

FOLKESTONE ACADEMY  
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 AUGUST 2011

Company Registration Number 5115594  
Company Limited by Guarantee



## **FOLKESTONE ACADEMY**

<b>CONTENTS</b>	<b>Page</b>
Report of the Governors	4
Statement on Governors Responsibilities	10
Statement on Internal Control	11
Independant auditor's report	13
Statement of Financial Activities	14
Balance Sheet	15
Cash flow statement	16
Principle accounting policies	17
Notes to the financial statements	20

**FOLKESTONE ACADEMY  
REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY,  
ITS GOVERNORS AND ADVISORS**

<b>Governors</b>	Roger De Haan CBE DL (Chairman) Graham Badman CBE MA Paul Carney Denise Everitt BA (Hons) ACA Richard Fraser BCom ACA Trevor Minter OBE DL Michael Pearce DipVal Surv MRICS Julie Ready BA (Hons) Peter Roberts MA Mark Taylor FRSA Grahame Ward BSC (Hons) IPFA
<b>Secretary and Responsible Officer</b>	Richard Fraser Bcom CA
<b>Senior Managers</b>	
Principal (Secondary)	Sean Heslop MA MA FRSA
Principal (Primary)	Helen Tait CBE MA
Vice Principals	Louise McGowan Warren Smith Matthew Wright Scott Opstad David Martin Emma Newman
Director of Corporate Services	Caroline O'Connor BSc
<b>Principal Committees</b>	Discipline (Pupil) Finance & General Purposes Standards Remuneration
<b>Principal and Registered Office</b>	Strand House 125 Sandgate High Street Folkestone, Kent CT20 3BZ
<b>Company Registration Number</b>	5115594
<b>Auditor</b>	Baker Tilly UK Audit LLP Hanover House, 18 Mount Ephraim Road Tunbridge Wells, Kent, TN1 1ED
<b>Banker</b>	Barclays Bank Plc Ashford Business Centre, PO box 104 Ashford, Kent, TN24 8ZB
<b>Solicitors</b>	Withers LLP 16 Old Bailey London, EC4M 7EG

## Folkestone Academy

### REPORT OF THE GOVERNORS 31 AUGUST 2011

The Governors present their report together with the financial statements of the charitable company for the year ended 31 August 2011

The financial statements have been prepared in accordance with the accounting policies set out on pages 17 to 19 of the attached financial statements, and comply with the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" ("SORP 2005")

#### Constitution

The Academy is a company limited by guarantee with no share capital (registration no 5115594 and an exempt charity) The charitable company's memorandum and articles of association are the primary governing documents of the Academy. Members of the charitable company are nominated by either the Secretary of State for Education or by R De Haan, the main sponsor of the Academy. The articles of association require the members of the charitable company to appoint at least three Governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

#### Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

#### Governors

The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation and are appointed by a majority resolution of the board.

The Governors who were in office at the date of this report are set out on page 3. There have been four appointments during the period under review. Paul Carney was appointed 17 November 2010, Grahame Ward was appointed 26 April 2011, Mark Taylor was appointed on 7 June 2011 and Peter Roberts on 1 September 2011. Prof Susan Piotrowski resigned 31 December 2010.

Roger De Haan is a member of the charitable company but holds no beneficial interest therein.

The Governors meet on a regular basis and fulfil a largely strategic role in the running of the Academy with detailed decision making being delegated to committees and the Principals and their management teams.

New Governors are given a tour of the Academy and the chance to meet staff, students, the Principals and the Chairman of the Board with a view to ensuring the Governor has a good understanding of the Academy's philosophy and its day to day operation.

Governors are encouraged to participate in training programmes, either through their principal employer or participation in appropriate and relevant training courses arranged by the Academy. From time to time, the Academy arranges technical updates on topical matters for Governors.

#### Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Academy, and its finances. Appropriate systems, policies, procedures and controls have been put in place so as to ensure that the various risks do not impact adversely on the Academy's operations. Appropriate insurances are in place.

A risk register has been prepared which sets out the principal risks facing the Academy and the controls that exist to mitigate their effect. The Governors consider that the principal risks and uncertainties facing the Academy are

- the future funding remains uncertain as government cutbacks continue to be made
- there are changes which will involve automatically opting employees into the pension
- the maths exam results and maths department staffing

## **Folkestone Academy**

### **REPORT OF THE GOVERNORS 31 AUGUST 2011 - (continued)**

The Academy has instigated the following control measures in order to minimise these risks as follows

- future funding - the curriculum / staffing continues to be reviewed Costs are being continually monitored Budget design has been improved so that more ownership and greater visibility is available
- pensions opting in, the staging date is likely to be early 2014 Pension advice will need to be taken to ensure legislative compliance The pension advice will inform the risk analysis process and whether there is a significant cost exposure
- maths department and results - the maths department lost a number of key staff last year including the Head of Department The department had previously been stable All vacancies are now filled including Head of Department position and, while the Leadership Team is happy with the appointments, there will inevitably be an increased risk to performance in light of personnel

#### **Activity and objectives**

The Folkestone Academy aims to provide a high quality and fully inclusive education to students of all abilities between the ages of 4 and 19, underpinned by a relevant and engaging curriculum, with a prominence of the three designated specialisms of Arts, Media, and Languages and European Culture

The principle aims are

- to enable students of all abilities to make the most of their intellectual, practical, physical and social skills,
- to ensure that students feel happy, safe and well cared for,
- to help students to develop self-discipline and to learn to behave towards others with care, respect and good manners,
- to help students to develop self confidence in the classroom, in extension activities and in social situations,
- to help students to develop high aspirations and to enable them to progress towards a rewarding and fulfilling future

