

**FOLKESTONE ACADEMY**  
**(A Company Limited by Guarantee)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 August 2013**

WEDNESDAY



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A22 30/04/2014 #362  
COMPANIES HOUSE

***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)  
Andrew Armitage (Appointed 1 March 2013)  
Graham Badman  
Gary Cottle  
Denise Eventt\* (Resigned 31 July 2013)  
Richard Fraser\*  
Leih Hastings (Appointed 18 March 2013)  
Rosalind McCarthy (Appointed 25 March 2013)  
Trevor Minter  
Carl Parsons (Appointed 11 December 2012)  
Michael Pearce  
Julie Ready (Resigned 18 March 2013)  
Timothy Reid (Appointed 9 May 2013)  
Peter Roberts  
Mark Taylor\*

\* Members of the Finance & General Purposes committee

#### **Company Secretary**

Frances Sharp (Appointed 30 April 2013)  
Richard Fraser (Resigned 30 April 2013)

#### **Responsible Officer**

Richard Fraser

#### **Senior Managers**

- . Principal (Secondary) & Accounting Officer
- . Principal (Primary)
- . Associate Head-teacher (Secondary)
- . Head of School (Primary)
- . Vice Principal (Secondary)
- . Vice Principal (Secondary)
- . Vice Principal (Secondary)
- . Director of Corporate Services

Sean Heslop  
Helen Tait  
Warren Smith  
Louise Chantler  
David Martin  
Emma Newman  
Val Reddecliffe  
Caroline O'Connor

#### **Principal Committee**

Discipline (Pupil)  
Finance & General Purposes  
Standards  
Remuneration

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

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, TN11 1ED

#### **Bankers**

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 2013**

The Governors present their annual report together with the financial statements and auditor's reports of the Charitable Company for the year ended 31 August 2013

### **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 of 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 Governors 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.

## **FOLKESTONE ACADEMY**

### **Governors' Report 31 August 2013 (continued)**

#### **Organisational structure (continued)**

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 the role of Accounting Officer.

#### **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, and
- that reserves will not be adequate to replenish capital needs on a sustainable basis.

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 February 2014. Pension advice will 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.

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

The Academy has established an Academy Corporate Services structure with the Marlowe 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.

## **FOLKESTONE ACADEMY**

### **Governors' Report 31 August 2013 (continued)**

#### **Objectives and Activities**

##### **Objectives**

The principal objectives of the Academy 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, 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 hosted Adult Education classes for the community,
- the Academy hosts Academy FM, a community radio station which broadcasts across Folkestone providing news and stories for the local community. Volunteer presenters from a cross section 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.

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

## **FOLKESTONE ACADEMY**

### **Governors' Report 31 August 2013 (continued)**

#### **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. We also have a disabled-access minibus, ramps to the staging and to the Channel Sports Centre. 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 and staff. Members of staff have been trained in their use by an outside agency. Three members of staff have now attended an Evac-chair 'Train the Trainer' course and this training can now take place in-house. PEEPS (Personal Emergency Evacuation Plans) are prepared for each student by the Head of House/Guidance & Care Manager in conjunction with the parent/carer.

In the past Academic year sports wheelchairs have been purchased to enable wheelchair basketball matches to be played with both disabled and able-bodied students.

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

#### **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**

##### ***Primary Academy Results and Progress***

At the end of Key Stage 1 children exceeded national and Local Authority averages at almost every level. 95% attained Level 2+ in reading, 87% in writing and 92% in Maths. Level 3 35% in reading, 20% in writing and 32% in Maths. At the end of Key Stage 2 97% attained Level 4+ in reading, 86% in writing and 87% in Maths. These excellent results were achieved through our ongoing investment in teaching and learning using initiatives such as the Hogwarts intervention class led by a leader in Literacy. Equally we achieved excellence with the most able. 54% attained Level 5+ in Reading, 41% in Writing and 53% in Maths.

By the end of Key Stage 2 children have made significantly more progress than national and Local Authority averages. 97% made 2 levels progress in Reading, 97% in Writing and 90% in Maths. In addition, a child with profound difficulties made excellent progress on the P scales, which would further increase these percentages.

## **FOLKESTONE ACADEMY**

### **Governors' Report 31 August 2013 (continued)**

#### ***Secondary Academy Results and Progress***

This August 52% of our students gained 5+ GCSE's at grade A-C including English and Maths, this was up from 42% in 2012 and thereby exceeded floor standards for the third consecutive year. The 52% 5+ including English and Maths figure represents an improvement of 108% (or 27% points) over the last 3 years, significantly in excess of national averages (Academy performance 09/10 was 25%). In the same time period, national 5+ including English and Maths has risen by 7% (4% points).

