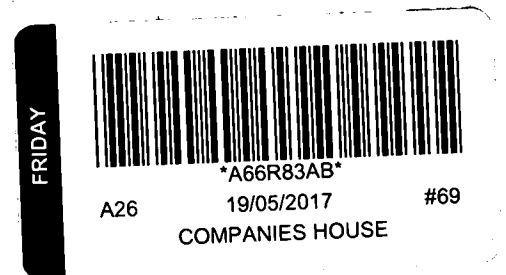


FOLKESTONE ACADEMY  
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 August 2016



Company Registration Number: 05115594 (England and Wales)

## **Folkestone Academy**

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## **Folkestone Academy**

### **Reference and Administrative Details**

#### **Members**

Sir Roger De Haan  
Richard Fraser\*  
Rosalind McCarthy  
Keith McLay  
Trevor Minter  
Michael Pearce  
Timothy Reid  
Peter Roberts  
Mark Taylor\*

#### **Trustees**

Sir Roger De Haan (Chairman)  
Graham Badman (Resigned 9 October 2015)  
Gary Cottle\*  
Gary Edwards\* (Resigned 26<sup>th</sup> May 2016)  
Richard Fraser\*  
Tracy Luke (appointed 21 September 2016)  
Rosalind McCarthy  
Trevor Minter  
Carl Parsons (resigned 22 July 2016)  
Michael Pearce  
Timothy Reid  
Peter Roberts  
Mark Taylor\*  
Louise Warburton (resigned 7 March 2016)  
Keith McLay

\*members of the Finance and General Purposes/Audit Committee

#### **Company Secretary**

Frances Sharp

#### **Senior Management Team:**

Principal (Secondary)	Warren Smith
Principal (Primary)	Helen Tait
Head of School (Primary)	Louise Lythgoe
Vice Principal (Secondary)	Simon Newman
Vice Principal (Secondary)	Emma Newman

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

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

#### **Company Registration Number**

05115594 (England and Wales)

#### **Independent Auditor**

RSM UK Audit LLP  
25 Farringdon Street, London, EC4A 4AB

#### **Bankers**

Barclays Bank Plc  
30 Tower View, Kings Hill, West Malling, Kent, ME19 4UY

#### **Solicitors**

Withers LLP  
16 Old Bailey  
London, EC4M 7EG

## **Folkestone Academy**

### **Trustees' Report 31 August 2016**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both the trustees' report, and a directors' report under company law.

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

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Folkestone Academy 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 trustees who served during the year 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.

#### **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 trustee has a good understanding of the academy's philosophy and its day to day operation.

Although no formal training programme exists for the trustee's within the academy. Trustees 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 trustees.

#### **Organisational Structure**

The management structure of the academy consists of the trustees and the leadership team.

The trustees 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 leadership teams. The trustees 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 phases are led separately by a Principal at the Secondary and a Principal and Headteacher at the Primary. These individuals 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 trustees and reporting back to them on progress. The level at which spending can be approved and decisions can be made is set out in the academy's financial regulations and scheme of delegation. The Principal (Secondary) has the role of Accounting Officer.

**Trustees' Report 31 August 2016 (continued)**

**Arrangements for setting pay and remuneration of key management personnel**

The trustees will agree the salary level prior to the commencement of the recruitment process of a new Principal/Headteacher. Trustees are required to review the Principals' performance against previously set targets and to set new targets for the upcoming year. All pay increases must be linked to performance targets. This may be delegated to the Remuneration Committee.

Where an appointment to the leadership team is a budgeted appointment, the pay level is set as part of the budget process. Where the appointment to the leadership team is unbudgeted, the trustees will approve the pay level prior to commencement of the recruitment process. Pay points within the leadership team will take into account the responsibilities of the post, the difficulty in filling the post and comparability to other academies of a similar size, with consideration to parity and equality.

With existing members of the leadership team the executive management is required to review the leadership team's performance against previously set targets and set new targets for the coming academic year. The executive management then may apply an inflationary increase and any discretionary increase as authorised by the trustees. All pay increases must be linked to performance targets.