#### **Public benefit statement**

The primary purpose of the Folkestone Academy is the provision of education within the East Folkestone area To this end, it runs an All Age Academy aspiring towards the highest possible standards for approximately 1,800 students aged 4 - 19 The transfer from Primary to Secondary education phases of the Academy will become a natural progression for the majority of students and will contribute to the community ethos upheld by the Academy and underpinned by its Admissions Policy

Inextricably linked with this purpose is the aim of contributing to the public good Through the provision of incidental educational activities and other activities, the Academy aims to contribute considerable benefit to the local community Over the last year such events have included the following

- numerous community events have been held at the Academy including Holiday workshops for Looked After Children, primary school workshops, local council and community police meetings,
- the Academy was a polling station for local elections
- the production of a community newsletter for local residents,
- local artists are encouraged to display artwork on the walls of the Academy,
- the Academy is open to the local community for its vocational hair & beauty salon and training restaurant on a weekly basis,
- academy students are involved in local projects including "making waves" and creating costume and sculpture for the town's street festival,
- the Academy grounds and facilities are used regularly by local sports clubs, which often includes youth teams,
- the public has access to a restaurant at the Academy which forms an integral part of student catering training,
- the Academy's teaching staff supports other schools in Folkestone
- the Academy hosts Academy FM Folkestone, a registered charity which operates a local community radio station

## **Folkestone Academy**

### **REPORT OF THE GOVERNORS 31 AUGUST 2011 - (continued)**

The Academy has given a high priority to providing public benefit to the community, but perhaps the greatest benefit that the Academy can offer is the provision of an education that maximises each student's potential to develop principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society

The Governors have considered the impact of the public benefit requirement *including the guidance issued by the Charity Commission*

#### **Equal opportunities policy**

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued

#### **Disabled persons**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development

#### **Reserves policy**

The policy of the Governors is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Academy whilst ensuring that excessive funds are not accumulated. Through a combination of government funding and receipt of charitable donations, the Governors are satisfied that the company's reserves are sufficient for its current purposes. The reserves as at 31 August 2011 amounted to £31 million which comprised primarily restricted fixed asset funds. The pension reserve stands in deficit at £1,004,000 however, £245,000 of this deficit is inherited from the period to 31 August 2007 and £444,000 from the period to 31 August 2009. Both amounts relate to liabilities which accrued from predecessor schools before they became part of Folkestone Academy. The pension reserve is under continuous review by independent actuaries and regular adjustments are made to contribution rates in order to balance this fund

#### **Investment policy**

The Governors' policy is to invest surplus funds in low risk short term bank deposits

#### **Donations**

The Governors would like to express their sincere thanks to the Roger De Haan Charitable Trust, which made donations of £54,492 to the Academy and to the Primary Academy Parent Teachers and Friends Association for their donation of £3,321. Other smaller donations were received from the Rotary Club and the Bridge Language school

#### **Achievements, results and performance**

The period under review covers the fourth year of the Academy's operations, and the second year as an All Age Academy

The Academy results at Key stage 4 and Key Stage 5 showed further improvements on previous year's. 91% of students gained 5 A\*-C GCSE or equivalent, compared to last year's national average of 75%. We await the release of updated statistics to confirm that it is above the 2011 national average. Equivalent performance was 34% in 2008, 63% in 2009 and 75% in 2010

This year the Maths and English results moved beyond the government floor target for the first time. 43% achieved 5+ English and Maths, this is good progress compared to last years 25% (2009 27%)

All subject value added has increased from 957.7 in 2008 to 972.8 in 2009 to 1015.1 in 2010 ranking the Academy in the 19th percentile and significantly above the national average (Raise Online p43). In 2011, our provisional calculation indicates value added has reached 1027.7 from un-validated data which will be significantly above the National Average and we await the release of Raise Online to establish our ranking

## **Folkestone Academy**

### **REPORT OF THE GOVERNORS 31 AUGUST 2011 - (continued)**

In 2010, 50% of the cohort made expected progress in English, which was significantly below the National Average. This reflected a 1% regression on the previous year. In Maths, 54% made expected progress, matching the previous year's result, although once again, performing below the National Average. Un-validated data for 2011 indicates that 75% of the cohort in English, and 66% of the cohort in Maths, made expected progress. In both cases, this exceeds the 2010 National Average, although we await the release of Raise Online to determine whether this exceeds the 2011 National Average.

#### **Academy Roll**

The Secondary Academy January Census had 1,335 on roll, an increase of 69 on the previous year. The Primary Academy received 159 applications for the 60 positions available for its reception year and was therefore able to maintain student numbers of 410.

The Academy again had very successful Open Evenings for the September 2012 intake and all indications are that we will secure our position as one of Kent's most oversubscribed schools.

#### **Curriculum**

As we approached the end of our fourth year of existence at secondary level, it was decided to introduce a number of curriculum changes to begin in September 2011. The year 7 curriculum which was introduced in September 2010 has been successful. Therefore a year 8 Curriculum is planned to be introduced which will build on the successes of this year.

The focus for the year has continued to centre on improving teaching and learning so that we raise standards and accelerate pupil progress. Addressing the legacy of pronounced under attainment has informed financial decision-making, for example, in re-organising Year 5 into 4 teaching groups for nearly half the academic year, then creating a small teaching class for Year 6 from Easter to the end of the academic year. The success of these projects informed our decision to invest in organising Year 6 in 3 classes for the 2011/12 academic year and running a specialist literacy class led by our literacy leader for the lowest attaining children across KS2.

#### **Recruitment**

##### **Secondary Academy**

During the year, 52 members of staff left their posts, 25 teachers, 14 Academic support and 13 support staff. Where necessary and after taking efficiencies and cost savings into account these vacancies were filled with quality appointments. 24 Teaching staff were appointed, 15 Academic support and 8 support staff.