75% of pupils made Expected Progress in English (an improvement from 63% in 2012) and is likely to be above the 2013 national average.

56% of pupils made Expected Progress in Maths (an improvement from 52% in 2012) and is likely to be below the 2013 national average.

2012/13 GCE A Level pass rate (A\*-E) was 100%, which will be above the national average. 2012/13 GCE A Level higher grade pass rate (A\*-B) was 39% which is likely to be below the national average. 2013 A Level Performance System Report highlights that 8/11 subjects recorded A Level Performance System grades of 1-3 indicating higher than expected outcomes. 1/11 subjects recorded A Level Performance System grades of 7-9, indicating lower than expected outcomes.

2012/13 BTEC Level 3 pass rate was 100%, which is likely to exceed the national average. 2012/13 BTEC Level 3 higher grade pass rate (Merit+) was 100% which is likely to exceed the national average. 95% of all BTEC Level 3 grades was a Distinction or higher. 2013 BTEC A Level Performance System Report highlights that 12/15 subjects recorded A Level Performance System grades of 1-3 indicating higher than expected outcomes, including grade 1s for Media, IT, Dance and Performing Arts. The overall Value Added grade for the Academy was 2, demonstrating VA in the top 10% nationally for the third consecutive year, which is clearly above average.

The number of students attending university this year fell to 39 from 44 in the previous year.

#### ***Academy Roll***

The Secondary Academy January Census had 1,420 on roll which was a decrease of 25 on the previous year. The Primary Academy received 152 applications for the 60 positions available for its reception year (commencing September 13) and was therefore able to maintain student numbers of 414.

The Secondary Academy again had a very successful Open Evening for the September 2014 intake, with 1000 attendees and all indications are that we will secure our position as one of Kent's most oversubscribed schools.

The Primary Academy continues to be oversubscribed for the Foundation Stage and the spaces that had been inherited over the school have almost all been filled.

#### ***Curriculum***

2013 has seen further 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, Mathematics. 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 a marked impact on literacy. This year working closely with the National Mathematics Partnership it is our aim to rapidly improve low level numeracy with certain students upon entry into Year 7.



## **FOLKESTONE ACADEMY**

### **Governors' Report 31 August 2013 (continued)**

#### ***Curriculum (continued)***

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 continues to have 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 last summer, one year early. Results were very positive last year and this year we anticipate the best ever results with 5+EM as students have been given an extra year to focus on extra GCSEs along with English and Mathematics. Lower Sixth students will continue to 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 Mathematics if they have not yet achieved them. Some Lower Sixth students will have a timetable that will be split between the main Academy and The Glassworks which we believe will help with the transition between Level 2 and 3 study.

#### ***Behaviour***

The Primary Academy has worked hard to inculcate a pride in our Academy and a sense of positive team behaviour. There were 4 fixed term exclusions during last year and 1 permanent exclusion.

Following a review of the Behaviour Policy in May 2012, changes to Behaviour Management at the Secondary Academy were implemented in September 2012. This resulted in a significant increase in fixed term exclusions from 648 previously reported to 932 this year. Although this number is still considerably above the national average, the Secondary Academy continues to address this concern and believes it will close the gap over the next year. There were 2 permanent exclusions this year compared to zero last year.

#### ***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 as evidenced by the accurate predictions for KS4 threshold measures. 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 class room 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 Principal/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. Faculties undergo a faculty review process consisting of formal observations. These will take place every other term with follow up reviews depending on the outcomes.

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.

## **FOLKESTONE ACADEMY**

### **Governors' Report 31 August 2013 (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 have now completed 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 carefully organised with lead training sessions and follow up sessions for teaching and academic support staff. This includes a visiting speaker in October and an additional portfolio day. 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.

Rigorous and accurate self assessment in the primary phase was highly commended by the inspection team. Accurate tracking of pupil progress and attainment supports purposeful interventions so that children make good progress. Ongoing investment in high quality, relevant staff development secures no less than good teaching and learning.

#### ***Learning and Teaching Secondary***

In June 2013 the Folkestone All Age Academy was inspected by Ofsted, resulting in a 'Good' for Behaviour and Safety of Pupils, a 'Good' for Leadership and Management, a 'Requires Improvement' for Achievement and a 'Requires Improvement' for Teaching & Learning. The overall effectiveness was therefore 'Requires Improvement'.

The quality of learning and teaching continues to be the Academy's key focus. We continue to develop 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**

This year has seen huge investments for the Academy. The Primary has a brand new building shown in note 13 as Assets under Construction and opened on 9 September 2013. This has been partially funded by a capital grant from the DFE and a contribution from Kent County Council. The remaining funding will be generated on the sale of the old primary site which is due to take place this year. During the interim, an interest-free bridging loan has been put into place between the Roger De Haan Charitable Trust and the Academy.

