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# financial statements

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**Thomas Mills High School  
(A company limited by guarantee)**

For the year ended 31 August 2014

Company registration number: 07605059

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Members**

Mr J Hibberd MBE  
Mrs B Howard<sup>1</sup>  
Mr S Lovett<sup>1,2</sup>  
Mr D Stewart<sup>2</sup>  
Mrs S Thorne, Chair of Trustees<sup>1</sup>

**Trustees**

Mrs G Christie  
Miss R Cresdee  
Mr R Hanley  
Miss T Hill<sup>1</sup>  
Mr B Hinton<sup>1,2</sup>  
Mrs B Howard<sup>1</sup>  
Mr P Hurst, Headteacher<sup>1</sup>  
Mr S Lovett<sup>1,2</sup>  
Ms P Miller-Williams  
Mr B Morron (resigned 17 July 2014)  
Mr M Mugliston<sup>1</sup>  
Mrs S Preston  
Mrs M Riley  
Mr S Roberts (resigned 17 July 2014)<sup>1</sup>  
Mr R Snell (appointed 16 October 2014)  
Mr D Stewart<sup>2</sup>  
Mrs S Thorne, Chair of Trustees<sup>1</sup>  
Mr M Wright<sup>1</sup>  
Ms J Bell (appointed 22 October 2014)  
Mr A Maskery (appointed 22 October 2014)

<sup>1</sup> Finance Committee

<sup>2</sup> Audit Committee

**Company registered number**

07605059

**Principal and registered office**

Thomas Mills High School  
Saxtead Road  
Framlingham  
Suffolk  
IP13 9HE

**Senior management team**

Mr P Hurst, Headteacher  
Miss E Halley, Deputy Head  
Mr J Jennings, Assistant Head  
Mr D Tattoo, Assistant Head  
Mr M Wheeler, Assistant Head

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**THOMAS MILLS HIGH SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Administrative details (continued)**

**Independent auditors**

MHA MacIntyre Hudson  
Chartered Accountants  
Statutory Auditors  
Boundary House  
4 County Place  
Chelmsford  
Essex  
CM2 0RE

**Bankers**

Barclays Bank PLC  
4 Church Street  
Woodbridge  
Suffolk  
IP12 1DJ

**Solicitors**

Jackman, Smith & Mulley  
Park House  
Mere Street  
Diss  
Norfolk  
IP22 4JY

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**THOMAS MILLS HIGH SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

**Structure, governance and management**

**a. CONSTITUTION**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Thomas Mills High School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Thomas Mills High School.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

**b. 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.

**c. TRUSTEES' INDEMNITIES**

The school has purchased insurance to cover trustees' and officers' from claims arising from negligent acts, errors or omissions occurring whilst on academy business. Details of the costs can be found in note 13 to the accounts.

**d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The arrangements for recruiting and appointment of trustees are set out in the Academy's Funding Agreement and clauses 46-64 of the Articles of Association. These are as follows:

- Members of the Trust may appoint up to four Governors (Governors are the Trustees for Charity Law and the Company Directors for Company law).
- Members may appoint Staff Governors, the total number of which must not exceed one third of the total number of Governors.
- The Local Authority may appoint the LA Governor.
- The Headteacher shall be treated for all purposes as being an ex officio Governor.
- Parent Governors shall be elected by parents of registered pupils at the School. Parent Governors must be a parent of a pupil at the School at the time when he is elected. If the number of Parent Governors standing for election is less than the number of vacancies, the number of Parent Governors required shall be made up by Parent Governors appointed by the Governing Body. Up to 6 Parent Governors can be appointed.
- Governors may appoint up to three Co-opted Governors.
- Additional Governors may be appointed by the Secretary of State in certain circumstances.

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**THOMAS MILLS HIGH SCHOOL**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

All Governors receive a welcome pack and a personal briefing from the Chair of Governors and the Headteacher. Documents relating to contemporary developments are circulated, when available, to Governors together with the handbooks for Training and Support offered by the Local Authority, whole Governing Body training sessions tailored to specific requirements are also held when required. Governors are offered and encouraged to take part in training which is arranged to suit individual as well as group requirements.

All Governors are aligned to specific school departments and encouraged to visit regularly to further both the individual Governors knowledge and provide a conduit for Heads of Department.

All members and Governors give their time freely and no remuneration was paid in the period. No expenses were claimed during the period.

**f. ORGANISATIONAL STRUCTURE**

The organisational structure consists of three levels; the Governors, Governing Body Committees and the Management Team. Committees exist for; Finance, Personnel and Performance Review, Audit, Land and Buildings, Appeals, Pupil Discipline, Staff Determinations and Staff Selection. Committees of the Governing Body have delegated responsibilities.

The Governors delegate the day-to-day running of the school to the Headteacher and Senior Management Team. The Governors are responsible for setting general policy, approving the annual budget, monitoring the use of funding, budgets and making decisions about the direction of the Academy, capital expenditure, senior staff appointments and, lastly, both supporting the work of and holding to account the Headteacher and staff (including for the performance of the school against agreed targets). The Headteacher is the Accounting Officer.

**g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The School continues to have close links with our local feeder primary schools at Dennington, Easton, Wickham Market, Sir Robert Hitcham in Framlingham, Charsfield and Earl Soham. It also works closely with a number of primary schools outside the designated catchment area as pupils from over 25 separate primary schools attend the school in Year 7.

The School has supported the 'Raising the Bar' programme for Suffolk County Council and contributes to the sharing of good practice. The School also works closely with SNITT (Suffolk and Norfolk Initial Teacher Training) in the training of teachers and the Headteacher sits on the steering group.

