

FOLKESTONE ACADEMY  
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 August 2012



Company Registration Number 05115594 (England and Wales)

## **Folkestone Academy**

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## **Folkestone Academy**

### **Reference and Administrative Details**

#### **Governors (Trustees)**

Roger De Haan (Chairman)  
Graham Badman  
Paul Carney (Resigned 16 May 2012)  
Gary Cottle (Appointed 16 May 2012)  
Denise Everitt\*  
Richard Fraser\*  
Trevor Minter  
Michael Pearce  
Julie Ready (Parent Governor)  
Peter Roberts (Appointed 1 September 2012)  
Mark Taylor\*  
Grahame Ward (Resigned 2 April 2012)

\*members of the Finance and General  
Purposes Committee

**Company Secretary and Responsible Officer** Richard Fraser

#### **Senior Managers**

Principal and Accounting Officer (Secondary Academy)	Sean Heslop
Principal (Primary Academy)	Helen Tait
Associate Headteacher (Secondary)	Warren Smith
Head of School (Primary)	Scott Opstad
Vice Principals (Secondary)	David Martin Emma Newman Val Reddecliffe
Director of Corporate Services	Caroline O'Connor

#### **Principal Committees**

Discipline (Pupil)  
Finance & General Purposes  
Standards  
Remuneration

#### **Principal and Registered Office**

The Folkestone Academy  
Academy Lane  
Folkestone, Kent, CT19 5FP

#### **Company Registration Number**

05115594 (England and Wales)

#### **Auditor**

Baker Tilly UK Audit LLP  
Hanover House, 18 Mount Ephraim Road  
Tunbridge Wells, Kent, TN1 1ED

#### **Banker**

Barclays Bank Plc  
Ashford Business Centre, PO box 104  
Ashford, Kent, TN24 8ZB

#### **Solicitors**

Withers LLP (Governance)  
16 Old Bailey  
London, EC4M 7EG  
  
Furley Page Solicitors (Employment)  
39 St Margaret's Street  
Canterbury  
CT1 2TX

## **Folkestone Academy**

### **Governors' Report 31 August 2012**

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2012

### **Structure, Governance and Management**

#### **Constitution**

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the Primary governing documents of the Academy.

The governors act as trustees for the charitable activities of Folkestone Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Folkestone Academy.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

#### **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.

#### **Principal Activities**

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.

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

The Charity's Articles of Association set out the constitution and method of appointment to the Governing Body including Parent Governors who are elected in accordance with Department for Education guidelines. Suitability of Governors is determined by their interest in the work of the Charity, eligibility and personal competence and to ensure the Governing Body has the breadth of skills and knowledge necessary to advance the Academy in all areas.

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

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.

Although no formal training programme exists for the Governor within the Academy, 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.

#### **Organisational Structure**

The management structure of the Academy consists of the Governors and the Leadership Team.

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. The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the strategic direction of the Academy, capital expenditure and the most senior staff appointments in consultation with the Principals.

The Leadership Team at the Primary and Secondary Academies are led by a Principal at each site. These Principals are supported on a day to day basis by the wider leadership team which comprise the personnel listed on page 3. These senior leaders manage the Academy at an executive level, implementing the policies agreed by the Governors and reporting back to them on progress. The Primary or Secondary Principal and other key senior leaders are responsible for the approval of spending within agreed budgets and the appointment of staff. The Secondary Principal has taken on the role of Accounting Officer.

**Governors' Report 31 August 2012 (continued)**

**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 a pension scheme
- that reserves will not be adequate to replenish capital needs on a sustainable basis
- that the new build for the Primary is not delivered in a timely and compliant fashion

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 continually monitored. Budget design has been improved so that more ownership and greater visibility exists. Announcements on funding reform at a national level are monitored closely.
- 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.
- capital replenishment - by accumulating capital reserves in the current and prior years, the Academy will be able to focus on maintaining a balanced budget in the face of funding reforms.
- construction of a new school building - additional support from the Sponsor in terms of project management has been provided to ensure that regular project and stakeholder meetings are being held to consider all operational, compliance and community related matters.

**Connected organisations, including related party relationships**

The Academy has established an Academy Corporate Services structure with the Mariowe and Spires Academies over the management and delivery of its non-curriculum services. This structure aims to streamline processes, provide consistency and shared technical expertise, ensure compliance in a changing regulatory environment and reduce non-curriculum costs through bulk purchasing power.

The Headmaster and Bursar of the Kings School, Canterbury are both governors of the Academy. The link with this local outstanding independent school will help to implement best educational practices through shared methodologies and collaboration.

**Objectives and Activities**

**Objectives**

The principle objectives of the Academy are as follows

- 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

## **Folkestone Academy**

### **Governors' Report 31 August 2012 (continued)**

#### **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, Primary school workshops, local council and community police meetings,
- 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 creating costume and sculpture for the town's street festival, sponsoring a local residents charity bike ride, cleaning the streets for the Olympic torch parade,
- Academy productions are showcased on site and also taken out on tour in the community,
- the Academy grounds and facilities are used regularly by local sports clubs, which often includes youth teams,
- from September 2012 the Folkestone Academy will host Adult Education classes for the community,
- the Academy hosts Academy FM, community radio station which broadcasts across Folkestone providing news and stories for the local community. Volunteer presenters from across sections of the community regularly host and contribute to shows.

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. Our aim is 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.