The Academy has entered into a three year lease of the Glassworks building in Folkestone's east end. The building provides the perfect opportunity for growing the Academy by relocating our expanding sixth form to this site. The building has undergone investment of £320k from the Academy's reserves in order to make the space work effectively for the sixth form. This in turn will allow a greater intake into year 7 in September 2014 as the Academy remains heavily over subscribed.

## **FOLKESTONE ACADEMY**

### **Governors' Report 31 August 2013 (continued)**

#### **Financial and risk management objectives and policies (continued)**

During the year, total reserves decreased by £596,000. Before transfers, there was an adverse movement on the pension reserve of £203,000 and an adverse movement of £437,000 on the fixed asset fund (being the deficit of capital income of £621,000 over depreciation of £1,058,000). This represents an operational surplus of £44,000 in general funds. There was a transfer of £160,000 from restricted general reserves to fixed asset reserves to pay for capital expenditure, such as the Glassworks renovations.

The Academy's free reserves amounted to £719,000 (2012 £597,000). Looking ahead to 13/14, both the secondary and primary academies are looking to balance their in-year budgets at a time of reduced funding. The primary academy will be operating class sizes of 20. This staffing model is supported by savings on support staff and efficiencies of a single site.

Fixed assets are included in the balance sheet at £32.7 million and this amount principally comprises the expenditure incurred to date on the Secondary and new Primary 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 2013 amounted to £34.7 million which comprised primarily restricted fixed asset funds. The Academy's free reserves amounted to £719,000 (2012 £597,000).

The Academy had a pension scheme liability of £2,069,000 as at 31 August 2013. 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.

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

#### **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 a cash donation of £13,064, provided rent free accommodation with an annual rental value of £21,000 and provided a £3.5 million interest free bridging loan facility.

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

In September 2013, the Academy's roll stood at 1,869 with Years 7-11 complete on the agreed current standard number of 240 in each year group and, 300 students in our sixth form and 410 students in our primary phase. We are looking to add a class to year 7 in September 2014 as we have more physical space following our sixth form moving onto the new site.

## **FOLKESTONE ACADEMY**

### **Governors' Report 31 August 2013 (continued)**

#### **Plans for future periods (continued)**

We continue to set challenging targets. In terms of Department of Education floor targets, the picture is as follows. The performance tables for 2014 now mean that only 2 BTEC qualifications can be counted towards the 5 A\*-C measure. At GCSE we predict 65% (2013 91%) will achieve 5 A\*-C at GCSE or equivalent, and including English and Maths we predict 54% (2013 52%). In terms of 3 levels of expected progress in English and Maths we have set a whole Academy target of 85% 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%.

#### **Auditor**

In so far as the Governors are aware

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

The Governors 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 5 December 2013 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. 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	4	4
Andy Armitage	0	1
Graham Badman	1	4
Paul Carney	1	1
Gary Cottle	4	4
Denise Eventt	2	4
Richard Fraser	4	4
Leih Hastings	1	1
Ros McCarthy	1	1
Trevor Minter	4	4
Carl Parsons	1	1
Michael Pearce	4	4
Julie Ready	3	3
Tim Reid	1	1
Peter Roberts	3	4
Mark Taylor	2	4

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	3	3
Richard Fraser	3	3
Mark Taylor	3	3

## **FOLKESTONE ACADEMY**

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

#### **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 2013 and up to the date of approval of the annual report and financial statements.

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

The Governing Body has reviewed the key risks to which the Academy 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 2013 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 indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor at this time although plans are in place to commence a part time internal audit function shortly. 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 2013 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.

## **FOLKESTONE ACADEMY**

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

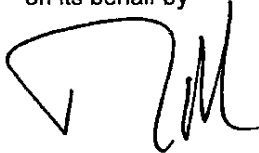
#### **Review of effectiveness**

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 responsible officer,
- 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 5 December 2013 and signed on its behalf by



**Roger De Haan**  
Chairman



**Sean Heslop**  
Accounting Officer

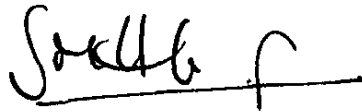
## **FOLKESTONE ACADEMY**

### **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.

A handwritten signature in black ink, appearing to read 'Sean Heslop', followed by a horizontal line.

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

Date **11.12.12**



## **FOLKESTONE ACADEMY**

### **Statement of 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 Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

Approved by order of the members of the Governing Body on 5 December 2013 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 2013

We have audited the financial statements of Folkestone Academy for the year ended 31 August 2013 on pages 19 to 40. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 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 17, the Governors (who act as trustees for the charitable activities of the charitable company, and are 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 FRC's website at <http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit.aspx>.