**Connected organisations, including related party relationships**

The Academy's sponsor and Chair of Trustees, Sir Roger De Haan is also the Chair of The Roger De Haan Charitable Trust.

The Academy leases its sixth form premises known as the "Glassworks" from the Creative Foundation. The Creative Foundation is an independent visionary arts charity dedicated to enabling the regeneration of Folkestone through creative activity. The Creative Foundation in turn leases these premises from The Roger De Haan Charitable Trust. The two organisations share two Trustees and both have Sir Roger De Haan as their Chairman.

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

The Friends of the Folkestone and Marlowe Academies (FFMA) is a separate legal entity and charity of which the academy is a beneficiary. It shares a number of trustees with the Folkestone Academy. The academy formerly provided limited clerical support.

A local radio station, Academy FM Folkestone, is based at the Academy. It shares a number of trustees with the academy and plays a part in the delivery of the academy's curriculum. The academy provides some HR, and clerical support to Academy FM Folkestone.

**Objectives and Activities**

The 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.

**Trustees' Report 31 August 2016 (continued)**

**Public benefit statement**

The trust runs an All Age Academy aspiring towards the highest possible standards for approximately 1,950 students aged 3 - 19.

The transfer from primary to secondary education phases of the academy is 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.

The academy aims to contribute considerable benefit to the local community and has supported many community events during the year including the following:

- Eight House charity days which have generated over £5,000 of donations for eight charities including Folkestone Rainbow Centre, Demelza Hospice in Medway and Porchlight in Canterbury.
- The Primary Academy have worked with a local church to create a prayer walk open to pupils and parents.
- We have held three community craft fayres (spring, summer and winter) – stalls are free of charge and offered to members of the local community selling a variety of gifts. They take place during our academic review days where parents visit for a review of their child's progress.
- We held our annual Futures Fair in March. This is a careers fair with professional bodies from universities, armed forces and local businesses providing information on career pathways.
- Students took part in a 7 day sailing voyage across the English Channel – the project is supported by Shepway District Council, Boulogne Sur Mer and Eurotunnel and involves schools across Shepway. The academy hosted the celebration presentation after the voyage.
- The academy organised a number of enrichment days for local primary school children including a maths challenge, tag rugby competitions and wheelchair sporting workshops.
- The academy hosts weekly Father and child football sessions to help encourage and engage parents.
- The academy opens its vocational hair and beauty salon and training restaurant to the public on a weekly basis.
- Year 9 dance students delivered a number of performances to clients of the Age UK day centre.
- Academy student sport leaders have volunteered for a number of sporting events working with local primary schools, including activities initiated by Kent School Games.
- The academy dance department organised a sell-out 'Breaking Waves' dance showcase at the Leas Cliff Hall (receiving a free day from Shepway District Council) with primary and secondary schools taking part from surrounding towns. Profits made from this event were donated to Shepway Volunteer Centre and Age UK Folkestone.
- The academy continues to work with 105.9 Academy FM, a community radio station which broadcasts across Folkestone. Based inside the academy, students have regular slots during the academic year and volunteer for a variety of events.
- Work continues with the Shepway Volunteer Centre with their memory maker scheme. The project sees students working with dementia sufferers to produce a scrapbook to record their memories.
- Partnerships are being built between the Glassworks Sixth Form Centre, The Creative Foundation and other local businesses for students to build up a portfolio of valuable work experience and contacts. One in particular is the Roche Court Trust ARTiculation project.

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

## **Folkestone Academy**

### **Trustees' Report 31 August 2016 (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 access 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 and a portable ramp to the staging.

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. One member of staff has 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.

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

### **Strategic Report**

#### **Achievements and performance**

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

The Primary Academy curriculum team maintained strong achievement and attainment at the end of all Key Stages.

80% of children in step 1 had achieved a good level of development by the end of their reception year. Standards were broadly maintained from the previous academic year, and reflect the excellent teaching and learning opportunities presented in the early years foundation stage, as well as the nurturing environment afforded with classes of 20 pupils.