#### **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.

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

#### **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.

The Emergency Evacuation Procedures include locating those students who are unable to evacuate themselves, ensuring that they are safe and preparing to assist them to evacuate. Evac-chairs are available for these students. 11 members of staff have been trained in their use. PEEPS (Personal Emergency Evacuation Plans) are prepared for each student by the Head of House in conjunction with the parent/carer.

In the past Academic year a disabled access minibus has been purchased by the Academy, there have been alterations made to the students' training kitchen with the addition of a wheelchair accessible oven/hob and preparation area. A ramp has been purchased to enable access to the stage when it is assembled in the Sports Hall for presentations and shows.

There are currently three students who are permanently in wheelchairs and throughout the year there are others with temporary disabilities. The Academy has employed a full-time specialist Learning Support Assistant for physically disabled students.

**Governors' Report 31 August 2012 (continued)**

**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 are provided in the Statement of Accounting Policies.

**Achievements and performance**

**Results**

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

This year our results at Key Stage 4 and 5 plateaued with 91% of students gaining 5 A\*-C GCSE or equivalent compared to last year's National Average of 79%. We await the release of updated statistics to confirm that it is above the 2012 National Average. Equivalent performance was 34% in 2008, 63% in 2009, 75% in 2010 and 91% in 2011.

For the second year running the Maths and English results were above the government floor target with 44% achieving 5+ English and Maths.

Subject value added has increased from 957.7 in 2008 to 972.8 in 2009 to 1015.1 in 2010 and 1031 in 2011. In 2012 our provisional calculation indicates value added has dipped slightly to 1023. Although still unvalidated we are confident this data will be significantly above the National Average. We await the release of the online Ofsted, 'Reporting and Analysis for Improvement through School Self-Evaluation' (RAISE) results to establish our ranking.

In 2011 72% of the cohort made expected progress in English which was 1% above the National Average. This was a 12% increase on the previous year. In Maths 58% made expected progress, an increase of 4% on the previous year, although once again performing below the National Average of 64%. Unvalidated data for 2012 indicates that 66% of the cohort in English and 58% of the cohort in Maths made expected progress. In both cases these figures are below the 2011 National Average although we await the release of Raise Online to determine whether this exceeds the 2012 National Average. The unique set of circumstances that came together this summer with regards to English grades has not assisted us in making as much progress as we had hoped.

At Level 3 we maintained our 100% BTEC pass rate with a 1% increase in Merit, Distinction and Distinction\* grades taking us to 100%. A-Level Performance Systems have graded our BTEC teaching as 1 (outstanding) moving up from 2 in 2011. At AS our A\*-C pass rate increased by 1% to 74% with our A2 pass rate dropping back from 100% to 98% (1 student failing). A-Level Performance Systems graded our A2 teaching as 4 (very good) an increase from 5 in 2011.

With the number of applicants to all British universities dropping nationally by 7.7% we have managed to increase the number of students taking up places from 40 in 2011 to 44 in 2012. Two students achieved scholarships to study English Literature at Aberystwyth with all other students gaining entry into their first choice of university.

**Academy Roll**

The Secondary Academy January Census had 1,445 on roll an increase of 110 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 415.

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.

**Governors' Report 31 August 2012 (continued)**

***Curriculum***

2012 has seen significant curriculum change in the Secondary Academy. The cross-curricular programme for Key Stage 3, designed to counter pupils' exceptionally low reading scores on entry, is now firmly embedded. Pupils spend a large proportion of their time in Year 7 and 8 with one teacher, who delivers English, humanities, and in Year 7, maths. The model is designed to foster stronger relationships, and enable the teacher to have a greater impact on pupils' literacy development. Although it is still early, we can say the model has improved pupils' attendance and engagement, and in many cases, we have seen an impact on literacy.

In completing Key Stage 3 at the end of Year 8, our pupils embark on Key Stage 4 in Year 9, one year early. It is a long established narrative in education that Year 9 pupils lose focus, and our move to accelerate them onto courses of their choosing, has had a positive impact.

This significant structural change began with pupils of Year 9 age in September 2010, and so this group completed their GCSE courses this summer, one year early. Results were very positive, and they have now moved into what we call 'Lower Sixth', although they are of course, Year 11 aged pupils. They arrive at the Academy in business dress of their choosing, and have a huge choice of course options – A levels, BTEC Level 2 and 3 courses, vocational options, GCSE courses in one year, and re-sit GCSE English and Maths if they have not yet achieved them. So far this year, they have impressed everyone with their maturity and engagement, and we believe this will translate into greater academic success this year maximising English and Maths grades at first sitting.

***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 continues to be 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.

***Quality Assurance and Staff Development***

Every teacher is now observed twice each term in the form of a drop-in. Assuming that there are no concerns about the quality of practice then the outcomes are recorded on a termly report submitted by the Head of Faculty to the Vice Principle/Developing Good Practice team. In addition, teaching staff are invited to request a full 30 minute observation from their line manager with the intention of demonstrating their best practice. If there are concerns about practice then the Developing Good Practice support process is activated and staff are paired with a good practitioner from the Developing Good Practice support team for six weeks.

This monitoring and support process 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.



**Governors' Report 31 August 2012 (continued)**

***Quality Assurance and Staff Development (continued)***

The landscape of professional development has changed significantly in the past year. Time for faculties to work together has been increased and the role of the Head of Faculty has been significantly developed through the weekly Head of Faculty forum and increased decision-making opportunities. A model for professional development that will replace the costly Masters programme was modelled between October 2010 and October 2011 by the Year 7 Curriculum team working together to develop research projects that were then published in the document 'Putting learning at the Heart of the Curriculum', in conjunction with Canterbury Christ Church University. The Head of Faculty team are now beginning a similar process with one of the outcomes intended to be their ability to model their experiences with their own teams.