#### 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 2013 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 2013 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 behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Tunbridge Wells

Date 17 December 2013

**FOLKESTONE ACADEMY**
**Statement of Financial Activities for the Year to 31 August 2013**

(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 2013 £000	Total 2012 £000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary income	3	47	-	-	47	35
Activities for generating funds	4	405	-	-	405	380
Investment income	5	6	-	-	6	4
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	6	-	11,390	621	12,011	17,611
<b>Total incoming resources</b>		<b>458</b>	<b>11,390</b>	<b>621</b>	<b>12,469</b>	<b>18,030</b>
<b>Resources expended</b>						
<i>Charitable activities</i>						
Academy's educational operations	8	336	11,565	1,058	12,959	12,515
Governance costs	9	-	77	-	77	48
<b>Total resources expended</b>	7	<b>336</b>	<b>11,642</b>	<b>1,058</b>	<b>13,036</b>	<b>12,563</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>122</b>	<b>(252)</b>	<b>(437)</b>	<b>(567)</b>	<b>5,467</b>
Gross transfers between funds	17	-	(160)	160	-	-
<b>Net income/(expenditure) for the year</b>		<b>122</b>	<b>(412)</b>	<b>(277)</b>	<b>(567)</b>	<b>5,467</b>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	17,27	-	(29)	-	(29)	(822)
<b>Net movement in funds</b>		<b>122</b>	<b>(441)</b>	<b>(277)</b>	<b>(596)</b>	<b>4,645</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2012	17	597	(638)	35,364	35,323	30,678
<b>Total funds carried forward at 31 August 2013</b>		<b>719</b>	<b>(1,079)</b>	<b>35,087</b>	<b>34,727</b>	<b>35,323</b>

All of the Academy's activities derived 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 2013**

**Company Number  
5115594**

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
<b>Fixed assets</b>					
Tangible assets	13		32,695		33,927
<b>Current assets</b>					
Stock	14	106		113	
Debtors	15	409		288	
Cash at bank and in hand		2,748		4,047	
Land intended for disposal		4,250		-	
		<u>7,513</u>		<u>4,448</u>	
<b>Liabilities:</b>					
Bridging Loan	16	(2,131)		-	
Creditors Amounts falling due within one year	16	(1,281)		(1,186)	
		<u>(3,412)</u>		<u>(1,186)</u>	
<b>Net current assets</b>			<u>4,101</u>		<u>3,262</u>
<b>Total assets less current liabilities</b>			<u>36,796</u>		<u>37,189</u>
Pension scheme liability	27		<u>(2,069)</u>		<u>(1,866)</u>
<b>Net assets including pension liability</b>			<u>34,727</u>		<u>35,323</u>
<b>Funds of the Academy:</b>					
<b>Restricted funds</b>					
. Fixed asset funds	17		35,087		35,364
. General funds	17		990		1,228
. Pension reserve	17		(2,069)		(1,866)
<b>Total restricted funds</b>			<u>34,008</u>		<u>34,726</u>
<b>Unrestricted funds</b>					
General funds	17		<u>719</u>		<u>597</u>
<b>Total unrestricted funds</b>			<u>719</u>		<u>597</u>
<b>Total Funds</b>			<u>34,727</u>		<u>35,323</u>

The financial statements on pages 19 to 40 were approved by the Governors, and authorised for issue on 5 December 2013 and are signed on their behalf by



**Roger De Haan**  
Chairman

**FOLKESTONE ACADEMY****Cash Flow Statement for the year ended 31 August 2013**

	Notes	2013 £000	2012 £000
<b>Net cash inflow/(outflow) from operating activities</b>	21	19	(213)
Returns on investments and servicing of finance	22	6	4
Capital (expenditure)/income	23	(1,324)	1,147
<b>(Decrease)/increase in cash in the year</b>	24	<u>(1,299)</u>	<u>938</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2012		4,047	3,109
<b>Net funds at 31 August 2013</b>		<u>2,748</u>	<u>4,047</u>

## **FOLKESTONE ACADEMY**

### **Notes to the Financial Statements for the year ended 31 August 2013**

#### **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 2013 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

##### **Going Concern**

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

##### **Incoming Resources**

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

##### **Grants receivable**

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

##### **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.

##### **Costs of generating funds**

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

## **FOLKESTONE ACADEMY**

### **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

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

##### ***Charitable activities***

These are costs incurred on the Academy's education operations

##### ***Governance costs***

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

All resources expended are stated exclusive of recoverable 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 and carried forward in the balance sheet. The depreciation on such assets is charged 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 costs of each asset on a straight line basis over its expected useful life 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 these assets is not charged until they are brought into use.