##### **Primary Academy**

During the year, 6 members of staff left their posts, 2 Academic support, 2 teachers, 2 support staff. 5 teachers were appointed, 2 Academic support staff.

#### **Behaviour**

Following a review of our Behaviour Policy in May 2010, changes to Behaviour Management at the Academy were implemented in September 2010. This resulted in a significant drop in fixed term exclusions from 689 previously reported to 467 this year. Although this number is still considerably above the national average, we are continuing to address this concern and believe we will further close the gap over the next year. The Academy was also successful in reducing the number of permanent exclusions from the previously reported 5 last year to 2 this year, this figure compares favourably with our local family of schools.

The Primary Academy has worked hard to inculcate a pride in our Academy and a sense of positive team behaviour. 7 children were excluded during last year, 1 was internal and there were no permanent exclusions.

#### **Assessment and Guidance**

The assessment regime at the Secondary Academy continued following the planned modular approach to delivering the curriculum across the key stages. The scrutiny of the assessment data was rigorous, with accurate predictions for KS4 threshold measures in particular. Parents were invited into the Academy to meet with tutors 3 times in the year for Academic Review Days.

## **Folkestone Academy**

### **REPORT OF THE GOVERNORS 31 AUGUST 2011 - (continued)**

#### **Quality Assurance and Staff Development**

Every teacher is now observed for thirty minutes every six weeks and drop-ins are carried out by members of the Leadership Team and the newly appointed Heads of Faculty forum. This monitoring enables us to have an accurate picture of the quality of learning and teaching. Good practice can be shared and poor performance challenged and supported.

INSET over the past year has focussed on improving the quality of learning and teaching. In October 2011 we held our first Learning and Teaching conference where staff have been offered twenty different workshops.

In September 2009 we established a partnership with Canterbury Christ Church University and started to deliver an in-house Master of Arts here at the Academy. Eleven students are now entering their final year of study and another twelve have just started the course. The course fees are funded through contributions from the Training and Development Agency for Schools, Folkestone Academy and the students themselves.

#### **Learning and Teaching**

In February of 2011 a team of inspectors/consultants from the SSAT spent 6 days at the school. They recognised improvements since the full inspection in March 2010. Notably they commented that the judgments that members of the Leadership Team were making about the quality of lessons were now accurate and consistent. They recognised that there had been improvements, but that there was still work to be done. As a result of their report a number of new initiatives were introduced. Key to this was the expectation that all teachers are to plan every lesson in advance using the Academy lesson plan form. These plans are then to be uploaded onto our network so that they can be monitored and shared.

In November 2011 the Folkestone All Age Academy was inspected by OfSTED as part of a monitoring visit. These monitoring visits apply to all schools which have previously been graded as 'satisfactory' in their full Section 5 inspection. As a result of the visit OfSTED concluded that 'the school has made good progress in making improvements and good progress in demonstrating a better capacity for sustained improvement'.

#### **Financial review for the year**

The accounts for the year to 31 August 2011 include the continuing capital grant, in respect of the new school building that opened in September 2007, as well as implementation funding relating to non capital expenditure incurred in the transfer of the Park Farm Primary school to become part of the Folkestone Academy, creating an All Age Academy.

During the year, total reserves increased by £458,000. Before transfers, there was a favourable movement on the pension reserve of £20,000 and a favourable movement of £21,000 on the fixed asset fund (being the surplus of Capital income over depreciation). The Academy has set aside an aggregate amount of £1,150,000 (2010, £750,000) which has been earmarked specifically for future capital expenditure.

Fixed assets are included in the balance sheet at £30 million and this amount principally comprises the expenditure incurred to date on the new school building together with the related fixtures, fittings and equipment.

#### **Plans for future periods**

In September 2011 the Academy reached its capacity in terms of student numbers with 240 in each year group from Year 7 to Year 11 and 225 students in the Sixth Form. Having launched our Key Stage 4 for Year 9 in September 2010, we are now preparing the Academy for next September when over 400 students will be following Sixth Form Level 3 courses. Years 7 and Year 8 will be part of our radically different Key Stage 3 curriculum and Key Stage 4 will consist of Year 9 and Year 10.

We continue to set challenging targets. At Key Stage Three we aim for the following:

Level 5 in English -	54%
Level 5 in Maths -	62%
Level 5 in Science -	56%



## **Folkestone Academy**

### **REPORT OF THE GOVERNORS 31 AUGUST 2011 - (continued)**

At GCSE we predict 94% (2011 91%) will achieve 5 A\*-C at GCSE or equivalent, including English and Maths we predict 50% (2011 43%) In the Sixth Form we predict a pass rate at A Level and BTEC of 100% with 80% of all grades at A Level at A\*-C and a Pass Rate at Merit and Distinction of 100% We aim to achieve a pass rate at AS Level of 85% with 65% of those grades at A\*-C

We are aiming to achieve 94% overall attendance and a Persistent Absentee figure of 6% We hope to reduce our number of fixed term exclusions to 250

Having exceeded the Secretary of State's floor targets for 5 A\*-C at GCSE with English and Maths we are confident of continuing to improve our attainment measures in these key indicators

#### **Auditor**

Baker Tilly UK Audit LLP were reappointed and have expressed their willingness to continue in office as statutory auditor

#### **Statement as to disclosure of information to auditors**

The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

The Governors would like to extend their thanks to the staff and students of the Folkestone Academy for their hard work and commitment shown to the Academy in the past year

The Report of the Governors was approved by the Governors on 8 December 2011 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'R De Haan', is written over the text 'by'.