New end of step 2 assessments and the expected standard across the new curriculum were well understood by the year 2 team. Although results were good, standards were lower than previous years at 83% reading, 73% writing and 72% Maths.

At the step 3 it is in this phase of the school that the academy is focusing coaching of specific teachers to improve outcomes for pupils. Year 5 results were 76% reading, 75% writing and 83% maths and year 6 resulted in an as expected level of 65% reading, 66% writing 61% Maths.

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

There were 233 students in this year's Year 11. From the 2015 Raise Online profile, 47% of this year group were disadvantaged, and 37% had a designated Special Educational Need.

## **Folkestone Academy**

### **Trustees' Report 31 August 2016 (continued)**

#### **Achievements and performance (continued)**

The floor standard is now determined by a school's Progress 8 score. Our unvalidated Progress 8 figure (based on the 2016 coefficients) gives us a score of -0.45. In essence, what this means is the average performance across 10 subjects was slightly lower than anticipated. 37% achieved C+ grades in English and Maths, compared to 41% last year.

The A Level Pass Rate fell to 98% from 99% in 2015. The A Level A\*-C Pass Rate improved marginally from 68% in 2015 to 69% in 2016.

The BTEC pass rate held at 100% again, the fifth year in the last six where this has been the case. BTECs account for two-thirds of all entries and provide a successful route into higher education for many. Once again the high percentage achieving Distinction\* and Distinction grades is a testament to the organisation and rigour of the teaching staff.

New generation BTECs which contain more externally assessed units were introduced in September 2016, but we will remain on the old specifications for one more year because of the many problems Pearson/Edexcel have experienced in their introduction. They will still attract the same UCAS points for one more year and remain the best option for our students.

Our A Level and BTEC value-added performances were both judged in the top 10% nationally according to the ALPS measures.

#### **Academy Roll**

The number of children on roll in the Kindergarten is currently 33: a maximum number of 30 children attend each morning and afternoon session. The Primary Academy is full with 420 children on roll.

The secondary October Census had 1,515 on roll which was an increase on the previous year.

The Secondary Academy again had a very successful Open Evening for the September 2017 intake, with approximately 1,000 attendees. Although officially the published admission numbers remain at 270 available places, the curriculum model is capable of accommodating 300 and local need suggests these places will be filled.

#### **Curriculum**

Secondary – The curriculum model at Key Stage 4 fully embraces the academic progress 8 curriculum. Every child now takes English language and literature, Mathematics, Double Science, either History or Geography, plus three high value options of their choosing. The time allocated to these subjects has been adapted, and as a result the extension (co-curricular) provision has been reduced from 6 hours per week to 3 hours, in order to invest more resources in the new, more academic curriculum.

Primary - Whereas there are strengths in curriculum provision there has not been a sufficient shift of expectations and outcomes in line with the new National Curriculum and more is being done to strengthen Literacy and Numeracy skills in subjects other than English and Maths. The school leaders are maintaining the directive that the broader curriculum must be taught every afternoon, and are looking for the evidence of core skills being embedded.

#### **Behaviour**

The behaviour policy has remained broadly the same for the three years, save for a few refinements.

During the Ofsted inspection in October 2015, Personal Development, Behaviour & Safety was judged to be Good.



**Trustees' Report 31 August 2016 (continued)**

**Behaviour (continued)**

The number of fixed term exclusions remains high although strategic action has been taken to generate a reduction in 2016/17. Climate for learning in the Secondary Academy is very good. There were six permanent exclusions in 2015/16.

**Assessment and Guidance**

Our Steps to Success system of gauging progress has been adapted to incorporate the Doodle software. As a result, reporting to parents is clearer and more engaging, and teachers have a better learning profile for all students.

**Quality Assurance and Staff Development**

Our OFSTED visit in October 2015 confirmed that the Quality of Teaching, Learning and assessment is Good.

The process to generate and evidence Good and better teaching is similar to previous years.

Primary - At the end of the 2015/16 academic year the profile of teaching across the school was strong, with 83.3% teachers graded as consistently Good or better, and 16.6% evidencing Outstanding practice.