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

##### ***Leased assets***

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

##### ***Stock***

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

##### ***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.

## **FOLKESTONE ACADEMY**

### **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

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

##### **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 costs 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.



**FOLKESTONE ACADEMY****Notes to the Financial Statements for the year ended 31 August 2013 (continued)****2 General Annual Grant (GAG)**

Under the funding agreement with the Secretary of State, the Folkestone Academy was subject to limits as at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2013.

**3 Voluntary Income**

	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	2012 Total £000
Roger De Haan Charitable Trust (RDHCT)	13	-	13	1
Primary Academy PTFA	4	-	4	-
Bridge Language Centre	-	-	-	7
Gifts in kind (RDHCT)	21	-	21	21
Fundraising for Wheelchairs	6	-	6	-
Other Donations	3	-	3	6
	<u>47</u>	<u>-</u>	<u>47</u>	<u>35</u>

**4 Activities for Generating Funds**

	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	2012 Total £000
Hire of Facilities	40	-	40	33
Catering Income	207	-	207	196
Uniform Sales	95	-	95	110
Other Income	63	-	63	41
	<u>405</u>	<u>-</u>	<u>405</u>	<u>380</u>

**5 Investment Income**

	Unrestricted Funds £000	Restricted Funds £000	2013 Total £000	2012 Total £000
Bank Interest	6	-	6	4
	<u>6</u>	<u>-</u>	<u>6</u>	<u>4</u>

# **FOLKESTONE ACADEMY**

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

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

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>DfE / EFA capital grants</b>				
Devolved Formula Capital allocations	-	41	41	175
DfE Capital grant	-	580	580	354
	<u>-</u>	<u>621</u>	<u>621</u>	<u>529</u>
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG) (note 2)	-	10,663	10,663	10,918
Start Up grant	-	35	35	127
EFA Music grant	-	5	5	-
Other DfE / EFA grant	-	572	572	260
	<u>-</u>	<u>11,275</u>	<u>11,275</u>	<u>11,305</u>
<b>Other Government capital grants</b>				
Kent County Council Capital grant	-	-	-	1,400
Kent County Council Land transfer	-	-	-	4,250
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,650</u>
<b>Other Government revenue grants</b>				
SEN from LA	-	86	86	112
Special educational projects	-	15	15	14
Other grants	-	14	14	1
	<u>-</u>	<u>115</u>	<u>115</u>	<u>127</u>
	<u>-</u>	<u>12,011</u>	<u>12,011</u>	<u>17,611</u>

# **FOLKESTONE ACADEMY**

## **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

### **7 Resources Expended**

	Staff Costs £000	Non Pay Premises £000	expenditure Other Costs £000	Total 2013 £000	Total 2012 £000
Academy's educational operations					
Direct costs	7,241	-	836	8,077	8,025
Allocated support costs	2,142	1,837	903	4,882	4,490
	<u>9,383</u>	<u>1,837</u>	<u>1,739</u>	<u>12,959</u>	<u>12,515</u>
Governance costs including allocated support costs	20	-	57	77	48
	<u>9,403</u>	<u>1,837</u>	<u>1,796</u>	<u>13,036</u>	<u>12,563</u>
Incoming/outgoing resources for the year include:				2013 £000	2012 £000
Operating leases				5	9
Uniform stock written off				13	-
Fees payable to auditor - current year audit				9	15
- other services				-	1

# **FOLKESTONE ACADEMY**

## **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

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

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	7,241	7,241	7,123
Educational supplies	4	332	336	361
Examination fees	-	197	197	220
Staff development	-	64	64	56
Educational consultancy	-	-	-	17
Other direct costs	-	239	239	248
	<u>4</u>	<u>8,073</u>	<u>8,077</u>	<u>8,025</u>
<b>Allocated support costs</b>				
Support staff costs	130	2,012	2,142	1,879
Depreciation	-	1,058	1,058	1,041
Pupil recruitment and support	-	7	7	8
Maintenance of premises and equipment	5	180	185	179
Cleaning	-	34	34	35
Rates	-	77	77	113
Insurance	-	212	212	258
Utilities	7	259	266	210
Catering	87	266	353	334
Technology costs	-	124	124	104
Uniform costs	91	10	101	93
Personnel costs	-	78	78	61
Other support costs	12	233	245	175
	<u>332</u>	<u>4,550</u>	<u>4,882</u>	<u>4,490</u>
	<u>336</u>	<u>12,623</u>	<u>12,959</u>	<u>12,515</u>

### **9 Governance costs**

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Legal and professional fees	-	38	38	13
Audit of financial statements	-	19	19	15
Support costs	-	20	20	20
	<u>-</u>	<u>77</u>	<u>77</u>	<u>48</u>