Several charities that are independent of the School and report separately to the Charity Commission nevertheless have close connections with our work:

- (1) The Friends of Thomas Mills High School (registered charity 298599) provides benefits for the school.
- (2) The Mills Educational Foundation (registered charity 310475) provides up to half its income for 'special benefits' for the school and the rest is spent on individual grants to children being educated in or living in the town of Framlingham.
- (3) The Michael Sims Memorial Fund (registered charity 297530) provides travel and other grants for pupils of the school and may also make certain grants to the school itself.
- (4) Prickett Memorial Awards (registered charity 1075348) provides an annual scholarship to a student who leaves the school to take up a place to study a modern foreign language at university.
- (5) Thomas Mills Prizes (registered charity 1075349) provides a number of annual prizes awarded in the school.
- (6) Thomas Mills Tercentenary Fund (registered charity 1098741) was originally established by the school with money specifically raised to fund approved projects in the Third World.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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Of these, the Headteacher is an ex officio trustee of (1), (3) and (6) and Governors have specific power to appoint one or more Governors of (4), (5) and (6). Currently, Members and teachers also sit as Governors on all of them except (2).

In addition a number of other charities have in recent years (but not in the accounting period this report refers to) given generous support to specific projects for the school, especially the Mills Charity (registered number 207259).

### **Objectives and Activities**

#### **a. OBJECTS AND AIMS**

The Academy Trust's principal object is specifically restricted 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.

Its other object is to promote for the benefit of the inhabitants of Framlingham and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances 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.

#### **b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

The Vision, Values, And Philosophy of the School are:

##### Vision Statement

We, the staff and Governors, aspire to ensure that all our students, irrespective of ability and regardless of anyone's doubts, achieve their potential in full; and we aspire in this way to make Thomas Mills High School the best in the country.

##### Charter of Values

We, the staff, pupils and Governors of Thomas Mills High School, regard the following twelve values as central to our purpose:

1. A love of learning for its own sake
2. Vigour and optimism in embracing the future
3. The intrinsic virtue of persistent hard work
4. Acceptance of personal responsibility
5. Equal value accorded to all persons
6. Courtesy, self-discipline and respect for others
7. A determination to achieve excellence in all we do
8. Honesty, moral courage and integrity
9. Good fellowship
10. Service to others
11. Leadership and enterprise
12. Respect for the traditions and achievements of the school

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**THOMAS MILLS HIGH SCHOOL**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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We have pursued the Vision Statement by continually striving to improve further the standards of teaching, learning and achievement. This is done by a variety of means, including the monitoring of pupil performance and making appropriate interventions to support underachieving individuals; reviewing the curriculum in light of national changes to provide the widest possible opportunities to pupils to experience success and build self-confidence; providing opportunities for teaching staff to reflect on their practice and so foster effective teaching styles; regular quality assurance lesson observations. This work has been monitored closely both by the Senior Management Team and by the Governors Personnel and Performance Committee throughout the period being reported.

We have continued to exploit the opportunities provided by Academy status to strengthen the work of the school. The Governing Body continues to support the Headteacher who was appointed in January 2013. During the year the School has implemented the major projects for which we received capital funds to refurbish the worst parts of the buildings and we now have new windows and roofing to areas of the oldest part of the school which has both improved the teaching environment and will over time reduce energy bills.

Governors' policies have been regularly reviewed to ensure they are updated to reflect national developments and new statutory duties.

The School continues to provide a Sports Centre for Framlingham at the school but this is not funded by academy funding.

**c. PUBLIC BENEFIT**

*In exercising their powers and duties, the Governing Body has due regard at all times to Charity Commission guidance on public benefit and a statement of the legal duties of Governors as charity Governors is included for ease of reference in the Academy's Handbook of Governance. The Academy Trust was established to provide (without fees or charges) high quality education to boys and girls of all abilities and aged 11 – 18 years in the local area for whom a place is available and whose parents opt to send them to the school.*

The Governing Body has opted to continue the same admissions policy as that which applied to the maintained school that existed before the Academy Trust was established. It is administered in full co-operation with the Local Authority. The policy is fully compliant with national regulations, thus ensuring fair treatment of all applicants.

Governors have robust policies on equality and community cohesion which comply with current legal requirements.

Governors have regard to the environmental impact of the school and are "committed to reducing by all practicable and affordable means those effects of our activities which are potentially harmful to the local, national and global environment".

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**THOMAS MILLS HIGH SCHOOL**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Strategic report**

Our vision statement and Charter of Values drives all we do and places a focus firmly on teaching, learning and achievement. Success is evaluated against it and decisions made by staff and Governors are tested against the question 'what is in the true interests of our pupils?'

A strong achievement culture has been successfully fostered in the school and this continues to be assessed in a number of ways through exam results, value added data and quality assessments results. Pupils are proud of their school and its achievements and work hard to be part of the continued success story.

The well established system of Main and Golden targets for pupils of all ages is based upon past pupil performance and is designed to raise aspirations, successfully helping to contribute to the schools achievement culture. This achievement culture is supported by an extensive programme of extra-curricular activities and by a curriculum designed to stretch pupils of all abilities. Both are supported by high staff expectations.

The Governors have contributed in numerous areas in the last year including:

- Commissioned an independent review of the curriculum in support of the Headteacher to ensure it is both relevant, academically stretching and meets the requirements of new Government initiatives and targets. The Governors subsequently supported the Headteacher and Senior Management Team in implementing appropriate recommendations.
- Reviewed all the Governors' policies and updated them where required to ensure they remain relevant and effective for the running of the School.
- Through the scrutiny of the Finance Committee supported the School in effectively managing a challenging 2013-14 budget and setting an achievable budget for 2014-15 with declining real terms funding.
- Through the work of the Land and Buildings Committee supported the project management of a range of major refurbishments and improvement projects within the agreed budget and with minimal disruption to the smooth running of the School.
- Kept close scrutiny of the progress of all actions within the School Development Plan.
- Being active in helping with strategies to maximise new pupil recruitment in local demographic areas where the numbers of potential pupils are declining.
- Actively explored the potential for increased collaborative working with other local schools.