Continuing Professional Development is carefully planned in response to the School Action Plan, and Performance Management confirms the expectation that we are all responsible for driving improvement.

**Learning and Teaching**

Following our Ofsted inspection in October 2015, the Academy has been judged "Good" in all areas, with significant strengths in Early Years provision which was graded "Outstanding".

The report highlighted some particular strengths, including:

- Leaders, trustees and staff show passion and ambition for the academy and all of its pupils and students. They are highly determined to do what they can to improve the life chances of the young people in the area the academy serves.
- Across the Academy, teachers' lesson planning is careful, and lessons are purposeful.
- The school's work to promote pupils' personal development and welfare is good.
- Pupils and students are keen to learn. They listen respectfully and carefully to their teachers. They concentrate effectively.
- Pupils and students are well prepared, at all levels, for the next stage of their education, or next step in life.
- Leaders and staff in the kindergarten and Reception show considerable expertise. The Headteacher and leaders guide and direct the provision clearly. All staff work together very efficiently and imaginatively.
- The sixth-form provision, sited in The Glassworks building, is well led and managed. It has a clear place within the provision available in the local area. It provides a safe and stimulating environment for its students.

The Academy is excited by the challenges the next stage of development will bring when addressing areas requiring further improvements which have been identified within the school improvement plan.

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.

**Going concern**

After making appropriate enquiries, the governors have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details, regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**Trustees' Report 31 August 2016 (continued)**

**Financial Review**

This was a difficult year following on from last year's redundancy programme and the need to protect the reserves from significant erosion. The academy has strictly adhered to the budget plan set and continued to identify efficiencies to create additional recurrent savings going forward.

During the year the academy negotiated and confirmed the role of providing education places to 148 students in 2016/17. These places were required by Kent County Council following the planned closure of a failing local school Pent Valley which was no longer financially viable. Folkestone Academy was already operating at near student capacity and to achieve the increased student roll the academy needed to increase student year capacity from year 7 – 10 from 270 to 300 students. This task was achieved in time for the start of the 2016/17 academic year and resulted in a significant capital expenditure and staff recruitment programme which required careful planning both from a curriculum and academy facility perspective. A funding agreement was negotiated with Kent County Council so that the risks associated with structuring for a specified student intake were not borne by the academy, therefore funding for an extra 148 students, plus 30 year 7 students was guaranteed.

As a result of strict financial management and the identification of further recurrent savings the Academy managed to submit a breakeven budget for 2016/17.

Student recruitment is strong which will greatly contribute towards the income required to deliver the excellent education provided at all levels of the academy.

There has been a deficit financial result for the year of £135,301 before depreciation, capital receipts and pension adjustments.

During the year, total reserves decreased by £4,747,000 (2015: £2,120,000). Of this reduction, £3,563,000 comprises an increase in the pension deficit and £1,354,000 relates to fixed asset depreciation.

Fixed assets are included in the balance sheet at £31.2 million and this amount principally comprises the expenditure incurred for the construction of the Primary and Secondary buildings and their related fixtures, fittings and equipment.

**Reserves policy**

The Academy aims to maintain a level of reserves sufficient to provide a buffer against future funding uncertainties and to provide a fund to pay for future fixed asset replenishment.

The reserves as at 31 August 2016 amounted to £26 million of which £23.9 million comprised primarily restricted funds. The Academy's free reserves amounted to £2.1 million (2015: £2.37 million).

The Academy had a pension scheme liability of £7,278,000 as at 31 August 2016 this is an increase of 96% to the 2015 liability. The liability is included in restricted reserves as the academy will have to meet any long term liability out of restricted reserves. A liability for this amount does not crystallise in the short term.

**Investment policy**

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

**Principal Risks and Uncertainties**

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 trustees consider the principal risks and uncertainties facing the Academy are:

- the effect of changes to future funding methodologies and general reductions in educational budgets.
- the need to adapt to frequent changes in the student grading and assessment structure.