# FOLKESTONE ACADEMY

## Notes to the Financial Statements for the year ended 31 August 2013 (continued)

### 10 Staff costs

Staff costs during the period were	Total 2013 £000	Total 2012 £000
Wages and salaries	7,579	7,442
Social security costs	544	538
Other pension costs	1,093	957
	<u>9,216</u>	<u>8,937</u>
Supply teacher costs	171	61
Compensation/severance payments	16	24
	<u>9,403</u>	<u>9,022</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

	2013 No.	2012 No.
<b>Charitable Activities</b>		
Teachers	115	108
Academic support	63	58
Administration and support	79	79
Management	11	11
	<u>268</u>	<u>256</u>

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

	2013 No.	2012 No.
£60,001 - £70,000	3	3
£70,001 - £80,000	3	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£150,000 - £160,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff members amounted to £76,205 (2012 £56,386)

### 11 Governors' remuneration and expenses

The Governors did not receive any remuneration or payments from the Academy during the year (2012 £Nil)

Sean Heslop                      £150,000 - £155,000                      (2012 £150,001 - £155,000)

During the year ended 31 August 2013, travel and subsistence expenses totalling £581 (2012 £219) were reimbursed to the Principal

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

# **FOLKESTONE ACADEMY**

## **Notes to the Financial Statements for the year ended 31 August 2013 (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 and the cost for the year ended 31 August 2013 was £2,050 (2012 £1,887)

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

### **13 Tangible Fixed Assets**

	Freehold Land and Buildings £000	Asset Under Construction £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>						
At 1 September 2012	34,199	411	3,667	1,788	32	40,097
Additions	-	3,708	236	132	-	4,076
Transfer to current assets	(4,250)	-	-	-	-	(4,250)
Disposals	-	-	-	(1,449)	-	(1,449)
At 31 August 2013	29,949	4,119	3,903	471	32	38,474
<b>Depreciation</b>						
At 1 September 2012	2,775	-	1,789	1,590	16	6,170
Charged in year	583	-	378	86	11	1,058
Disposals	-	-	-	(1,449)	-	(1,449)
At 31 August 2013	3,358	-	2,167	227	27	5,779
<b>Net book values</b>						
At 31 August 2013	26,591	4,119	1,736	244	5	32,695
At 31 August 2012	31,424	411	1,878	198	16	33,927

The asset under construction comprises of costs incurred in relation to the construction of a new primary school building and renovations to the improvements to a building known as the Glassworks. The Glassworks Sixth form centre is held on a three year lease and was opened on 9 September 2013.

Note the land comprising the site of the old primary school building which was gifted to the Academy last year is now held as a current asset pending sale of the land. The proceeds from the disposal of the land will be used to repay the bridging loan which has part funded the new primary building.

# **FOLKESTONE ACADEMY**

## **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

<b>14 Stock</b>	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>
Student uniform	103	111
Catering	3	2
	<u>106</u>	<u>113</u>
<b>15 Debtors</b>	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>
Trade debtors	39	83
Prepayments and accrued income	192	92
Other debtors	178	113
	<u>409</u>	<u>288</u>
<b>16 Creditors, amounts falling due within one year</b>	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>
Bridging loan from Roger De Haan Charitable Trust	2,131	-
Trade creditors	589	468
Other taxation and social security	153	163
Other creditors	379	362
Accruals and deferred income	160	193
	<u>1,281</u>	<u>1,186</u>
<b>Deferred income</b>	<b>2013</b> <b>£000</b>	
Deferred Income at 1 September 2012	94	
Resources deferred in the year	66	
Amounts released in the year	(91)	
Deferred Income at 31 August 2013	<u>69</u>	

(i) The majority of the deferred income relates to rates relief income which was received in year and relates to September 13 - March 14

(ii) Other deferred income relates to small income streams which are planned on being spent on specific items in 13/14