Roger De Haan  
Chairman

## Folkestone Academy

### Statement on Governors' Responsibilities

The governors (who act as trustees for charitable activities of Folkestone Academy and are also the directors of Folkestone Academy for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Academies Accounts Direction 2010/11 issued by the Young People's Learning Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

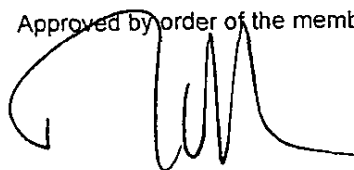
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures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

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

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

The governors 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 Governing Body on 8 December 2011 and signed on its behalf by



Roger De Haan  
Chairman

## **Folkestone Academy**

### **Statement on internal control**

#### **Scope of Responsibility**

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

The Governing Body has delegated the day-to-day responsibility to the Sean Heslop, 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 Folkestone Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Folkestone Academy for the year ended 31 August 2011 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 Folkestone Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing Folkestone Academy's significant risks that has been in place for the year ending 31 August 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body,
- regular reviews by the Finance and General Purposes 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 academic performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

## Folkestone Academy

### Statement on internal control - continued

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Richard Fraser, a governor, 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. The RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. During the period under review, the RO has fully discharged the requirements set out in the Annual Accounts Requirements issued by the Young People's Learning Agency. No material control issues were discovered.

### Review of effectiveness

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

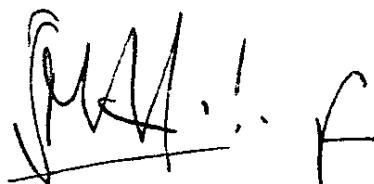
- the work of the Responsible Officer
- the audit findings report
- the financial management and governance self assessment process
- the work of the shared services team who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Governing Body on 8 December 2011 and signed on its behalf by



Roger De Haan  
Chairman



Sean Heslop  
Accounting Officer

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE ACADEMY  
YEAR ENDED 31 AUGUST 2011**

We have audited the financial statements of Folkestone Academy for the year ended 31 August 2011 on pages 14 to 35. 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 2010/11 issued by the Young People's Learning Agency.

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

**Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities set out on page 12, the governors (who act as trustees for the charitable activities of the company, and are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for

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

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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 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 Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2010/11 issued by the Young People's Learning Agency.

**Opinion on other matter**

In our opinion grants made by the Department for Education have been applied for the purposes intended.

**Opinion on other requirement of the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

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

  
NICHOLAS PAUL SLADDEN FCA DChA, Senior Statutory Auditor  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Hanover House, 18 Mount Ephraim Road, Tunbridge Wells, Kent, TN11 1ED

Date 10 January 2012

# Folkestone Academy

## Statement of Financial Activities for the Year to 31 August 2011

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

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000	Total 2010 £000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary income	3	60	-	-	60	64
Activities for generating funds	4	385	-	-	385	320
Investment income	5	4	-	-	4	6
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	6	-	11,097	980	12,077	11,699
<b>Total incoming resources</b>		<b>449</b>	<b>11,097</b>	<b>980</b>	<b>12,526</b>	<b>12,089</b>
<b>Resources expended</b>						
<i>Charitable activities</i>						
Academy's educational operations	8	241	10,969	959	12,169	12,812
Governance costs	9		41	-	41	40
<b>Total resources expended</b>	7	<b>241</b>	<b>11,010</b>	<b>959</b>	<b>12,210</b>	<b>12,852</b>
<b>Net incoming (outgoing) resources before transfers</b>		<b>208</b>	<b>87</b>	<b>21</b>	<b>316</b>	<b>(763)</b>
<b>Transfers</b>						
Gross transfers between funds	17	-	(150)	150	-	-
<b>Net incoming (outgoing) resources before other recognised gains and losses</b>		<b>208</b>	<b>(63)</b>	<b>171</b>	<b>316</b>	<b>(763)</b>
<b>Other recognised gains and losses</b>						
Actuarial (Losses) gains on defined benefit pension schemes	17, 27	-	142	-	142	(28)
<b>Net movement in funds</b>		<b>208</b>	<b>79</b>	<b>171</b>	<b>458</b>	<b>(791)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September	17	242	213	29,765	30,220	31,010
<b>Total funds carried forward at 31 August</b>		<b>450</b>	<b>292</b>	<b>29,936</b>	<b>30,678</b>	<b>30,219</b>

All of the Academy's activities derive from continuing operations during the above two financial periods

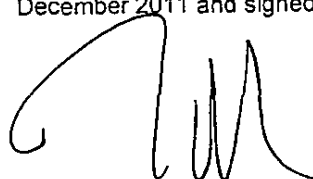
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

**Folkestone Academy**  
**Balance sheet as at 31 August 2011**

**Company Number**  
**5115594**

	Notes	2011 £000	2011 £000	2010 £000	2010 £000
<b>Fixed assets</b>					
Tangible assets	13		<u>29,936</u>		<u>29,765</u>
Total fixed assets			<u>29,936</u>		<u>29,765</u>
<b>Current assets</b>					
Stock	14	68		50	
Debtors	15	177		555	
Cash at bank and in hand		<u>3,109</u>		<u>2,618</u>	
Total current assets		<u>3,354</u>		<u>3,223</u>	
<b>Liabilities:</b>					
<b>Creditors.</b> Amounts falling due within one year	16	<u>(1,608)</u>		<u>(1,744)</u>	
Net current assets			<u>1,746</u>		<u>1,479</u>
Total assets less current liabilities			<u>31,682</u>		<u>31,244</u>
Net assets excluding pension liability			<u>31,682</u>		<u>31,244</u>
Pension scheme liability	27		<u>(1,004)</u>		<u>(1,024)</u>
Net assets including pension liability			<u>30,678</u>		<u>30,220</u>
<b>Funds of the academy:</b>					
Endowment funds	17		-		-
<b>Restricted funds</b>					
Fixed asset fund(s)	17		<u>29,936</u>		<u>29,765</u>
General fund(s)	17		<u>1,296</u>		<u>1,237</u>
Pension reserve	17		<u>(1,004)</u>		<u>(1,024)</u>
Total restricted funds			<u>30,228</u>		<u>29,978</u>
<b>Unrestricted funds</b>					
General fund(s)	17		<u>450</u>		<u>242</u>
Total unrestricted funds			<u>450</u>		<u>242</u>
<b>Total Funds</b>			<u>30,678</u>		<u>30,220</u>