Continuing professional development time has been significantly increased for the 2012-2013 year with the inclusion of 4 afternoon training sessions and an additional day in October. The content of these sessions is driven by the appraisal system that places a strong emphasis on members of staff establishing and pursuing their own developmental goals.

***Learning and Teaching***

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 this visit OfSTED concluded that 'the school has made good progress in making improvements and good progress in demonstrating a better capacity for sustained improvement'.

The quality of learning and teaching continues to be the Academy's key focus. In this year the Academy developed a number of systems to quality assure its lessons, including a common approach to lesson planning, the creation of skills trackers for all schemes of work and the introduction of class planners –containing student prior attainment information – for all classes.

**Financial Review**

**Financial and risk management objectives and policies**

The accounts for the year to 31 August 2012 include the receipt of capital grants for the construction of a new primary school building which is due to come into operation for the start of the 13/14 academic year. The building will bring the two schools onto one site and greatly aid the transition of pupils from the primary to the secondary.

During the year, total reserves increased by £4,645,000. Before transfers, there was an adverse movement on the pension reserve of £862,000 and a favourable movement of £5,138,000 on the fixed asset fund (being the surplus of Capital income of £6,179,000 over depreciation of £1,041,000). This represents an operational surplus of £369,000 in general funds. There has been a transfer from the restricted revenue reserves to the fixed asset fund of £290,000 to offset a shortfall in capital funding.

Looking ahead to 12/13, both the secondary and primary academies are looking to balance their in-year budgets at a time of reduced funding. The primary academy will continue to keep occupational costs low ahead of the move to its new building opening in September 2013.

Fixed assets are included in the balance sheet at £33,927,000 and this amount principally comprises the expenditure incurred to date on the Secondary school building together with the related fixtures, fittings and equipment.

**Principal risks and uncertainties**

These have been outlined in the Risk Management section of the Governors report.

**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, sponsor support and receipt of other charitable donations, the Governors are satisfied that the company's reserves are sufficient for its current purposes. The reserves as at 31 August 2012 amounted to £35 million which comprised primarily restricted fixed asset funds. The Academy's unrestricted reserves amounted to £597,000 (2011 £450,000).

## **Folkestone Academy**

### **Governors' Report 31 August 2012 (continued)**

#### **Reserves policy (continued)**

The Academy has a pension scheme liability of £1,866,000 as at 31 August 2012. The liability is included in restricted reserves and the Academy will have to meet any long term liability out of restricted reserves. An immediate liability for this amount does not crystallise in the short term. The cash flow impact of having a pension scheme liability may be that employer contributions may increase to reduce the liability. The Academy will always pay the employer contribution rates set by the pension scheme administrators.

#### **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 Bridge Language School, which made cash donations of £7,000 and to the Roger De Haan Charitable Trust, which made a cash donation of £1,300, and provided rent free accommodation with an annual rental value of £21,000.

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

In September 2012, the Academy's roll stood at 1,800 with Years 7-11 complete on the agreed standard number of 240 in each year group and, in Year 12, our first large cohort going into the Sixth Form. We estimate that the roll will increase by a further 100-150 students in September 2013 when this larger group moves into Year 13 and is replaced by a similar sized year group.

In September 2012, we also saw the fruits of our two year KS4 programme beginning in Year 9 which was launched in September 2010. This now means that approximately 450 students are following AS, A2 and BTEC Level 3 courses. The first two terms' progress and attendance information indicate improved levels and rates of progress for all the year groups who are now benefitting from the change. With Years 7 and Year 8 now following our radically different Key Stage 3 curriculum this completes the first part of our curriculum transformation.

We continue to set challenging targets. In terms of Department for Education floor targets, the picture is as follows. At GCSE we predict 85% (2012 92%) will achieve 5 A\*-C at GCSE or equivalent, including English and Maths we predict 54% (2011 44%). The reason for the slight downturn on the 5 A\*-C measure is that a number of Foundation students had been following a curriculum that did not allow them to access the full 5 A\*-C. This is now being put right through the creation of additional Sport and Science and we predict that, on our next assessment cycle this figure will head back towards 90%+. In terms of 3 levels of expected progress in English and Maths we have set a whole Academy target of 80% for both subject areas. English is currently predicting 88% while Maths is at 70%.

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 100% with 65% of those grades at A\*-C.

We are aiming to achieve 93% overall attendance and a persistent absentee figure of 6%.

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

#### **Auditor**

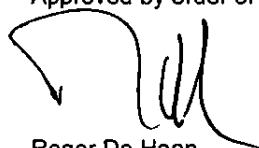
Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

In so far as the Governors are aware:

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

The Governors 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.