# **FOLKESTONE ACADEMY**

## **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

### **17 Funds**

	Balance at 1 September 2012 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2013 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	993	10,663	(10,568)	(160)	928
Start Up Grant	181	35	(216)	-	-
Other DfE/EFA grants	-	577	(567)	-	10
Other government grants	54	115	(117)	-	52
Pension reserve	(1,866)	-	(174)	(29)	(2,069)
	(638)	11,390	(11,642)	(189)	(1,079)
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	26,828	621	(990)	-	26,459
Capital expenditure (GAG)	765	-	(28)	160	897
Private Sector Sponsorship	2,099	-	(29)	-	2,070
Kent County Council Park Farm	5,650	-	-	-	5,650
Other government grant	22	-	(11)	-	11
	35,364	621	(1,058)	160	35,087
<b>Total restricted funds</b>	<b>34,726</b>	<b>12,011</b>	<b>(12,700)</b>	<b>(29)</b>	<b>34,008</b>
<b>Unrestricted funds</b>					
Unrestricted funds	597	458	(336)	-	719
<b>Total unrestricted funds</b>	<b>597</b>	<b>458</b>	<b>(336)</b>	<b>-</b>	<b>719</b>
<b>Total funds</b>	<b>35,323</b>	<b>12,469</b>	<b>(13,036)</b>	<b>(29)</b>	<b>34,727</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 the fixed asset fund relates to a £160,000 shortfall financed from past GAG reserves. The remainder of the capital spend on the new build for the Primary phase will be financed through the future sale of land gifted in 11/12 after it is offset against the bridging loan from the Roger De Haan Charitable Trust.
- (iv) Other DfE/EFA grants relate mainly to the receipt of pupil premium grant funding. Other government grants relate mainly to the receipt of Special Educational Needs funding from the Local Authority.



# FOLKESTONE ACADEMY

## Notes to the Financial Statements for the year ended 31 August 2013 (continued)

### 18 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	32,695	32,695
Current assets	719	2,271	4,523	7,513
Current liabilities	-	(1,281)	(2,131)	(3,412)
Pension scheme liability	-	(2,069)	-	(2,069)
<b>Total net assets</b>	<b>719</b>	<b>(1,079)</b>	<b>35,087</b>	<b>34,727</b>

The restricted fixed asset fund includes capital income as yet unspent on capital expenditure but which will be as the Primary Academy building is completed in early 2013/2014. This includes £4.25 million for the valuation of land gifted in 2011/2012, which has been moved to current assets from fixed assets as its sale is expected in the next 12 months. The restricted fixed asset fund also includes a current liability for the bridging loan from Roger De Haan Charitable Trust.

### 19 Capital commitments

	2013 £000	2012 £000
Contracted for, but not provided in the financial statements	1,427	5,790

The prior year commitment related to contracts for the construction of a new primary school building. The building is predominantly completed and students entered the building on September 9th. There is £1.4m still remaining as committed and due to be invoiced and paid early in 2013/14. £19,000 relates to the order for a new biometric cash management system.

### 20 Financial commitments

At 31 August 2013, the Academy had annual commitments under non-cancellable operating leases as follows

	2013 £000	2012 £000
Expiring within one year	4	-
Expiring with two and five years inclusive	226	24
	<b>230</b>	<b>24</b>

This includes the lease for the Glassworks sixth form centre which has an annual rent of £200,000.

# **FOLKESTONE ACADEMY**

## **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

	2013 £000	2012 £000
<b>21 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities</b>		
Net (expenditure)/income	(567)	5,467
Depreciation (note 13)	1,058	1,041
Capital grants from DfE and other capital income	(621)	(6,179)
Interest receivable (note 5)	(6)	(4)
FRS 17 pension cost less contributions payable (note 27)	142	11
FRS 17 pension finance income (note 27)	32	29
Decrease/(increase) in stocks	7	(45)
Decrease/(Increase) in debtors	(121)	(111)
Increase/(decrease) in creditors	95	(422)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>19</b>	<b>(213)</b>
<b>22 Returns on investments and servicing of finance</b>		
Interest received	6	4
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>6</b>	<b>4</b>
<b>23 Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(4,076)	(782)
Capital grants from DfE/EFA	621	529
Capital grants from Kent County Council	-	1,400
Receipts from bridging loan	2,131	-
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>	<b>(1,324)</b>	<b>1,147</b>
<b>24 Analysis of changes in net funds</b>	<b>At 1 September</b>	<b>At 31 August</b>
	<b>2012</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Cash in hand and at bank	4,047	2,748
	<b>4,047</b>	<b>2,748</b>

## **25 Contingent Liabilities**

The Academy had no contingent liabilities at 31 August 2013

## **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 2013 (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**

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or change of contract Teachers and lecturers are able to opt out of the TPS

##### **The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament The TPS is an unfunded scheme and members contribute on a 'pay-as-you-go' basis – these contributions along with those made by employers are credited to the Exchequer 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce a real rate of return

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

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts First, a standard contribution rate (SCR) was 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 that service Secondly, a supplementary contribution is payable if, as a result of the actuarial review, 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 to 31 March 2004 The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth was assumed to be 1.5% The assumed gross rate of return was 6.5%

From 1 January 2007, 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

## **FOLKESTONE ACADEMY**

### **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

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

##### **Valuation of the Teachers' Pension Scheme (continued)**

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended.