**Trustees' Report 31 August 2016 (continued)**

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

- The Academy produces and maintains budgets on a regular basis so that funding shortfalls can be anticipated and suitable plans put in place to mitigate their effect.
- The Academy will seek to maintain a level of reserves sufficient to cover unexpected and future funding deficits.
- The Academy will continue to monitor closely progress towards achieving its planned educational outcomes. The Academy continues to monitor curriculum changes; emphasise the growth in pupil achievement and consult externally for methods to obtain the best results for its pupils. Where there is such uncertainty over the future of grading and qualifications, the Senior Leadership will continue to rely on their support structures to pre-empt significant changes.

**Plans for future periods**

The Academy is well placed to continue to expand its student numbers roll. In 2015/16 there are an additional 30 places in year 7 and further growth in sixth form numbers is anticipated.

The Academy will continue to set challenging but realistic targets and with the introduction of Progress 8, we are confident that this performance measure will in time reflect favourably on the Academy.

The aim is to achieve 93% overall attendance.

**Auditor**

In so far as the trustees are aware:

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

The trustees 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.

Trustees' report, incorporating a strategic report, approval by order of the board of trustees, as the company directors, on 8 December 2016 and signed on the board's behalf by:



Sir Roger De Haan  
Chairman

## Folkestone Academy

### Governance Statement 31 August 2016

#### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal (Secondary), 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 Trust and the Secretary of State for Education. He is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met three times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a possible
Sir Roger De Haan (Chairman)	3	3
Graham Badman (resigned 9 <sup>th</sup> October 2015)	0	0
Gary Cottle	2	3
Gary Edwards (resigned 26 <sup>th</sup> May 2016)	1	2
Richard Fraser	3	3
Keith McLay	3	3
Rosalind McCarthy	3	3
Trevor Minter	3	3
Carl Parsons	2	3
Michael Pearce	2	3
Timothy Reid	3	3
Peter Roberts	3	3
Mark Taylor	3	3
Louise Warburton (resigned 7 <sup>th</sup> March 2016)	0	2

The Folkestone Academy Governing Body has completed a self-evaluation review for the academic year 2015/16.

- The Annual Calendar for Trustees provides an efficient working programme for the Governing Body and its committees to provide the appropriate level of support and challenge to ensure an efficient and high quality provision of education for its pupils.
- The Governing Body has established sub Committees with clearly defined roles and responsibilities laid out in their Terms of Reference with a clear focus on holding the Academy to account for academic standards, the efficient use of resources and ensuring that statutory duties are met.
- Trustees use the services of external auditors for validation of judgements where necessary.
- There is a clear and effective policy review cycle in place.
- The Governing Body Self Evaluation process is now a biennial event.

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to advise the Academy Board on matters of solvency, budgeting and financial reporting and to undertake the role of the audit committee. 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:

## Folkestone Academy

### Governance Statement 31 August 2016 (continued)

Trustee	Meetings Attended	Out of a possible
Gary Cottle	3	3
Gary Edwards	2	3
Richard Fraser	4	4
Mark Taylor	4	4

#### Review of Value for Money

As accounting officer the Principal (Secondary) has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Efficiency - systems and practices are in place to increase the efficient running of the organisation.
- Financial Controls - financial controls in place ensuring that there are strong internal spending controls, continuous financial monitoring, financial reporting and challenges of proposed spending.
- Challenge – processes, procedures and practices are challenged to investigate if we still need to do something that we did in the past. Is there a more economical way of achieving each objective?

#### 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 period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

#### Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

#### The Risk and Control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- 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.

## **Folkestone Academy**

### **Governance Statement 31 August 2016 (continued)**

The board of trustees considered the need for a specific internal audit function at the start of 2014/15 and decided not to appoint an internal reviewer. Under the direction and supervision of a Trustee the Canterbury Christ Church University Assistant Director of Finance visited the Academy once in relation to the year ended 31 August 2016 to perform a range of checks on the Academy's financial systems. In conjunction with a Trustee, they reported back to the Finance and General Purposes/Audit Committee on the results of the tests completed. These tests were in accordance with those outlined in the Academies Financial Handbook 2016.