**Achievements and performance**

**a. KEY FINANCIAL PERFORMANCE INDICATORS**

For pupils to be fully involved in the extra-curricular life of the school

There are a number of opportunities for pupils to participate in extra-curricular activities in a range of areas including sport, drama, music, clubs as well as a number of trips. Internal surveys have shown a very high proportion of pupils are involved in at least one extra-curricular activity. This year a significant number of pupils (over 100) participated in the Bronze level for the Duke of Edinburgh Award. The Sixth Form take a lead in a number of events including Charity Day and Harvest, for example. Finally, there are a number of activities at lunchtime so that children who travel some distance to school have good opportunities to get involved. This includes drama and music and the rehearsals for the exceptional School Production (Fiddler on the Roof) took place during this time. Science Week was particularly well supported last year with a range of lunchtime activities.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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To maintain 'outstanding' judgements from OFSTED

The last visit from OFSTED in 2012 graded RE provision as outstanding. In recent years, OFSTED have prioritised their visits to schools that are not performing as effectively and we are given to understand that OFSTED 'risk assesses' all schools. The last full inspection was in 2006 and the overall grade of outstanding still holds. The school's self-evaluation using OFSTED criteria confirms this judgement. An independent assessment from the Good Schools Guide stated, "A remarkable school with high academic expectation and achievement, a dazzling array of extra-curricular activities and a dedicated staff. Has enjoyed, and is enjoying outstanding leadership."

To achieve results in line with, or above expectations using prior attainment and external data

Pupils achieved excellent results at all levels in Summer 2014. Such results regularly place Thomas Mills High School as one of the highest performing non-selective, state schools in the county – both in terms of attainment and the progress that young people make.

At GCSE the overall figure of 5 A\*-C including English and Mathematics was 73%. This outcome matched FFT D expectations. This headline result confirmed the school's position as one of the top performing comprehensives in the county. Progress measures confirm that pupils make excellent progress and these figures are above the national figures. In 2014, 88% of pupils made the expected progress in English and 79% in Mathematics.

At A Level there were also some exceptional results. The average points per student of 822 was very good and an increase on 2013 results. 45% of all Advanced Level grades were A\*-B, 83% of students achieved at least 3 A Levels. Two students progressed onto places at Oxbridge, making 13 Oxbridge places in the past three years. Over 40% of University places achieved are Russell Group or 1994 Group Universities. Approximately, some 80% of students proceed to higher education. The school is committed to giving all students an opportunity to study an academic education.

To maintain excellent attendance data demonstrating that pupils want to attend school.

The overall figure of 95%, although excellent, represents a slight decrease from the previous year. This is explained by a few specific cases which require external intervention. Data shows that pupils enjoy coming to school and that the curriculum, teaching and wider opportunities have a positive impact on behaviour. The new regulations discouraging Headteachers from granting leave of absence, unless the circumstances were exceptional, were shared with parents.

Teaching is at least good and often outstanding.

Quality Assurance data confirms that this is the case. For example, in March 2014 teaching was judged to be outstanding in 54% of lessons seen and good in 40%. Independent surveys show that a large majority of pupils and parents consider teaching is a strength of the school. A key focus for 2014/2015 will be to validate the Quality Assurance data using external assessment. Excellent practice is shared and the Professional Development Days and Teaching and Learning Groups have provided staff with an opportunity to reflect on their teaching.

Pupils progress to education, employment or training

Data shows that when pupils leave Thomas Mills they continue in education, employment or training. The vast majority of Year Elevens choose to continue studying into the Sixth Form and they are joined by pupils from a range of other schools. Other destinations include employment, apprenticeships and education at Easton & Otley College, for example. Sixth Form students also progress to a range of providers with the majority studying at University.

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**THOMAS MILLS HIGH SCHOOL**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**b. GOING CONCERN**

After making appropriate enquiries, the Governing Body 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.

**c. REVIEW OF ACTIVITIES**

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the Education Funding Agency (EFA) during the year ended 31st August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also has been in receipt of capital grants from the EFA through the bid process for Capital Maintenance Fund. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2014, total expenditure of £6,292,277 was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds) was £87,061.

At 31st August 2014 the net book value of fixed assets was £7,935,643 and movements in tangible fixed assets are shown in the note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

In accordance with FRS17, the Academy received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31st August 2014 and supporting notes to the accounts 25.

**d. INVESTMENT POLICY AND PERFORMANCE**

The School manages its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investments are such that there is no risk to the loss of these funds.

**Financial review**

**a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The school has a comprehensive Risk Management Plan which identifies the main risks to the school and the methods and strategies employed to mitigate those risks. The Governors with Senior Managers review the plan and the controls in place on an annual basis.

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**b. PRINCIPAL RISKS AND UNCERTAINTIES**

A key area of risk to the Academy Trust is financial sustainability and compliance with Company and Charity legislation, whilst continuing to achieve the objectives of the School. The School has bought in financial support and advice to ensure this risk is minimised.

The most significant operational risk facing the School is the impact on future pupil numbers of the demographic dip in potential students over the next two or three years both within the feeder Primary Schools for Thomas Mills and in the out of catchment Primary Schools that provide pupils to the School. This is not unique to Thomas Mills and will have impact in a number of neighbouring High Schools. Senior Managers and Governors are working together to put in place measures to manage this risk.