Approved by order of the members of the governing body on 6 December 2012 and signed on their behalf by



Roger De Haan  
Chairman

## **Folkestone Academy**

### **Governance Statement**

#### **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 Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Folkestone Academy and the Secretary of State for Education. He is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the governors' report and in the Statement of Governors' responsibilities. The governing body has formally met 3 times during the year. Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Roger De Haan (Chairman)	3	3
Graham Badman	1	3
Paul Carney (Resigned 16 May 2012)	3	3
Gary Cottle (Appointed 16 May 2012)	1	1
Denise Eventt	3	3
Richard Fraser	3	3
Trevor Minter	3	3
Michael Pearce	3	3
Julie Ready (Parent Governor)	2	3
Peter Roberts (Appointed 1 September 2012)	3	3
Mark Taylor	3	3
Grahame Ward (Resigned 2 April 2012)	2	2

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to advise the Academy Board on matters of solvency, budgeting, financial reporting, audit and other compliance issues. It will act on the Academy Board's behalf to exercise oversight of the conduct of all financial affairs. Attendance at meetings in the year was as follows:

<b>Governor</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Denise Eventt	4	4
Richard Fraser	4	4
Mark Taylor	3	4

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 2012 and up to the date of approval of the annual report and financial statements.

## **Folkestone Academy**

### **Governance Statement (continued)**

#### **Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year ending 31 August 2012 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**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor at this time. The Governors have appointed Richard Fraser as Responsible Officer (RO). The RO's role includes commenting on financial matters and performing a range of checks on the Academy's financial systems. Richard Fraser visited the Academy twice in relation to the year ended 31 August 2012 and reported to the Governing Body on the results of tests completed. These tests were in accordance with those outlined in the Academies Financial Handbook 2006. In addition, the Academy benefits significantly from sharing compliance practices and qualified financial personnel with two other academies so audit checks and balances are undertaken on a monthly basis by those not charged with preparing the information. This delivers additional assurance and financial control.

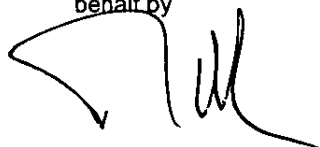
#### **Review of effectiveness**

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

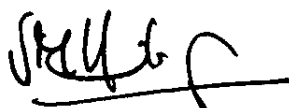
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 6 December 2012 and signed on its behalf by



**Roger De Haan**  
Chairman



**Sean Heslop**  
Accounting Officer

29/1/13

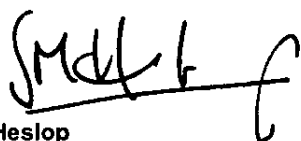
## **Folkestone Academy**

### **Statement on Regularity, Proprietary and Compliance**

As accounting officer of Folkestone Academy, I have considered my responsibility to notify the academy 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 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 governing body are able to identify any material irregular or improper use of funds by the academy or material non-compliance with the terms and conditions of funding under the academy'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.



**Sean Heslop**  
**Accounting Officer**

Date 29/1/13

## **Folkestone Academy**

### **Statement on Governors' Responsibilities**

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

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 governors are required to

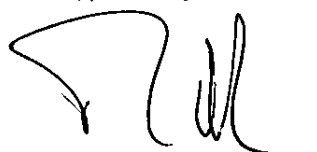
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 Charitable Company will continue in business

The Governors 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 Governors 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 DfE/EfA 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.

Approved by order of the members of the Governing Body on 6 December 2012 and signed on its behalf by



Roger De Haan  
Chairman

## **Folkestone Academy**

### **Independent auditor's report to the members of Folkestone Academy for the year ended 31 August 2012**

We have audited the financial statements of Folkestone Academy for the year ended 31 August 2012 on pages 16 to 39. 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 2011/12 issued by the Education Funding Agency.

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

#### **Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities set out on page 14, the Governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 2012 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 2011/12 issued by the Education Funding Agency.

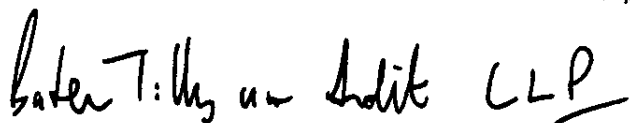
#### **Opinion on other requirement of the Companies Act 2006**

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 SLADDEN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Tunbridge Wells

Date 28 May 2013

# Folkestone Academy

## Statement of Financial Activities for the Year to 31 August 2012

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

		Unrestricted	Restricted General	Restricted Fixed Asset	Total	Total
	Notes	Funds £000	Funds £000	Funds £000	2012 £000	2011 £000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary income	3	35	-	-	35	60
Activities for generating funds	4	380	-	-	380	385
Investment income	5	4	-	-	4	4
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	6	-	11,432	6,179	17,611	12,077
<b>Total incoming resources</b>		<b>419</b>	<b>11,432</b>	<b>6,179</b>	<b>18,030</b>	<b>12,526</b>
<b>Resources expended</b>						
<i>Charitable activities</i>						
Academy educational	8	272	11,202	1,041	12,515	12,169
Governance costs	9	-	48	-	48	41
<b>Total resources expended</b>	7	<b>272</b>	<b>11,250</b>	<b>1,041</b>	<b>12,563</b>	<b>12,210</b>
<b>Net incoming resources before transfers</b>						
		147	182	5,138	5,467	316
Gross transfers between funds	17	-	(290)	290	-	-
Net income/(expenditure) for the year		147	(108)	5,428	5,467	316
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	17, 27	-	(822)	-	(822)	142
<b>Net movement in funds</b>		<b>147</b>	<b>(930)</b>	<b>5,428</b>	<b>4,645</b>	<b>458</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September	17	450	292	29,936	30,678	30,220
<b>Total funds carried forward at 31 August</b>		<b>597</b>	<b>(638)</b>	<b>35,364</b>	<b>35,323</b>	<b>30,678</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