The financial statements on pages 14 to 35 were approved by the Governors, and authorised for issue on 8 December 2011 and signed on their behalf by



**Roger De Haan**  
**Chairman**  
**Folkestone Academy**

**Folkestone Academy**  
**Cash Flow Statement for the year ended 31 August 2011**

	notes	2011 £000	2010 £000
Net cash inflow from operating activities	21	644	844
Returns on investments and servicing of finance	22	4	5
Capital expenditure	23	(157)	(80)
<b>Increase in cash in the year</b>	<b>24</b>	<b><u>491</u></b>	<b><u>769</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September		2,618	1,849
<b>Net funds at 31 August</b>		<b><u>3,109</u></b>	<b><u>2,618</u></b>



## **FOLKESTONE ACADEMY**

### **1 PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2011**

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities ('Charities SORP 2005'), the Academies Financial Handbook and the Companies Act 2006.

#### **Incoming Resources**

##### **Grants receivable**

Grants are included in the statement of financial activities on an accruals basis. Grants are recognised as incoming resources once the criteria of certainty and measurability are met and there is evidence of entitlement. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

##### **Donations**

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. Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

##### **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

##### **Interest receivable**

Interest receivable is included within the statement of financial activities on an accruals basis.

#### **Resources expended**

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT for periods September 10 - March 11. They have been classified under headings that aggregate all costs relating to that activity. For April 11 - August 11 the Academy has accounted for expenses net of VAT as the new rules mean it may be reclaimed from HMRC using a form 126.

##### **Allocation of costs**

In accordance with the Charities SORP 2005, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity where this is clearly identifiable. Depreciation charges are currently allocated entirely to restricted asset fund.

##### **Governance costs**

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, and professional fees and directors and officers' insurance.

## **FOLKESTONE ACADEMY**

### **1. PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2011 - continued**

#### **Fund accounting**

Unrestricted funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the Governors

Restricted funds comprise grants from the DfE and other donors which are to be used for specific purposes as explained in note 17

#### **Tangible fixed assets**

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and the value-in-use, are recognised as impairments in the SOFA.

Assets costing less than £1,000 are written off in the year of acquisition. All other assets are capitalised.

#### **Depreciation**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are

Freehold buildings	2%
Furniture and equipment, plant, fixtures and fittings	10%
Computer/media equipment and software	33%
Motor vehicles	33%

#### **Stock**

Unused catering stores and stocks of student uniforms are valued at the lower of cost and net realisable value.

#### **Recognition of liabilities**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Academy to the expenditure.

#### **Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

## **FOLKESTONE ACADEMY**

### **1 PRINCIPAL ACCOUNTING POLICIES 31 AUGUST 2011 - continued**

#### **Taxation**

The Academy is a registered charity and as such its income and gains falling within Sections 471 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives

#### **Pensions**

Academy staff are members of one of two pension schemes, both are defined benefit schemes

#### **Defined Benefit Schemes**

##### **Teachers' Pension Scheme**

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education. As the Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme, the Academy has taken advantage of the exemption in Financial Reporting Standard (FRS) 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The pension costs for the scheme represent the contributions payable by the Academy in the year.

##### **Local Government Pension Scheme**

Non-teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the Academy's share of assets and liabilities and the requirements of FRS 17, Retirement Benefits, have been followed.

The Academy's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

The Academy's share of the LGPS pension scheme asset or liability is shown as a restricted pension reserve fund as the costs of the members of the pension scheme are financed by restricted funding.

**Folkestone Academy**

**Notes to the Financial Statements for the year ended 31 August 2011**

**2 General Annual Grant (GAG)**

<b>a Results and Carry Forward for the Year</b>	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
GAG brought forward from previous year	1,108	471
GAG allocation for current year	<u>9,451</u>	<u>9,350</u>
<b>Total GAG available to spend</b>	<b>10,559</b>	<b>9,821</b>
Recurrent expenditure from GAG	(9,573)	(8,636)
Fixed assets purchased from GAG	(150)	(77)
Transfer from unrestricted fund	<u>836</u>	<u>1,108</u>
<b>Other restricted GAG funds</b>	<b>836</b>	<b>1,108</b>
<b>GAG carried forward to next year</b>	<b>836</b>	<b>1,108</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(1,134)	(1,122)
<b>GAG to surrender to DfE (12% rule breached if result is positive)</b>	<b>(298)</b>	<b>(14)</b>
	no breach	no breach

**b Use of GAG Brought Forward from Previous Year for Recurrent Purposes**

Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes.