**c. RESERVES POLICY**

The Academy held fund balances at 31st August 2014 of £7,949,901 comprising of restricted funds, of which £8,082,332 relate to the restricted fixed asset fund. £220,808 unrestricted funds and a pension reserve deficit of £624,000.

The Governors do not have a formal reserves policy as a number of financial years experience as a converter Academy was needed as was a number of years experience of the reliability of funding streams from the EFA. The Governors are determined that the setting of realistic budgets and managing within these is of high importance. The Governors have reviewed the level of free reserves it wishes to hold at present and agreed to carry over £220,808. The following points aided this decision:

- The need to spend funds in the year of receipt or subsequently. This entails holding appropriate reserves.
- The need to show a level of prudence and good financial planning to cover the unexpected and unplanned so that the Academy's primary object is preserved under unforeseen circumstances.

The routine financial management of the school includes:

- Where income levels can be exceeded, to balance the need to bring forward planned expenditure, referring to the school development plan and building/maintenance plan, against cash flow and risk of unforeseen events.
- Where income levels fall below budgetary plans, measures will be taken to reduce expenditure.

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**THOMAS MILLS HIGH SCHOOL**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

The Members and Governors will continue to pursue the aims and objects of the school according to the prevailing circumstances. The aims and objects may be modified if circumstances dictate. Governors will continue to focus on:

- Improving teaching and learning as the means to achieve the Vision Statement.
- Developing and updating educational facilities at the school within the constraints of current and predicted funding levels.
- Improving the general management of land, buildings and related matters in order to ensure the best use of public money and the governors' overall policy objectives.
- Securing the future of the school during a period of financial restraint and changes in personnel.
- Managing the Sports Centre as a public benefit for the local community.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

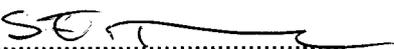
The Academy does not hold any funds as custodian trustee on behalf of others.

**AUDITORS**

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 10 December 2014 and signed on the board's behalf by:

  
.....  
**Mrs S Thorne**  
**Chair of Trustees**

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As Governors we acknowledge we have overall responsibility for ensuring that Thomas Mills High 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 has delegated the day-to-day responsibility to the Headteacher as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Thomas Mills High School and the Secretary of State for Education. They are 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 Governor Responsibilities. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Thorne (Chairperson)	6	6
Ms G W Christie	5	6
Ms R Cresdee (Staff Governor)	1	6
Mr R Hanley (Staff Governor)	5	6
Miss T Hill (Staff Governor)	5	6
Mr B N Hinton	4	6
Mrs B N Howard	6	6
Mr P Hurst (Headteacher and Accounting Officer)	6	6
Mr S Lovett	6	6
Ms P Miller-Williams	5	6
Mr B Morron (resigned 17 July 2014)	5	6
Mr M Mugliston	6	6
Ms S J Preston	6	6
Ms M Riley	6	6
Mr S A Roberts (resigned 17 July 2014)	0	6
Mr D W Stewart	6	6
Mr M G Wright	6	6

There have been no changes in the composition of the Governing Body.

On the 10th October 2013, Mr S Lovett stood down as chair of the Governing Body and Mrs S Thorne was elected to replace him.

A internal review and skills audit of the Governors was undertaken in 2012 and the results of this have been included in business for the year under review including using the output of the skills audit when considering new Governor vacancies. No further review has been scheduled.

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to make recommendations to the Governing Body on all financial and budgetary matters which are not delegated and to exercise delegated powers in relation to competitive tendering and authorisation of contracts and also with regard to ensuring compliance with financial regulations, the production of annual accounts, the approval of Lettings Charging Guidelines and the revision of the Risk Register.

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mr B N Hinton	4	5
Mrs B N Howard	5	5
Mr P Hurst (Headteacher and Accounting Officer)	5	5
Mr S Lovett	5	5
Ms S E Thorne	5	5
Mr S A Roberts (resigned 17 July 2014)	1	4
Mr M G Wright	5	5
Mr M Mugliston	1	1
Mrs T Hill (Staff Governor)	3	5

The Audit Committee is also a sub-committee of the main Governing Body. Its purpose is to meet with the Auditor, receive the draft audited accounts and to recommend the accounts for approval to the Board of Governors.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr B N Hinton	1	1
Mr S A Roberts	1	1
Mr D W Stewart	1	1

#### **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 academy trust 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 Thomas Mills High School for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

#### **CAPACITY TO HANDLE RISK**

The Governing Body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT (continued)**

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**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:

- 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 board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Customer Services Direct, as 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 termly basis, the RO reports to the Governing Body, through the Finance Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. No material control issues were found as a result of the RO's work.

**REVIEW OF EFFECTIVENESS**

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 10 December 2014 and signed on its behalf, by:

  
.....  
**Mrs S Thorne**  
Chair of Trustees

  
.....  
**Mr P Hurst**  
Accounting Officer

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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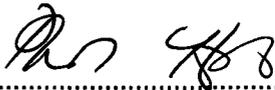
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Thomas Mills High School I have considered my responsibility to notify the academy trust's Governing Body 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 trustees and EFA.



.....  
**Mr P Hurst**  
**Accounting Officer**

Date: 10 December 2014

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

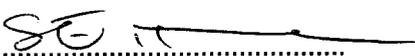
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Governors on 10 December 2014 and signed on its behalf by:

  
.....  
**Mrs S Thorne**  
**Chair of Trustees**

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THOMAS MILLS HIGH SCHOOL**

---

We have audited the financial statements of Thomas Mills High School for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements 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 academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and 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 Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THOMAS MILLS HIGH SCHOOL**

---

**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.



James Gare ACA DChA (Senior statutory auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Boundary House  
4 County Place  
Chelmsford  
Essex  
CM2 0RE

10 December 2014

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THOMAS MILLS HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 12 June 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 Thomas Mills High School during the year 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THOMAS MILLS HIGH SCHOOL'S AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Thomas Mills High School's funding agreement with the Secretary of State for Education dated 27 May 2011, and the Academies Financial Handbook extant from 1 September 2013 (Updated October 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 year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THOMAS MILLS HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

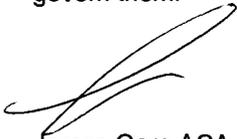
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The work undertaken to draw our conclusions includes:

- reviewing the Minutes of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Accounting Officer.