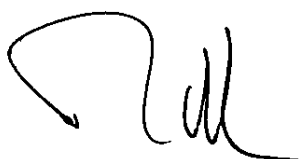


**Folkestone Academy**  
**Balance sheet as at 31 August 2012**

**Company Number**  
**05115594**

	Notes	2012 £000	2012 £000	2011 £000	2011 £000
<b>Fixed assets</b>					
Tangible assets	13		<u>33,927</u>		<u>29,936</u>
			<u>33,927</u>		<u>29,936</u>
<b>Current assets</b>					
Stock	14	113		68	
Debtors	15	288		177	
Cash at bank and in hand		<u>4,047</u>		<u>3,109</u>	
		<u>4,448</u>		<u>3,354</u>	
<b>Liabilities</b>					
Creditors Amounts falling due within one year	16	<u>(1,186)</u>		<u>(1,608)</u>	
<b>Net current assets</b>			<u>3,262</u>		<u>1,746</u>
Total assets less current liabilities			<u>37,189</u>		<u>31,682</u>
<b>Net assets excluding pension liability</b>			<u>37,189</u>		<u>31,682</u>
Pension scheme liability	27		<u>(1,866)</u>		<u>(1,004)</u>
<b>Net assets including pension liability</b>			<u>35,323</u>		<u>30,678</u>
<b>Funds of the academy</b>					
<b>Restricted funds</b>					
Fixed asset fund(s)	17		<u>35,364</u>		<u>29,936</u>
General fund(s)	17		<u>1,228</u>		<u>1,296</u>
Pension reserve	17		<u>(1,866)</u>		<u>(1,004)</u>
<b>Total restricted funds</b>			<u>34,726</u>		<u>30,228</u>
<b>Unrestricted funds</b>					
General fund(s)	17		<u>597</u>		<u>450</u>
<b>Total unrestricted funds</b>			<u>597</u>		<u>450</u>
<b>Total Funds</b>			<u>35,323</u>		<u>30,678</u>

The financial statements on pages 16 to 39 were approved by the Governors, and authorised for issue on 6 December 2012 and signed on their behalf by



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

**Folkestone Academy****Cash Flow Statement for the year ended 31 August 2012**

	notes	2012 £000	2011 £000
<b>Net cash (outflow)/inflow from operating activities</b>	21	(213)	644
Returns on investments and servicing of finance	22	4	4
Capital expenditure	23	1,147	(157)
<b>Increase in cash in the year</b>	24	<u>938</u>	<u>491</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September		3,109	2,618
<b>Net funds at 31 August</b>		<u>4,047</u>	<u>3,109</u>

## **Folkestone Academy**

### **Notes to the Financial Statements for the year ended 31 August 2012**

#### **1 Statement of Accounting Policies**

##### **Basis of preparation**

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

##### **Going Concern**

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

##### **Incoming Resources**

###### **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.

###### **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.

###### **Donations**

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

###### **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 Academy policies.

###### **Other Income**

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

##### **Resources expended**

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

**Folkestone Academy**  
**Notes to the Financial Statements for the year ended 31 August 2012**

**1 Statement of Accounting Policies (continued)**

**Costs of generating funds**

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

**Charitable activities**

These are costs incurred on the Academy's education operations

**Governance costs**

These include the costs attributable to the Academy compliance with constitutional and statutory requirements, including audit, strategic management and Governors meetings and reimbursed expenses

All resources expended are exclusive of irrecoverable VAT

**Tangible fixed assets**

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful lives as follows

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

Assets in the course of construction are included at cost. Depreciation on those assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

**Leased Assets**

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

**Stock**

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

## **Folkestone Academy**

### **Notes to the Financial Statements for the year ended 31 August 2012**

#### **1 Statement of Accounting Policies (continued)**

##### **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.

##### **Pension Benefits**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme (SERPS), 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 27, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

##### **Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency, the Department for Education and the Local Authority.

##### **16-19 Bursary Funds**

The Academy acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in statement of financial activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2012

### 2 General Annual Grant (GAG)

#### a. Results and Carry Forward for the Year

	2012	2011
	£000	£000
GAG brought forward from previous year	836	1,108
GAG allocation for current year	10,918	9,451
<b>Total GAG available to spend</b>	<b>11,754</b>	<b>10,559</b>
Recurrent expenditure from GAG	(10,471)	(9,573)
Fixed assets purchased from GAG	(290)	(150)
<b>GAG carried forward to next year</b>	<b>993</b>	<b>836</b>
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(1,310)	(1,134)
<b>GAG to surrender to DfE</b>	<b>(317)</b>	<b>(298)</b>
(12% rule breached if result is positive)	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	10,471	9,573
GAG allocation for current year	(10,918)	(9,451)
GAG allocation for previous year x 2%	(189)	(187)
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b>	<b>(636)</b>	<b>(65)</b>
(2% rule breached if result is positive)	no breach	no breach

### 3 Voluntary Income

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2012	2011
	£000	£000	£000	£000
Roger De Haan Charitable Trust (RDHCT)	1	-	1	55
Primary Academy PTFA	-	-	-	3
Bridge Language Centre	7	-	7	-
Gifts in Kind - (RDHCT)	21	-	21	-
Other Donations	6	-	6	2
	<b>35</b>	<b>-</b>	<b>35</b>	<b>60</b>