Recurrent expenditure from GAG in current year	9,573	8,636
GAG allocation for current year	(9,451)	(9,350)
GAG allocation for previous year x 2%	<u>(187)</u>	<u>(148)</u>
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year (2% rule breached if result is positive)</b>	<b>(65)</b>	<b>(862)</b>
	no breach	no breach

<b>3 Voluntary Income</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>2011 Total</b>	<b>2010 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Roger De Haan Charitable Trust	55	-	55	63
Primary Academy PTFA	3	-	3	1
Other Donations	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
	<b>60</b>	<b>-</b>	<b>60</b>	<b>64</b>

**4 Activities for Generating Funds**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>2011 Total</b>	<b>2010 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Hire of Facilities	76	-	76	45
Catering Income	173	-	173	150
Uniform sales	96	-	96	90
Other Income	<u>40</u>	<u>-</u>	<u>40</u>	<u>35</u>
	<b>385</b>	<b>-</b>	<b>385</b>	<b>320</b>

**Folkestone Academy**
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**
**5 Investment Income**

	Unrestricted Funds £000	Restricted Funds £000	2011 Total £000	2010 Total £000
Bank Interest	<u>4</u>	<u>-</u>	<u>4</u>	<u>6</u>

**6 Funding for Academy's educational operations**

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000	Total 2010 £000
<b>DfE/YPLA capital grant</b>				
Devolved Formula Capital allocations	-	-	-	534
Department of transport capital grant	-	22	22	-
Academy main building grants	-	958	958	119
	<u>-</u>	<u>980</u>	<u>980</u>	<u>653</u>
<b>DfE / YPLA revenue grants</b>				
General Annual Grant (GAG) (note 2)	-	9,288	9,288	9,350
School Standards Grant	-	163	163	-
Mainstreamed Grants and Pupil Premium	-	705	705	-
Start Up Grants	-	196	196	519
School Standards Fund	-	654	654	909
National Challenge	-	42	42	76
Implementation Grant	-	-	-	14
Other DfE / YPLA grants	-	-	-	-
	<u>-</u>	<u>11,048</u>	<u>11,048</u>	<u>10,868</u>
<b>Other Government grants</b>				
Kent County Council Grants	-	25	25	123
Special educational projects	-	18	18	45
Other Grants	-	6	6	10
	<u>-</u>	<u>49</u>	<u>49</u>	<u>178</u>
	<u>-</u>	<u>12,077</u>	<u>12,077</u>	<u>11,699</u>

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2011 (continued)

### 7 Total Resources Expended

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2011 £000	Total 2010 £000
Academy's educational operations					
Direct costs	6,486	-	1,345	7,831	7,197
Allocated support costs	1,363	1,760	1,215	4,338	5,615
	<u>7,849</u>	<u>1,760</u>	<u>2,560</u>	<u>12,169</u>	<u>12,812</u>
Governance costs including allocated support costs	12	-	29	41	39
	<u>7,861</u>	<u>1,760</u>	<u>2,589</u>	<u>12,210</u>	<u>12,851</u>
Net Incoming/outgoing resources for the year include				2011 £000	2010 £000
Operating leases				10	-
Fees payable to auditor - audit				10	11
- other services				7	-
Loss on disposal of fixed assets				<u>7</u>	<u>-</u>

**Folkestone Academy**  
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

**8 Charitable Activities - Academy's educational operations**

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2011	2010
	£000	£000	£000	£000
<b>Direct costs</b>				
Teaching and educational support staff costs	8	6,478	6,486	5,920
Defined benefit pension scheme service cost	-	561	561	518
Educational supplies	-	354	354	356
Examination fees	-	153	153	126
Staff development	-	63	63	66
Educational consultancy	-	1	1	-
Other direct costs	-	213	213	211
	<u>8</u>	<u>7,823</u>	<u>7,831</u>	<u>7,197</u>
<b>Allocated support costs</b>				
Support staff costs	103	1,260	1,363	1,332
Defined benefit pension scheme service costs	-	345	345	253
Inherited pension deficit brought forward	-	-	-	444
Depreciation	-	959	959	1,825
Pupil recruitment and support	-	23	23	19
Maintenance of premises and equipment	2	177	179	219
Cleaning	-	39	39	35
Rates	-	71	71	64
Insurance	-	227	227	236
Utilities	-	215	215	257
Catering	70	189	259	230
Technology costs	-	128	128	148
Uniform costs	58	19	77	127
Personnel costs	-	84	84	74
Other support costs	-	369	369	352
	<u>233</u>	<u>4,105</u>	<u>4,338</u>	<u>5,615</u>
<b>TOTAL</b>	<u>241</u>	<u>11,928</u>	<u>12,169</u>	<u>12,812</u>

**9 Governance costs**

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2011	2010
	£000	£000	£000	£000
Legal and professional fees	-	19	19	18
Directors and officers insurance	-	-	-	1
Audit of financial statements	-	10	10	11
Support costs	-	12	12	9
	<u>-</u>	<u>41</u>	<u>41</u>	<u>39</u>

**Folkestone Academy**  
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

**10 Staff costs**

Staff costs during the period were

	Total 2011 £000	Total 2010 £000
Wages and salaries	7,341	6,783
Social security costs	520	478
Other pension costs	907	771
Deficit on defined benefit pension scheme service cost	122	444
	<u>8,890</u>	<u>8,476</u>

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

	2011 No	2010 No
<i>Charitable Activities</i>		
Teachers	112	98
Academic support	61	60
Administration and support	72	73
Management	16	15
	<u>261</u>	<u>246</u>

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

	2011 No	2010 No.
£60,001 - £70,000	4	3
£130,00 - £140,000	1	1

During the year ended 31 August 2011, pension contributions for these staff amounted to £66,023 (2010 £48,731)

**11 Governors' remuneration and expenses**

The Governors of the Academy did not receive any remuneration or reimbursed expenses from the Academy during the year (2010 £nil)



**Folkestone Academy**  
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

**12 Governors' and Officers' Insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim. Our insurers do not price this element of the insurance separately.