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



James Gare ACA DChA (Senior Statutory Auditor)

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Boundary House  
4 County Place  
Chelmsford  
Essex  
CM2 0RE

10 December 2014

**THOMAS MILLS HIGH SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
FOR THE YEAR ENDED 31 AUGUST 2014

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £	
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	3,010	-	40,000	43,010	14,285
Activities for generating funds	3	41,625	-	-	41,625	144,043
Investment income	4	2,030	-	-	2,030	179
Incoming resources from charitable activities	5	-	5,243,189	564,890	5,808,079	5,995,722
Other incoming resources	6	67,695	234,208	-	301,903	441,474
<b>TOTAL INCOMING RESOURCES</b>		<b>114,360</b>	<b>5,477,397</b>	<b>604,890</b>	<b>6,196,647</b>	<b>6,595,703</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities	8	77,186	5,381,787	819,393	6,278,366	6,381,912
Governance costs	9	-	13,911	-	13,911	11,833
<b>TOTAL RESOURCES EXPENDED</b>	7	<b>77,186</b>	<b>5,395,698</b>	<b>819,393</b>	<b>6,292,277</b>	<b>6,393,745</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>37,174</b>	<b>81,699</b>	<b>(214,503)</b>	<b>(95,630)</b>	<b>201,958</b>

**THOMAS MILLS HIGH SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Transfers between Funds	19	-	(35,512)	35,512	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>37,174</b>	<b>46,187</b>	<b>(178,991)</b>	<b>(95,630)</b>	<b>201,958</b>
Actuarial gains and losses on defined benefit pension schemes		-	(312,000)	-	(312,000)	34,000
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>37,174</b>	<b>(265,813)</b>	<b>(178,991)</b>	<b>(407,630)</b>	<b>235,958</b>
<i>Total funds at 1 September 2013</i>		<i>183,634</i>	<i>(87,426)</i>	<i>8,261,323</i>	<i>8,357,531</i>	<i>8,121,573</i>
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>220,808</b>	<b>(353,239)</b>	<b>8,082,332</b>	<b>7,949,901</b>	<b>8,357,531</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 26 to 46 form part of these financial statements.

**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07605059**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	14		7,935,643		8,076,829
<b>CURRENT ASSETS</b>					
Stocks	15	1,134		1,093	
Debtors	16	137,978		152,668	
Cash at bank and in hand		678,551		994,071	
			<u>817,663</u>	<u>1,147,832</u>	
<b>CREDITORS: amounts falling due within one year</b>	17	<b>(146,581)</b>		<b>(509,876)</b>	
<b>NET CURRENT ASSETS</b>			<b>671,082</b>		<b>637,956</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>8,606,725</b>		<b>8,714,785</b>
<b>CREDITORS: amounts falling due after more than one year</b>	18		<b>(32,824)</b>		<b>(49,254)</b>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>			<b>8,573,901</b>		<b>8,665,531</b>
Defined benefit pension scheme liability	25		<b>(624,000)</b>		<b>(308,000)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<b>7,949,901</b>		<b>8,357,531</b>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	19	270,761		220,574	
Restricted fixed asset funds	19	8,082,332		8,261,323	
Restricted funds excluding pension liability		8,353,093		8,481,897	
Pension reserve		<b>(624,000)</b>		<b>(308,000)</b>	
Total restricted funds			<b>7,729,093</b>		<b>8,173,897</b>
Unrestricted funds	19		<b>220,808</b>		<b>183,634</b>
<b>TOTAL FUNDS</b>			<b>7,949,901</b>		<b>8,357,531</b>

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2014**

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The financial statements were approved by the Trustees, and authorised for issue, on 10 December 2014 and are signed on their behalf, by:

  
.....  
**Mrs S Thorne**  
**Chair of Trustees**

The notes on pages 26 to 46 form part of these financial statements.

**THOMAS MILLS HIGH SCHOOL**  
(A company limited by guarantee)

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	21	(780,082)	(88,293)
Returns on investments and servicing of finance	22	2,030	179
Capital expenditure and financial investment	22	478,962	634,083
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(299,090)</b>	<b>545,969</b>
Financing	22	(16,430)	(16,431)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(315,520)</b>	<b>529,538</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(315,520)	529,538
Cash outflow from decrease in debt and lease financing	16,430	16,431
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>(299,090)</b>	<b>545,969</b>
Net funds at 1 September 2013	928,404	382,435
<b>NET FUNDS AT 31 AUGUST 2014</b>	<b>629,314</b>	<b>928,404</b>

The notes on pages 26 to 46 form part of these financial statements.

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice (SORP), Accounting and Reporting by Charities' published March 2005, the Academies Accounts Direction 2013 to 2014 issued by 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.

**1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

**Grants Receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

**Sponsorship Income**

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

**Donated Services and Gifts in Kind**

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

**Donations**

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**Other Income**

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

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Resources expended**

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

**Costs of Generating Funds**

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

**Charitable Activities**

These are costs incurred in the academy's educational operations.

**Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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 are 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.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	50 years straight line
Motor vehicles	-	5 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years straight line

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**THOMAS MILLS HIGH SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.8 Taxation**

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

**1.9 Pensions**

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 25, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the 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 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.

