## 23 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

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

## 24 Conversion to an academy trust

On 27 June 2013, Holland Park School converted to academy trust status under the Academies Act 2010 and all operations and assets and liabilities were transferred to Holland Park School from the Royal Borough of Kensington and Chelsea for nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2014 Total £'000
Tangible fixed assets				
. Leasehold land and buildings	—	—	52,500	52,500
. Other tangible fixed assets	—	—	2,284	2,284
Budget surplus on LA funds	1,356	—	—	1,356
Budget surplus on other school funds	94	—	—	94
LGPS pension deficit	—	(598)	—	(598)
<b>Net assets (liabilities)</b>	<b>1,450</b>	<b>(598)</b>	<b>54,784</b>	<b>55,636</b>

The above net assets include £1,450,000 that was transferred as cash.