### 4 Activities for Generating Funds

	Unrestricted	Restricted	Total	Total
	Funds	Funds	2012	2011
	£000	£000	£000	£000
Hire of Facilities	33	-	33	76
Catering Income	196	-	196	173
Uniform sales	110	-	110	96
Other Income	41	-	41	40
	<b>380</b>	<b>-</b>	<b>380</b>	<b>385</b>

**Folkestone Academy**
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**
**5 Investment Income**

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Bank Interest	4	-	4	4
	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</u>

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

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
<b>DfE / EFA capital grant</b>				
Devolved Formula Capital allocations	-	175	175	-
DfE capital grant	-	354	354	-
Department of transport capital grant	-	-	-	22
Academy main building grants	-	-	-	958
	<u>-</u>	<u>529</u>	<u>529</u>	<u>980</u>
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG) (note 2)	-	10,918	10,918	9,288
School Standards Grant (GAG) (note 2)	-	-	-	163
Start Up Grants	-	127	127	196
School Standards Fund	-	-	-	654
National Challenge	-	-	-	42
Other DfE / EFA grants	-	260	260	705
	<u>-</u>	<u>11,305</u>	<u>11,305</u>	<u>11,048</u>
<b>Other Government capital grants</b>				
Kent County Council Capital grant	-	1,400	1,400	-
Kent County Council Land transfer	-	4,250	4,250	-
	<u>-</u>	<u>5,650</u>	<u>5,650</u>	<u>-</u>
<b>Other Government revenue grants</b>				
Kent County Council Grants	-	112	112	25
Special educational projects	-	14	14	18
Other Grants	-	1	1	6
	<u>-</u>	<u>127</u>	<u>127</u>	<u>49</u>
	<u>-</u>	<u>17,611</u>	<u>17,611</u>	<u>12,077</u>

**Folkestone Academy**

**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

**7 Resources Expended**

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other Costs	2012	2011
	£000	£000	£000	£000	£000
Academy's educational operations					
Direct costs	7,123	-	902	8,025	7,831
Allocated support costs	1,879	1,904	707	4,490	4,338
	<b>9,002</b>	<b>1,904</b>	<b>1,609</b>	<b>12,515</b>	<b>12,169</b>
Governance costs including allocated support costs	20	-	28	48	41
	<b>9,022</b>	<b>1,904</b>	<b>1,637</b>	<b>12,563</b>	<b>12,210</b>

**Incoming/outgoing resources for the year include**

		Total	Total
		2012	2011
		£000	£000
Operating leases		9	10
Fees payable to auditor	- audit	15	10
	- other service	1	7
Loss on disposal of fixed assets		-	7



**Folkestone Academy**
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**
**8 Charitable Activities - Academy's educational operations**

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	7,123	7,123	7,047
Educational supplies	-	361	361	354
Examination fees	-	220	220	153
Staff development	-	56	56	63
Educational consultancy	-	17	17	1
Other direct costs	-	248	248	213
	-	8,025	8,025	7,831
<b>Allocated support costs</b>				
Support staff costs	90	1,789	1,879	1,708
Depreciation	-	1,041	1,041	959
Pupil recruitment and support	-	8	8	23
Maintenance of premises and equipment	-	179	179	179
Cleaning	-	35	35	39
Rates	18	95	113	71
Insurance	-	258	258	227
Utilities	3	207	210	215
Catering	89	245	334	259
Technology costs	-	104	104	128
Uniform costs	72	21	93	77
Personnel costs	-	61	61	84
Other support costs	-	175	175	369
	272	4,218	4,490	4,338
<b>TOTAL</b>	<b>272</b>	<b>12,243</b>	<b>12,515</b>	<b>12,169</b>

**9 Governance costs**

	Unrestricted Funds £000	Restricted Funds £000	Total 2012 £000	Total 2011 £000
Legal and professional fees	-	13	13	19
Audit of financial statements	-	15	15	10
Support costs	-	20	20	12
	-	48	48	41

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2012 (continued)

### 10 Staff costs

Staff costs during the period were

	2012	2011
	£000	£000
Wages and salaries	7,466	7,312
Social security costs	538	520
Other pension costs	957	1,029
Agency staff costs	61	29
	<b>9,022</b>	<b>8,890</b>

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

	2012	2011
	No	No
<b>Charitable Activities</b>		
Teachers	108	112
Academic support	58	61
Administration and support	79	72
Management	11	16
	<b>256</b>	<b>261</b>

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

	2012	2011
	No.	No.
£60,001 - £70,000	3	4
£80,001 - £90,000	1	-
£130,001 - £140,000	1	1

All of the above employees participated in the Teachers' Pension Scheme

During the year ended 31 August 2012, pension contributions in respect of those staff amounted to £56,386 (2011 £66,023)

### 11 Governors' remuneration and expenses

The Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors do not receive any payments, other than expenses, from the Academy in respect of their role as governors. There were no governors' expenses paid during the year ended 31 August 2012. The Principal's remunerations fall into the following income band

Principal	£136,780	(2011 £134,172)
-----------	----------	-----------------

During the year ended 31 August 2012, travel and subsistence expenses totalling £219 (2011 £0) were reimbursed to the Principal

Other related party transactions involving the trustees are set out in note 28

**Folkestone Academy**  
**Notes to the Financial Statements for the year ended 31 August 2012 (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.