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**FOR THE YEAR ENDED 31 AUGUST 2014**

**1. ACCOUNTING POLICIES (continued)**

**1.10 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 Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	3,010	40,000	43,010	14,285

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Hire of facilities	19,406	-	19,406	22,734
Catering income	-	-	-	91,182
Other income from activities	22,219	-	22,219	30,127
	<u>41,625</u>	<u>-</u>	<u>41,625</u>	<u>144,043</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Interest	2,030	-	2,030	179

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**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	5,060,107	5,060,107	5,181,691
Pupil Premium	-	97,308	97,308	67,969
DfE/EFA Capital Grants	-	564,890	564,890	665,293
Other EFA/DfE grants	-	85,774	85,774	80,769
	<u>-</u>	<u>5,808,079</u>	<u>5,808,079</u>	<u>5,995,722</u>

**6. OTHER INCOMING RESOURCES**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	<i>Total funds 2013 £</i>
Contributions towards clubs and educational activities	67,695	-	67,695	70,604
Contributions towards school trips	-	234,208	234,208	370,870
	<u>67,695</u>	<u>234,208</u>	<u>301,903</u>	<u>441,474</u>

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**7. RESOURCES EXPENDED**

	<b>Staff costs</b>	<b>Non Pay Premises</b>	<b>Expenditure Other costs</b>	<b>Total</b>	<i>Total</i>
	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
	£	£	£	£	£
Educational Operations	3,886,712	-	601,268	4,487,980	4,714,515
Support costs - Educational Operations	373,328	1,189,589	227,469	1,790,386	1,667,397
<b>Charitable activities</b>	<b>4,260,040</b>	<b>1,189,589</b>	<b>828,737</b>	<b>6,278,366</b>	<b>6,381,912</b>
<b>Governance</b>	-	-	13,911	13,911	11,833
	<b>4,260,040</b>	<b>1,189,589</b>	<b>842,648</b>	<b>6,292,277</b>	<b>6,393,745</b>

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

	<b>Total £</b>	<b>Individual items above £5,000</b>	
		<b>Amount £</b>	<b>Reason</b>
Ex-gratia/compensation payments	13,405	12,896	Redundancy payment

The academy trust has regard to the propriety and regularity of the use of public funds, and has a policy for gifts and hospitality. Gifts made by the trust from public funds are rare and did not exceed £15 per member of staff in the year.

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**8. CHARITABLE ACTIVITIES**

	<b>Total funds 2014 £</b>	<i>Total funds 2013 £</i>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	3,886,712	3,929,779
Technology Costs	6,154	-
Educational Supplies	341,000	479,968
Examination Fees	131,489	146,789
Staff Development and Training	13,084	7,803
Educational Consultancy	74,517	99,705
Other Direct Costs	35,024	39,471
	<u>4,487,980</u>	<u>4,703,515</u>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	371,328	356,635
Depreciation	227,114	218,127
Pension income	2,000	11,000
Technology Costs	36,762	46,897
Recruitment and Support	39,661	34,243
Maintenance of Premises and Equipment	670,928	505,994
Cleaning	104,963	102,821
Rent and Rates	33,596	32,419
Energy Costs	89,246	103,283
Insurance	63,742	61,562
Security and Transport	8,071	7,282
Catering	38,686	106,467
Bank Interest and Charges	301	66
Other Support Costs	103,988	91,601
	<u>1,790,386</u>	<u>1,678,397</u>
	<u><u>6,278,366</u></u>	<u><u>6,381,912</u></u>

**9. GOVERNANCE COSTS**

	<b>Total funds 2014 £</b>	<i>Total funds 2013 £</i>
Auditors' remuneration	9,500	9,275
Auditors' non-audit costs	4,283	2,558
Trustees' reimbursed expenses	128	-
	<u>13,911</u>	<u>11,833</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

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**10. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	227,114	218,127
Auditors' remuneration	9,500	9,275
Auditors' remuneration - non-audit	4,283	2,558
Operating lease rentals:		
- plant and machinery	6,056	6,897
	<u>6,056</u>	<u>6,897</u>

**11. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2014	2013
	£	£
Wages and salaries	3,444,061	3,526,026
Social security costs	260,689	272,728
Other pension costs (Note 25)	493,923	485,227
	<u>4,198,673</u>	<u>4,283,981</u>
Supply teacher costs	45,962	2,433
Staff restructuring costs	13,405	-
Pension finance costs	2,000	11,000
	<u>4,260,040</u>	<u>4,297,414</u>

**b. Staff severance payments**

Included in staff restructuring costs are non-contractual severance payments totalling £13,405. One of the non-contractual payments exceeded £5,000 individually and was for £12,896.

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**11. STAFF (continued)**

**c. Staff numbers**

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>69</b>	<b>66</b>
Administration and support	<b>26</b>	<b>33</b>
Management	<b>5</b>	<b>6</b>
	<u><b>100</b></u>	<u><b>105</b></u>

**d. Higher paid staff**

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>1</b>	<b>0</b>
In the band £80,001 - £90,000	<b>1</b>	<b>1</b>
In the band £90,001 - £100,000	<b>0</b>	<b>1</b>
	<u><b>2</b></u>	<u><b>2</b></u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £20,403 (2013: £24,701).

**12. TRUSTEES' REMUNERATION AND EXPENSES**

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration fell within the following bands:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
P Hurst (Headteacher and Governor)	<b>95,000-100,000</b>	<b>90,000-95,000</b>
Miss R Cresdee	<b>20,000-25,000</b>	<b>30,000-35,000</b>
Miss T Hill	<b>20,000-25,000</b>	<b>10,000-15,000</b>
Mr R Hanley	<b>50,000-55,000</b>	<b>50,000-55,000</b>

During the year ended 31 August 2014, trustees expenses totalling £128 (2013 - £nil) were reimbursed to 1 Trustee (2013 - nil).