#### **Review of effectiveness**

As accounting officer, the Principal (Secondary) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

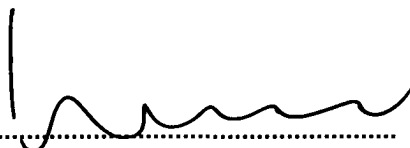
- the work of the internal reviewer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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/Audit Committee and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

Approved by order of the members of the board of trustees on 8 December 2016 and signed on its behalf by:



.....  
**Sir Roger De Haan**  
**Chairman**



.....  
**Warren Smith**  
**Accounting Officer**

## **Folkestone Academy**

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

As accounting officer of Folkestone Academy Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy board of trustees are able to identify any material irregular or improper use of funds by the academy trust or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

A handwritten signature in black ink, consisting of a vertical line followed by a series of wavy horizontal strokes.

**Warren Smith**  
**Accounting Officer**

**Date:** 8.12.16

**Statement on Trustees' Responsibilities**

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

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

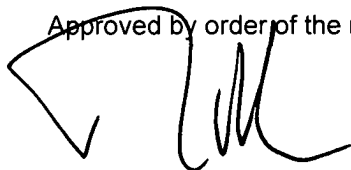
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 8 December 2016 and signed on its behalf by:



**Sir Roger De Haan**  
**Chairman**



## **Folkestone Academy**

### **Independent Auditors' Report to the members of Folkestone Academy**

We have audited the financial statements of Folkestone Academy for the year ended 31 August 2016 on pages 19 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies: Accounts Direction 2015/6 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 trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who act as governors 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

#### **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 2016 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 2015/6 issued by the Education Funding Agency.

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

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

## Folkestone Academy

### Independent Auditors' Report to the members of Folkestone Academy (continued)

#### 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 trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*RSM UK Audit LLP*

NICHOLAS SLADDEN (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date *20 December 2016*

# Folkestone Academy

## Statement of Financial Activities for the Year to 31 August 2016

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

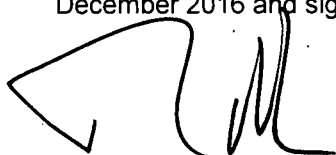
		Unrestricted	Restricted	Restricted	Total	Total
		Funds	General	Fixed Asset		
Notes		£000	Funds	Funds	2016	2015
			£000	£000	£000	£000
<b>Incoming and endowments from:</b>						
Donations and capital grants	3	94	-	306	400	74
Charitable activities						
<i>Funds for the academy trust's educational activities:</i>		-	11,126	-	11,126	11,594
Other trading activities	5	598	-	-	598	597
Investments	6	10	-	-	10	7
<b>Total incoming resources</b>		702	11,126	306	12,134	12,272
<b>Expenditure on:</b>						
<i>Charitable activities</i>						
• Academy trust educational operations	8	603	11,622	1,354	13,579	14,320
<b>Total resources expended</b>	7	603	11,622	1,354	13,579	14,320
<b>Net income / (expenditure)</b>		99	(496)	(1,048)	(1,445)	(2,048)
<b>Transfer between funds</b>	16	(368)	162	206	-	-
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension scheme	16, 25	-	(3,302)	-	(3,302)	(72)
<b>Net movement in funds</b>		(269)	(3,636)	(842)	(4,747)	(2,120)
<b>Reconciliation of funds</b>						
Total funds brought forward	16	2,373	(3,615)	32,005	30,763	32,883
<b>Total funds carried forward</b>		2,104	(7,251)	31,163	26,016	30,763