The Public Service Pension Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

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

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

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

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £458,000 of which employer's contributions totalled £343,000 and employees' contributions totalled £115,000. The agreed contribution rates for future years are 18.3% for employers and rates varying between 5.5% and 7.5% for employees dependant on their salary.

# FOLKESTONE ACADEMY

## Notes to the Financial Statements for the year ended 31 August 2013 (continued)

### 27 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

##### Principal Actuarial Assumptions

	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	5.10%	4.10%
Rate of increase for pensions in payment / inflation	2.90%	1.90%
Discount rate for scheme liabilities	4.70%	3.90%
Inflation assumption (CPI)	2.90%	1.90%
Commutation of pensions to lump sums	50.00%	50.00%

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 2013	At 31 August 2012
<i>Retiring today</i>		
Males	20.1	20.0
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	22.1	22.0
Females	26.0	25.9

#### 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 ago 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	5,943	6,121	6,304
Projected service cost	504	522	541
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	5,894	6,121	6,350
Projected service cost	498	522	546

# **FOLKESTONE ACADEMY**

## **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

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

#### **Local Government 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 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
		£000		£000
Equities	6.60%	2,918	5.90%	2,175
Gilts	3.50%	-	2.80%	31
Bonds	4.40%	486	3.90%	404
Property	4.60%	324	3.90%	311
Cash	0.50%	162	0.50%	93
Target return portfolio	5.00%	162	4.40%	93
<b>Total market value of assets</b>		<b>4,052</b>		<b>3,107</b>
Present value of scheme liabilities				
- Funded		(6,121)		(4,973)
<b>Deficit in the scheme</b>		<b>(2,069)</b>		<b>(1,866)</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 2012 for the year to 31 August 2013). 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 £505,000 (2012: £294,000).

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

	2013 £000	2012 £000
Current service cost (net of employee contributions)	485	354
Total operating charge	485	354

#### **Analysis of pension finance (Income) / costs**

Expected return on pension scheme assets	(173)	(165)
Interest on pension liabilities	205	194
<b>Pension finance costs</b>	<b>32</b>	<b>29</b>

# **FOLKESTONE ACADEMY**

## **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

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

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

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

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>4,973</b>	<b>3,371</b>
Current service cost	485	354
Interest cost	205	194
Employee contributions	115	110
Actuarial loss	360	951
Benefits paid	(17)	(7)
<b>At 31 August</b>	<b>6,121</b>	<b>4,973</b>

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

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>3,107</b>	<b>2,367</b>
Expected return on assets	173	165
Actuarial gains	331	129
Employer contributions	343	343
Employee contributions	115	110
Benefits paid	(17)	(7)
<b>At 31 August</b>	<b>4,052</b>	<b>3,107</b>

The estimated value of employer contributions for the year ended 31 August 2014 is £344,000

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 £1,201,000 loss (2012 £1,172,000 loss)

**The five-year history of experience adjustments is as follows:**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Defined benefit obligation at end of year	(6,121)	(4,973)	(3,371)	(2,767)	(1,676)
Fair value of plan assets at end of year	4,052	3,107	2,367	1,743	1,038
	<b>(2,069)</b>	<b>(1,866)</b>	<b>(1,004)</b>	<b>(1,024)</b>	<b>(638)</b>
<b>Experience adjustments on share of scheme assets</b>					
Amount £000	331	129	51	104	(91)
<b>Experience adjustments on scheme liabilities</b>					
Amount £000	-	-	(326)	-	(155)

## **FOLKESTONE ACADEMY**

### **Notes to the Financial Statements for the year ended 31 August 2013 (continued)**

#### **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. Roger also provided his Specialist Education Advisor's time to support the primary school build project. This support has been greatly appreciated by the Academy who would like to extend their thanks to Roger De Haan.

As part of the funding for the new build is the proceeds from the sale of the old site there is a bridging loan to close the cash gap as the contractors are paid for the building. The EFA approved the loan agreement which included a charge over the land where the former school was located. The loan is shown on the face of the balance sheet.

The Academy has entered into a 3 year lease of the Glassworks building. The building is leased from a charity known as the Creative Foundation which in turn holds the property on a 125 year lease, at a peppercorn rent, from the Roger De Haan Charitable Trust. The bid for the tenancy was done on an arms-length commercial basis and Roger De Haan did not participate in the Academy's decision to approve the lease. The tenancy commenced on 1 August 2013 and the lease ends on 31 July 2016. Consent to enter into the lease was agreed in advance with the DFE.

The Academy also leases a building from the Roger De Haan Charitable Trust at a peppercorn rent.

#### **29 Agent Relationship for Sixth Form Bursary**

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. Where amounts have not been fully applied in the year they will be carried forward to the following year.