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

**13 Tangible Fixed Assets**

	Freehold Land and Buildings	Primary New Build	Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 September 2010	28,812	-	3,582	1,540	5	33,939
Additions	977	58	31	52	22	1,140
Disposals	-	-	(14)	-	-	(14)
At 31 August 2011	<u>29,789</u>	<u>58</u>	<u>3,599</u>	<u>1,592</u>	<u>27</u>	<u>35,065</u>
<b>Depreciation</b>						
At 1 September 2010	1,631	-	1,070	1,470	3	4,174
Charged in year	566	-	359	31	3	959
Disposals	-	-	(4)	-	-	(4)
At 31 August 2011	<u>2,197</u>	<u>-</u>	<u>1,425</u>	<u>1,501</u>	<u>6</u>	<u>5,129</u>
<b>Net book values</b>						
At 31 August 2011	<u>27,592</u>	<u>58</u>	<u>2,174</u>	<u>91</u>	<u>21</u>	<u>29,936</u>
At 31 August 2010	<u>27,181</u>	<u>-</u>	<u>2,512</u>	<u>70</u>	<u>2</u>	<u>29,765</u>

# **Folkestone Academy**

## **Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

### **14 Stock**

	2011 £000	2010 £000
Student Uniforms	65	47
Catering	3	3
	<u>68</u>	<u>50</u>

### **15 Debtors**

	2011 £000	2010 £000
Trade debtors	6	7
Prepayments	48	12
Accrued income	12	535
VAT recoverable	111	-
	<u>177</u>	<u>555</u>

### **16 Creditors' amounts falling due within one year**

	2011 £000	2010 £000
Trade creditors	253	728
Taxation and social security	183	155
Other creditors	579	353
Deferred Income	459	239
Accruals	134	269
	<u>1,608</u>	<u>1,744</u>

#### **Deferred income**

	2011 £000
Deferred Income at 1 September 2010	239
Resources deferred in the year	383
Amounts released from previous years	(163)
Deferred Income at 31 August 2011	<u>459</u>

(i) The majority of deferred income relates to funding received in the year which are to be spent on specific capital and one off projects in 2011/2012, the most significant of which is the capital project refurbishing the Alternative Education Centre

(ii) Other deferred income relates to funding received but carried forward to future periods for specific projects aimed at disadvantaged students and school specialism subjects

(iii) Small amounts of the deferred income relates to donations which are planned on being used for specific items in 2011/12

**Folkestone Academy**  
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

**17 Funds**

	Balance at 1 September	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August
	2010 £000	£000	£000	£000	2011 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,108	9,451	(9,573)	(150)	836
Start Up Grant	129	196	-	-	325
Other government grants	-	1,450	(1,315)	-	135
Pension reserve	(1,024)	-	(122)	142	(1,004)
	<u>213</u>	<u>11,097</u>	<u>(11,010)</u>	<u>(8)</u>	<u>292</u>
<b>Restricted other funds</b>	-	-	-	-	-
<b>Restricted fixed asset funds</b>					
DfE/YPLA capital grants	27,453	958	(927)	-	27,484
Capital expenditure from GAG	150	-	-	150	300
Private sector capital sponsorship	2,162	-	(32)	-	2,130
Other Gov Grant - department of transport	-	22	-	-	22
	<u>29,765</u>	<u>980</u>	<u>(959)</u>	<u>150</u>	<u>29,936</u>
<b>Total restricted funds</b>	<u>29,978</u>	<u>12,077</u>	<u>(11,969)</u>	<u>142</u>	<u>30,228</u>
<b>Unrestricted funds</b>					
Unrestricted funds	242	449	(241)	-	450
<b>Total unrestricted funds</b>	<u>242</u>	<u>449</u>	<u>(241)</u>	<u>-</u>	<u>450</u>
<b>Total funds</b>	<u>30,220</u>	<u>12,526</u>	<u>(12,210)</u>	<u>142</u>	<u>30,678</u>

(i) General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount up to 2% must be used for capital purposes.

(ii) Start up Grant A must be used to meet the expenditure of providing basic stocks of teaching and learning materials. Start up Grant B is intended to cover a lack of economies of scale (in pupil numbers) and costs associated with the recruitment and introduction of additional staff.

(iii) The transfer from GAG to Capital related to capital expenditure during the year. Restricted fixed assets funds were funded by Government grants.

**18 Analysis of net assets between funds**

Fund balances at 31 August 2011 are represented by

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total 2011
	£000	£000	£000	£000
Tangible fixed assets	-	-	29,936	29,936
Current assets	450	2,904	-	3,354
Current liabilities	-	(1,608)	-	(1,608)
Pension scheme liability	-	(1,004)	-	(1,004)
<b>Total net assets</b>	<u>450</u>	<u>292</u>	<u>29,936</u>	<u>30,678</u>

**Folkestone Academy**  
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

**19 Capital commitments**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Contracted for, but not provided in the financial statements	250	1,204

The £250k relates to the a capital project to completely refurbish what used to be the Vocational Centre. The other capital project which Folkestone Academy does not have any capital commitments for at present is the new build Primary Academy. Funding has been agreed from the Department for Education and Kent County Council.

**20 Financial commitments**

***Operating leases***

At 31 August 2011 the Academy had annual commitments under non-cancellable operating leases as follows

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Expiring within one year	-	-
Expiring within two and five years inclusive	35	4
Expiring in over five years	-	22
	<u>35</u>	<u>26</u>

**Folkestone Academy**
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

	2011 £000	2010 £000
<b>21 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities</b>		
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	316	(762)
Depreciation (note 13)	959	1,825
Loss/(profit) on disposal of tangible fixed assets	7	-
Capital grants from DfE and other capital income	(980)	(72)
Interest receivable (note 5)	(4)	(5)
FRS 17 pension cost less contributions payable (note 27)	80	100
FRS 17 pension finance income (note 27)	27	21
Loss on curtailment/ acquisitions	15	(327)
(Increase)/decrease in stocks	(18)	(25)
(Increase)/decrease in debtors	378	(437)
Increase/(decrease) in Creditors	(136)	526
<b>Net cash inflow from operating activities</b>	<b>644</b>	<b>844</b>
<b>22 Returns on investments and servicing of finance</b>		
Interest received	4	5
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>4</b>	<b>5</b>
<b>23 Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,140)	(152)
Capital grants from YPLA	958	72
Capital funding received from sponsors and others	22	-
Receipts from sale of tangible fixed assets	3	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(157)</b>	<b>(80)</b>
<b>24 Analysis of changes in net funds</b>		
	At 1 September 2010	Cash flows At 31 August 2011
	£000	£000
Cash in hand and at bank	2,618	3,109
	<b>2,618</b>	<b>491</b>

**Folkestone Academy**  
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

**25 Contingent Liabilities**

The Academy has no contingent liabilities at 31 August 2011

**26 Members' Liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member

**Folkestone Academy**  
**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

**27 Pension and similar obligations**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent 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 was 31 March 2004 and of the LGPS 31 March 2010.