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

## Balance sheet as at 31 August 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
<b>Fixed assets</b>					
Tangible assets	12		31,163		32,005
<b>Current assets</b>					
Stock	13	87		102	
Debtors	14	780		431	
Cash at bank and in hand		<u>2,678</u>		<u>3,185</u>	
		<b>3,545</b>		<b>3,718</b>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<u>(1,414)</u>		<u>(1,245)</u>	
		<b>(1,414)</b>		<b>(1,245)</b>	
<b>Net current assets</b>			<b>2,131</b>		<b>2,473</b>
<b>Net assets excluding pension liability</b>			<b>33,294</b>		<b>34,478</b>
Pension scheme liability	25		<u>(7,278)</u>		<u>(3,715)</u>
<b>Net assets including pension liability</b>			<b>26,016</b>		<b>30,763</b>
<b>Funds of the academy:</b>					
<b>Restricted funds</b>					
• Fixed asset fund	16		31,163		32,005
• General fund	16		27		100
• Pension deficit	16		<u>(7,278)</u>		<u>(3,715)</u>
<b>Total restricted funds</b>			<b>23,912</b>		<b>28,390</b>
<b>Unrestricted funds</b>					
• General fund	16		<u>2,104</u>		<u>2,373</u>
<b>Total unrestricted funds</b>			<b>2,104</b>		<b>2,373</b>
<b>Total Funds</b>			<b>26,016</b>		<b>30,763</b>

The financial statements on pages 19 to 39 were approved by the Governors, and authorised for issue on 8 December 2016 and signed on their behalf by:



**Roger De Haan**  
Chairman  
Folkestone Academy

**Folkestone Academy**

**Statement of Cash Flows  
for the year ended 31 August 2016**

<b>Cash flows from operating activities</b>	<b>Notes</b>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Net cash provided by (used in) operating activities</b>	20	<b>(301)</b>	<b>(331)</b>
Cash flows from investing activities	21	<b>(206)</b>	2,836
<b>Change in cash and cash equivalents in the reporting period</b>	22	<b><u>(507)</u></b>	<b><u>2,505</u></b>
<b>Cash and cash equivalent at 1 September 2015</b>		<b>3,185</b>	680
<b>Cash and cash equivalent at 31 August 2016</b>		<b><u>2,678</u></b>	<b><u>3,185</u></b>

## **1 Statement of Accounting Policies**

### **Basis of preparation**

The financial statements of the academy trust, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are the first financial statements of Folkestone Academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Folkestone Academy for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 28.

### **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 probability of receipt.

#### **Donations**

Donations are recognised on a receivable basis where there is probability 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.

**Statement of Accounting Policies 31 August 2016 (continued)**

**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.

**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 Trustees' meetings and reimbursed expenses.

**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. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 life as follows:

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

Freehold buildings expenditure is depreciated at either 2% or 10% depending on the expected life of the addition, renewal.

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.

**Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

**Leased Assets**

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

**Statement of Accounting Policies 31 August 2016 (continued)**

**Resources expended (continued)**

**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.

**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 and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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.



## Folkestone Academy

### Notes to the Financial Statements for the year ended 31 August 2016

#### 2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Folkestone Academy was subject to limits at 31 August 2016 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 Folkestone Academy has not exceeded these limits during the year ended 31 August 2016.

3 Donations and capital grants	Unrestricted Funds £000	Restricted Fixed Asset £000	Total 2016 £000	Total 2015 £000
Capital grants	-	306	306	48
Other Donations	94	-	94	26
	<u>94</u>	<u>306</u>	<u>400</u>	<u>74</u>

The income from donations and capital grants in 2015 was £74K of which £26K was unrestricted and £48K was restricted fixed asset funds.

#### 4 Funding for Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG)	-	9,682	9,682	10,072
Other DfE / EFA grants	-	838	838	1,083
	<u>-</u>	<u>10,520</u>	<u>10,520</u>	<u>11,155</u>
<b>Other Government revenue grants</b>				
Local authority grants	-	489	489	397
Special educational projects	-	81	81	22
	<u>-</u>	<u>570</u>	<u>570</u>	<u>419</u>
<b>Other incoming from academy trust's educational operations</b>				
	-	36	36	20
	<u>-</u>	<u>36</u>	<u>36</u>	<u>20</u>
<b>Total</b>	<u>-</u>	<u>11,126</u>	<u>11,126</u>	<u>11,594</u>

The income for academy's educational operations in 2015 was £11,594K of which all was restricted general funds.