During the year ended 31st August 2012, the cost of this insurance was £1,887 (2011 £2,000)

**13 Tangible Fixed Assets**

	Freehold Land and Buildings	Asset Under Construction	Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 September 2011	29,789	58	3,599	1,592	27	35,065
Additions	4,410	353	68	196	5	5,032
At 31 August 2012	34,199	411	3,667	1,788	32	40,097
<b>Depreciation</b>						
At 1 September 2011	2,197	-	1,425	1,501	6	5,129
Charged in year	578	-	364	89	10	1,041
At 31 August 2012	2,775	-	1,789	1,590	16	6,170
<b>Net book values</b>						
At 31 August 2012	31,424	411	1,878	198	16	33,927
At 31 August 2011	27,592	58	2,174	91	21	29,936

Freehold land and buildings includes £4,250,000 which relates to the transfer of land ownership of the primary school site from Kent County Council to the Academy at its commercial market value.

The asset under construction comprises costs incurred in relation to the construction of a new primary school building.

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2012 (continued)

### 14 Stock

	2012 £000	2011 £000
Student uniforms	111	65
Catering	2	3
	<u>113</u>	<u>68</u>

### 15 Debtors

	2012 £000	2011 £000
Trade debtors	83	6
Prepayments and accrued income	92	60
Other debtors	113	111
	<u>288</u>	<u>177</u>

### 16 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	468	253
Other tax and social security	163	183
Other creditors	362	579
Accruals and deferred income	193	593
	<u>1,186</u>	<u>1,608</u>

#### Deferred Income

	2012 £000
Deferred Income at 1 September 2011	459
Resources deferred in the year	19
Amounts released from previous years	(384)
Deferred Income at 31 August 2012	<u>94</u>

(i) The majority of deferred income relates to funding received in the year which is to be spent on specific projects aimed at disadvantaged students

(ii) Other deferred income relates to small income streams which are planned on being used for specific items in 2012/13

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2012 (continued)

### 17 Funds

	Balance at 1 September	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August
	2011 £000	£000	£000	£000	2012 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	836	10,918	(10,471)	(290)	993
Start Up Grant	325	127	(271)	-	181
Other DfE/EFA grants	-	260	(260)	-	-
Other government grants	135	127	(208)	-	54
Pension reserve	(1,004)	-	(40)	(822)	(1,866)
	<b>292</b>	<b>11,432</b>	<b>(11,250)</b>	<b>(1,112)</b>	<b>(638)</b>
<b>Restricted other funds</b>	-	-	-	-	-
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	27,484	354	(1,010)	-	26,828
Capital expenditure from GAG	300	175	-	290	765
Private sector capital sponsorship	2,130	-	(31)	-	2,099
Kent County Council	-	5,650	-	-	5,650
Other Government Grant	22	-	-	-	22
	<b>29,936</b>	<b>6,179</b>	<b>(1,041)</b>	<b>290</b>	<b>35,364</b>
<b>Total restricted funds</b>	<b>30,228</b>	<b>17,611</b>	<b>(12,291)</b>	<b>(822)</b>	<b>34,726</b>
<b>Unrestricted funds</b>					
Unrestricted funds	450	419	(272)	-	597
<b>Total unrestricted funds</b>	<b>450</b>	<b>419</b>	<b>(272)</b>	<b>-</b>	<b>597</b>
<b>Total funds</b>	<b>30,678</b>	<b>18,030</b>	<b>(12,563)</b>	<b>(822)</b>	<b>35,323</b>

(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.

**Folkestone Academy****Notes to the Financial Statements for the year ended 31 August 2012 (continued)****18 Analysis of net assets between funds**

Fund balances at 31 August 2012 are represented by

	<b>Unrestricted general fund £000</b>	<b>Restricted general £000</b>	<b>Restricted fixed asset £000</b>	<b>Total 2012 £000</b>
Tangible fixed assets	-	-	33,927	<b>33,927</b>
Current assets	597	2,414	1,437	<b>4,448</b>
Current liabilities	-	(1,186)	-	<b>(1,186)</b>
Pension scheme liability	-	(1,866)	-	<b>(1,866)</b>
<b>Total net assets</b>	<b>597</b>	<b>(638)</b>	<b>35,364</b>	<b>35,323</b>

**Folkestone Academy****Notes to the Financial Statements for the year ended 31 August 2012 (continued)****19 Capital commitments**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Contracted for, but not provided in the financial statements	<u>5,790</u>	<u>250</u>

The £5,790,000 relates to contracts for the construction of a new primary school building. Funding has been agreed from the Department for Education, Kent County Council, and Roger De Haan Charitable Trust, the remaining balance will be funded from the sale of the site of the existing school building.

**20 Financial commitments*****Operating leases***

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Expiring within one year	-	-
Expiring within two and five years inclusive	24	35
Expiring in over five years	-	-
	<u>24</u>	<u>35</u>

**Folkestone Academy**
**Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

	2012	2011	
	£000	£000	
<b>21 Reconciliation of net income to net cash inflow from operating activities</b>			
Net Income	5,467	316	
Depreciation (note 13)	1,041	959	
Loss on disposal of tangible fixed assets	-	7	
Capital grants from DfE and other capital income	(6,179)	(980)	
Interest receivable (note 5)	(4)	(4)	
FRS 17 pension cost less contributions payable (note 27)	11	80	
FRS 17 pension finance income (note 27)	29	27	
Loss on curtailment/ acquisitions	-	15	
(Increase)/decrease in stocks	(45)	(18)	
(Increase)/decrease in debtors	(111)	378	
Increase/(decrease) in creditors	(422)	(136)	
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(213)</b>	<b>644</b>	
<b>22 Returns on investments and servicing of finance</b>			
Interest received	4	4	
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>4</b>	<b>4</b>	
<b>23 Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	(782)	(1,140)	
Capital grants from DfE/EFA	529	958	
Capital grants from Kent County Council	1,400	-	
Capital funding received from sponsors and others	-	22	
Receipts from sale of tangible fixed assets	-	3	
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>	<b>1,147</b>	<b>(157)</b>	
<b>24 Analysis of changes in net funds</b>	<b>At 1 September 2011</b>	<b>Cash flows</b>	<b>At 31 August 2012</b>
	£000	£000	£000
Cash in hand and at bank	3,109	938	4,047
	<b>3,109</b>	<b>938</b>	<b>4,047</b>