The value of Trustees' remuneration includes annual gross salary and employer pension contributions made during the year.

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**13. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £350 (2013 - £951). The cost of this insurance is included in the total insurance cost.

**14. TANGIBLE FIXED ASSETS**

	L/Term Leasehold Property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 September 2013	8,343,687	12,096	12,088	136,692	25,095	8,529,658
Additions	6,314	-	44,102	35,512	-	85,928
At 31 August 2014	<u>8,350,001</u>	<u>12,096</u>	<u>56,190</u>	<u>172,204</u>	<u>25,095</u>	<u>8,615,586</u>
<b>Depreciation</b>						
At 1 September 2013	369,528	4,553	3,517	68,957	6,274	452,829
Charge for the year	164,534	2,419	8,450	46,692	5,019	227,114
At 31 August 2014	<u>534,062</u>	<u>6,972</u>	<u>11,967</u>	<u>115,649</u>	<u>11,293</u>	<u>679,943</u>
<b>Net book value</b>						
At 31 August 2014	<u>7,815,939</u>	<u>5,124</u>	<u>44,223</u>	<u>56,555</u>	<u>13,802</u>	<u>7,935,643</u>
At 31 August 2013	<u>7,974,159</u>	<u>7,543</u>	<u>8,571</u>	<u>67,735</u>	<u>18,821</u>	<u>8,076,829</u>

Included in land and buildings is freehold land at valuation of £117,000 (2013 - £117,000) which is not depreciated.

The leasehold property was valued on 30 November 2011 by S C H Wright FRICS MCIArb, a RICS Registered Valuer using the Depreciated Replacement Cost method.

The freehold land and buildings is owned by Suffolk County Council. The Academy holds a 125 year leasehold on a peppercorn rent from 1 July 2011.

**15. STOCKS**

	2014 £	2013 £
Clothing / uniform	<u>1,134</u>	<u>1,093</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. DEBTORS**

	2014	2013
	£	£
VAT recoverable	53,668	92,524
Other debtors	3,471	577
Prepayments and accrued income	80,839	59,567
	137,978	152,668

**17. CREDITORS:  
Amounts falling due within one year**

	2014	2013
	£	£
Loans	16,413	16,413
Trade creditors	27,522	331,956
Accruals and deferred income	102,646	161,507
	146,581	509,876

**Deferred income**

Deferred income at 1 September 2013		99,648
Resources deferred during the year		40,485
Amounts released from previous years		(99,648)
		40,485

At the balance sheet date the academy was holding funds received in advance of the 14/15 financial year in respect of school trips and rates relief.

**18. CREDITORS:  
Amounts falling due after more than one year**

	2014	2013
	£	£
Loans	32,824	49,254
	32,824	49,254

Included within the above are amounts falling due as follows:

	2014	2013
	£	£
<b>Between two and five years</b>		
Other loans	32,824	49,254
	32,824	49,254

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

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	183,634	114,360	(77,186)	-	-	220,808
<b>Restricted funds</b>						
General Annual Grant (GAG)	187,463	5,060,107	(4,962,792)	(35,512)	-	249,266
Other Restricted Funds	33,111	417,290	(428,906)	-	-	21,495
Pension reserve	(308,000)	-	(4,000)	-	(312,000)	(624,000)
	<u>(87,426)</u>	<u>5,477,397</u>	<u>(5,395,698)</u>	<u>(35,512)</u>	<u>(312,000)</u>	<u>(353,239)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	8,261,323	604,890	(819,393)	35,512	-	8,082,332
Total restricted funds	<u>8,173,897</u>	<u>6,082,287</u>	<u>(6,215,091)</u>	<u>-</u>	<u>(312,000)</u>	<u>7,729,093</u>
Total of funds	<u><u>8,357,531</u></u>	<u><u>6,196,647</u></u>	<u><u>(6,292,277)</u></u>	<u><u>-</u></u>	<u><u>(312,000)</u></u>	<u><u>7,949,901</u></u>

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

**Restricted general funds**

These grants relate to the Academy's development and operational activities.

**Restricted pension funds**

These funds represent the LGPS obligation to the employees of the Academy Trust.

**Restricted fixed asset fund**

These grants relate to capital funding to carry out works of a capital nature. The balance carried forward represents the net book value of fixed assets less any finance used to purchase them and unspent capital grants.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. STATEMENT OF FUNDS (continued)**

**Unrestricted reserve**

These funds relate to unrestricted income to be used to support the academy's objectives and educational activities.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	7,935,643	7,935,643	8,076,829
Current assets	220,808	400,929	195,926	817,663	1,147,832
Creditors due within one year	-	(130,168)	(16,413)	(146,581)	(509,876)
Creditors due in more than one year	-	-	(32,824)	(32,824)	(49,254)
Pension scheme liability	-	(624,000)	-	(624,000)	(308,000)
	<u>220,808</u>	<u>(353,239)</u>	<u>8,082,332</u>	<u>7,949,901</u>	<u>8,357,531</u>

**21. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Net incoming resources before revaluations	(95,630)	201,958
Returns on investments and servicing of finance	(2,030)	(179)
Depreciation of tangible fixed assets	227,114	218,128
Capital grants from DfE	(564,890)	(665,293)
(Increase)/decrease in stocks	(41)	477
Decrease in debtors	14,690	52,185
(Decrease)/increase in creditors	(363,295)	99,431
FRS 17 adjustments	4,000	5,000
<b>Net cash outflow from operations</b>	<u>(780,082)</u>	<u>(88,293)</u>