**Teachers' Pension Scheme**

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 September 2010 to 31 August 2011 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period.

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 and the implications for the Academy in terms of the anticipated contribution rates.

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2011 (continued)

### 27 Pension and similar obligations (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2011 was £450,000, of which employer's contributions totalled £337,000 and employees' contributions totalled £113,000. The agreed contribution rates for future years are 18.3 per cent for employers and 5.5-7.5 per cent for employees.

Principal Actuarial Assumptions	At 31 August 2011	At 31 August 2010
Rate of increase in salaries	4.40%	4.10%
Rate of increase for pensions in payment / inflation	2.90%	2.60%
Discount rate for scheme liabilities	5.80%	5.50%
Inflation assumption (CPI)	2.90%	2.90%
Commutation of pensions to lump sums	50%	25%

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

	At 31 August 2011	At 31 August 2010
<i>Retiring today</i>		
Males	19.8	21.5
Females	23.9	24.4
<i>Retiring in 20 years</i>		
Males	21.9	22.6
Females	25.8	25.5

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

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,267	3,371	3,479
Projected service cost	356	371	387
Adjustment to mortality age rating assumption	+ 1 year	none	- 1 year
Present value of total obligation	3,246	3,371	3,498
Projected service cost	353	371	389



**Folkestone Academy**

**Notes to the Financial Statements for the year ended 31 August 2011 (continued)**

**27 Pension and similar obligations (continued)**

**Local Government Pension Scheme**

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

	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £000	Expected return at 31 August 2010 %	Fair value at 31 August 2010 £000
Equities	6.90%	1,728	6.90%	1,273
Gilts	3.80%	24	3.80%	17
Bonds	5.40%	331	4.80%	244
Property	4.90%	213	4.90%	157
Cash	3.00%	71	3.00%	52
<b>Total market value of assets</b>		<b>2,367</b>		<b>1,743</b>
<i>Present value of scheme liabilities</i>				
- Funded		(3,371)		(2,767)
<b>Deficit in the scheme</b>		<b>(1,004)</b>		<b>(1,024)</b>

**Total expenditure recognised in the Statement of Financial Activities**

	2011 £000	2010 £000
Current service cost (net of employee contributions)	417	334
Past service cost	-	104
<b>Total operating charge</b>	<b>417</b>	<b>438</b>

**Analysis of pension finance income / (costs)**

	2011	2010
Expected return on pension scheme assets	(132)	(80)
Interest on pension liabilities	159	101
<b>Pension finance income</b>	<b>27</b>	<b>21</b>

**Folkestone Academy****Notes to the Financial Statements for the year ended 31 August 2011****27 Pension and similar obligations (continued)****Local Government Pension Scheme (Continued)**

The actual gains and losses for the current year are recognised in the statement of financial activities  
The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £350,000 loss (2010 £492,000 loss)

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

	2011 £000	2010 £000
<b>At 1 September</b>	2,767	1,676
Current service cost	417	334
Interest cost	159	101
Employee contributions	113	114
Actuarial (gain)/loss	(91)	28
Benefits paid	(9)	(34)
Past Service cost	-	104
Curtailments and settlements	15	444
<b>At 31 August</b>	<b>3,371</b>	<b>2,767</b>

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

	2011 £000	2010 £000
<b>At 1 September</b>	1,743	1,038
Expected return on assets	132	80
Actuarial gains	51	104
Employer contributions	337	338
Employee contributions	113	114
Benefits paid	(9)	(34)
Assets acquired in a business combination	-	103
<b>At 31 August</b>	<b>2,367</b>	<b>1,743</b>

The estimated value of employer contributions for the year ended 31 August 2012 is £346,000

**Folkestone Academy****Notes to the Financial Statements for the year ended 31 August 2011 (continued)****27 Pension and similar obligations (continued)****Local Government Pension Scheme (Continued)**

The five-year history of experience adjustments is as follows

	2011 £000	2010 £000	2009 £000	2008 £000
Defined benefit obligation at end of year	(3,371)	(2,767)	(1,676)	(973)
Fair value of plan assets at end of year	2,367	1,743	1,038	702
Deficit	(1,004)	(1,024)	(638)	(271)
<b>Experience adjustments on share of scheme assets</b>				
Amount £'000	51	104	(91)	(74)
<b>Experience adjustments on scheme liabilities</b>				
Amount £'000	(326)	-	(155)	-

**28 Related Party Transactions**

Folkestone Academy is part of a Corporate Services initiative along with the Spires Academy and the Marlowe Academy. The aim is to reduce costs, streamline efficiencies and retain specialist knowledge in all areas of non-curriculum support. Costs are shared on the application of relevant cost drivers and recharges are made across the group. All of the Academies are their own separate legal entity with none holding controlling influence over the other. A number of governors are common to two or more of the three Academies.

During the year the Academy received sponsorship income from Roger De Haan Charitable Trust. Roger De Haan is Chairman of both the Academy's Board of Governors and the Charitable Trust.