## **Folkestone Academy**

### **Notes to the Financial Statements for the year ended 31 August 2012 (continued)**

#### **25 Contingent Liabilities**

The Academy had no contingent liabilities at 31 August 2012

#### **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 2012 (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

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

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

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation 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 (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years) This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable

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

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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 2012 (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 2012 was £441,000, of which employer's contributions totalled £331,000 and employees' contributions totalled £110,000. The agreed contribution rates for future years are 18.3 per cent for employers and rates varying between 5.5 and 7.5 per cent for employees dependent on their salary.

Principal Actuarial Assumptions	At 31 August 2012	At 31 August 2011
Rate of increase in salaries	4.10%	4.90%
Rate of increase for pensions in payment / inflation	1.90%	2.60%
Discount rate for scheme liabilities	3.90%	5.40%
Inflation assumption (CPI)	1.90%	2.60%
Commutation of pensions to lump sums	50.00%	50.00%

#### Sensitivity Analysis

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	4,818	4,973	5,133
Projected service cost	446	464	483
Adjustment to mortality age rating assumption	+ 1 year	none	- 1 year
Present value of total obligation	4,789	4,973	5,160
Projected service cost	443	464	486

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 2012	At 31 August 2011
<i>Retiring today</i>		
Males	20.0	19.8
Females	24.0	23.9
<i>Retiring in 20 years</i>		
Males	22.0	21.9
Females	25.9	25.8

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2012 (continued)

### 27 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £000	Expected return at 31 August 2011 %	Fair value at 31 August 2011 £000
Equities	5.90%	2,175	6.90%	1,728
Gilts	2.80%	31	3.80%	24
Bonds	3.90%	404	5.40%	331
Property	3.90%	311	4.90%	213
Cash	5.00%	93	3.00%	71
Target Return Portfolio	4.40%	93	n/a	-
<b>Total market value of assets</b>		<b>3,107</b>		<b>2,367</b>
Present value of scheme liabilities				
- Funded		(4,973)		(3,371)
<b>Deficit in the scheme</b>		<b>(1,866)</b>		<b>(1,004)</b>

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. As at 1 September 2011 for the year to 31 August 2012). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then adjusted to be a margin above gilt yields.

The actual return on the scheme assets was £294,000 (2011: £38,000).

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

	2012 £000	2011 £000
Current service cost (net of employee contributions)	354	417
Past service cost	-	-
<b>Total operating charge</b>	<b>354</b>	<b>417</b>

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

Expected return on pension scheme assets	(165)	(132)
Interest on pension liabilities	194	159
<b>Pension finance costs</b>	<b>29</b>	<b>27</b>

**Folkestone Academy****Notes to the Financial Statements for the year ended 31 August 2012 (continued)****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 £1,172,000 loss (2011 £350,000 loss)

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

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>3,371</b>	<b>2,767</b>
Current service cost	<b>354</b>	417
Interest cost	<b>194</b>	159
Employee contributions	<b>110</b>	113
Actuarial (gain)/loss	<b>951</b>	(91)
Benefits paid	<b>(7)</b>	(9)
Past Service cost	-	-
Curtailments and settlements	-	15
<b>At 31 August</b>	<b>4,973</b>	<b>3,371</b>

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

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>2,367</b>	<b>1,743</b>
Expected return on assets	<b>165</b>	132
Actuarial gains	<b>129</b>	51
Employer contributions	<b>343</b>	337
Employee contributions	<b>110</b>	113
Benefits paid	<b>(7)</b>	(9)
<b>At 31 August</b>	<b>3,107</b>	<b>2,367</b>

The estimated value of employer contributions for the year ended 31 August 2013 is £330,000

**Folkestone Academy****Notes to the Financial Statements for the year ended 31 August 2012 (continued)****27 Pension and similar obligations (continued)****Local Government Pension Scheme (continued)**

The five-year history of experience adjustments is as follows

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Defined benefit obligation at end of year	<b>(4,973)</b>	<b>(3,371)</b>	<b>(2,767)</b>	<b>(1,676)</b>	<b>(973)</b>
Fair value of plan assets at end of year	<b>3,107</b>	<b>2,367</b>	<b>1,743</b>	<b>1,038</b>	<b>702</b>
Deficit	<b>(1,866)</b>	<b>(1,004)</b>	<b>(1,024)</b>	<b>(638)</b>	<b>(271)</b>

**Experience adjustments on share of scheme assets**

Amount £'000	<b>129</b>	<b>51</b>	<b>104</b>	<b>(91)</b>	<b>(74)</b>
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**Experience adjustments on scheme liabilities**

Amount £'000	<b>-</b>	<b>(326)</b>	<b>-</b>	<b>(155)</b>	
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**28 Related Party Transactions**

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

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.