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**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2,030	179
	<u>2,030</u>	<u>179</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(85,928)	(31,210)
Capital grants from DfE	564,890	665,293
	<u>478,962</u>	<u>634,083</u>
<b>Net cash inflow capital expenditure</b>	<u>478,962</u>	<u>634,083</u>
<b>Financing</b>		
Repayment of loans	(16,430)	(16,431)
	<u>(16,430)</u>	<u>(16,431)</u>

**23. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	994,071	(315,520)	-	678,551
<b>Debt:</b>				
Debts due within one year	(16,413)	16,413	(16,413)	(16,413)
Debts falling due after more than one year	(49,254)	17	16,413	(32,824)
	<u>928,404</u>	<u>(299,090)</u>	<u>-</u>	<u>629,314</u>
<b>Net funds</b>	<u>928,404</u>	<u>(299,090)</u>	<u>-</u>	<u>629,314</u>

**24. 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Suffolk County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2010.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

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' Pension website.

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**25. PENSION COMMITMENTS (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 from 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.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £137,000, of which employer's contributions totalled £110,000 and employees' contributions totalled £27,000. The agreed contribution rates for future years are 29.1% for employers and 5.5% - 12.5% for employees depending on their full time equivalent salary.

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.

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**25. PENSION COMMITMENTS (continued)**

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

	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>	<i>Expected return at 31 August 2013 %</i>	<i>Fair value at 31 August 2013 £</i>
Equities	6.40	746,000	6.70	571,000
Bonds	3.40	231,000	4.10	174,000
Property	4.50	110,000	4.70	74,000
Cash	3.30	11,000	3.60	8,000
Total market value of assets		<u>1,098,000</u>		<u>827,000</u>
Present value of scheme liabilities		<u>(1,722,000)</u>		<u>(1,135,000)</u>
(Deficit)/surplus in the scheme		<u><u>(624,000)</u></u>		<u><u>(308,000)</u></u>

The actual return on scheme assets was £105,000 (2013: £88,000).

The amounts recognised in the Balance sheet are as follows:

	<b>2014 £</b>	<b>2013 £</b>
Present value of funded obligations	<u>(1,722,000)</u>	<u>(1,135,000)</u>
Fair value of scheme assets	<u>1,098,000</u>	<u>827,000</u>
Net liability	<u><u>(624,000)</u></u>	<u><u>(308,000)</u></u>

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

	<b>2014 £</b>	<b>2013 £</b>
Current service cost	(112,000)	(105,000)
Interest on obligation	(55,000)	(41,000)
Expected return on scheme assets	53,000	30,000
Total	<u><u>(114,000)</u></u>	<u><u>(116,000)</u></u>

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**25. PENSION COMMITMENTS (continued)**

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

	2014 £	2013 £
Opening defined benefit obligation	1,135,000	937,000
Current service cost	112,000	105,000
Interest cost	55,000	41,000
Contributions by scheme participants	27,000	27,000
Actuarial Losses	397,000	25,000
Benefits paid	(4,000)	-
	<u>1,722,000</u>	<u>1,135,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	827,000	600,000
Expected return on assets	53,000	30,000
Actuarial gains and (losses)	85,000	59,000
Contributions by employer	110,000	111,000
Contributions by employees	27,000	27,000
Benefits paid	(4,000)	-
	<u>1,098,000</u>	<u>827,000</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £106,000.

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £383,000 loss (2013 - £71,000 loss).

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

	2014	2013
Discount rate for scheme liabilities	3.70 %	4.60 %
Expected return on scheme assets at 31 August	5.50 %	5.90 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.80 %

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**25. PENSION COMMITMENTS (continued)**

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

	2014	2013
Retiring today		
Males	22.4	21.4
Females	24.4	23.3
Retiring in 20 years		
Males	24.3	23.7
Females	26.9	25.7

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

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(1,722,000)	(1,135,000)	(937,000)
Scheme assets	1,098,000	827,000	600,000
Deficit	<u>(624,000)</u>	<u>(308,000)</u>	<u>(337,000)</u>
Experience adjustments on scheme liabilities	(397,000)	(25,000)	(74,000)
Experience adjustments on scheme assets	<u>85,000</u>	<u>59,000</u>	<u>(31,000)</u>

**26. OPERATING LEASE COMMITMENTS**

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

	2014 £	2013 £
<b>Expiry date:</b>		
Within 1 year	2,197	4,609
Between 2 and 5 years	<u>3,589</u>	<u>2,638</u>

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**27. RELATED PARTY TRANSACTIONS**

Owing to the nature of the trust's operations 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.

The following related party transactions took place in the period of account:

(1) The Friends of Thomas Mills High School - The Charity donated £nil to the Academy. (2013 - £13,845)

(2) The Michael Sims Memorial Fund - The Charity donated £650 (2013 - £1,500) to the Academy. This consisted of £50 for the Michael Sims Memorial Prize of 2014 and £600 to subsidise the cost of the Orchestra Tour to Belgium.

(3) Prickett Memorial Awards - The Charity paid £180 for the annual scholarship for students leaving to study modern languages at university (2013 - £180).

(4) Thomas Mills Prizes - The Charity donated £298 for the annual grant for awards evening prizes (2013 - £280).

(5) The Mills Education Foundation - The charity donated £41,130 (2013 - £nil) to the Academy. This consisted of £630 for two students to fund their Orchestra trip to Belgium. A £500 grant to support the Thomas Mills archive project and a £40,000 donation to the school for flood lighting.

**28. CONTROLLING PARTY**

There is no ultimate controlling party.

**29. COMPANY LIMITED BY GUARANTEE**

The academy trust is a company limited by guarantee and does not have share capital.