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

5	Other trading activities	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
	Hire of facilities	37	-	37	42
	Catering income	223	-	223	210
	Uniform sales	110	-	110	100
	Kindergarten Income	140	-	140	153
	Breakfast and Twilight Income	44	-	44	45
	Other Income	44	-	44	47
		<u>598</u>	<u>-</u>	<u>598</u>	<u>597</u>

The income of other trading activities in 2015 was £597K all of which was unrestricted.

6	Investment Income	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
	Bank Interest	10	-	10	7
		<u>10</u>	<u>-</u>	<u>10</u>	<u>7</u>

Investment income in 2015 was £7K all of which was unrestricted.

7	Expenditure	Staff costs £000	Non pay expenditure		Total 2016 £000	Total 2015 £000
			Premises £000	Other £000		
	Expenditure on raising funds					
	Academy's educational operations					
	• Direct costs	7,908	-	761	8,669	8,847
	• Allocated support costs	1,771	844	2,295	4,910	5,415
		<u>9,679</u>	<u>844</u>	<u>3,056</u>	<u>13,579</u>	<u>14,262</u>

Outgoing resources for the year include:

		Total 2016 £000	Total 2015 £000
Operating lease rentals		244	243
Depreciation		1,354	1,395
Auditor remuneration	• Audit	13	13
	• Non - audit	4	6

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

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

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
<b>Direct costs</b>				
Teaching and educational support staff	120	7,788	<b>7,908</b>	8,032
Educational supplies	2	233	<b>235</b>	305
Examination fees	-	163	<b>163</b>	148
Staff development	-	39	<b>39</b>	59
Other direct costs	-	324	<b>324</b>	303
	<u>122</u>	<u>8,547</u>	<u><b>8,669</b></u>	<u><b>8,847</b></u>
<b>Allocated support costs</b>				
Support staff costs	88	1,683	<b>1,771</b>	2,169
Depreciation	-	1,354	<b>1,354</b>	1,395
Pupil recruitment and support	-	11	<b>11</b>	34
Maintenance of premises / equipment	1	142	<b>143</b>	164
Rental of premises	-	200	<b>200</b>	204
Cleaning	-	41	<b>41</b>	43
Rates	-	110	<b>110</b>	113
Insurance	-	61	<b>61</b>	209
Utilities	14	275	<b>289</b>	300
Catering	288	55	<b>343</b>	341
Technology costs	-	86	<b>86</b>	93
Uniform costs	90	60	<b>150</b>	105
Personnel costs	-	101	<b>101</b>	89
Other support costs	-	205	<b>205</b>	161
Governance costs	-	45	<b>45</b>	53
	<u>481</u>	<u>4,429</u>	<u><b>4,910</b></u>	<u><b>5,473</b></u>
<b>Total</b>	<u>603</u>	<u>12,976</u>	<u><b>13,579</b></u>	<u><b>14,320</b></u>

Expenditure on charitable activities was £13,579K (2015 - £14,320) of which £12,976K (2015 - £13,760K) was restricted funds and £603K (2015 - £560K) was restricted general funds.

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 9 Staff

#### a. Staff costs

Staff costs during the period were:

	<b>Total 2016</b>	<b>Total 2015</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>7,386</b>	7,770
Social security costs	<b>584</b>	559
Operating costs of defined benefit pension scheme	<b>1,363</b>	1,546
	<b>9,333</b>	9,875
Supply staff costs	<b>362</b>	284
Staff restructuring costs	<b>4</b>	3
	<b>9,699</b>	10,162

#### b. Non statutory/non contractual staff severance payments

Including in staff restructuring costs is one non-statutory/non-contractual severance payments which totalled £4,070 (2015: £3,365 - one payment).

#### c. Staff numbers

The average number of persons employed by the Academy during the period was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No</b>	<b>No</b>
<b>Charitable Activities</b>		
Teachers	<b>127</b>	131
Administration and support	<b>124</b>	150
Management	<b>12</b>	12
	<b>263</b>	293

#### d. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	<b>2016</b>	<b>2015</b>
	<b>No</b>	<b>No</b>
£60,000 - £70,000	<b>2</b>	1
£70,000 - £80,000	<b>1</b>	3
£100,000 - £110,000	<b>0</b>	1
£110,000 - £120,000	<b>1</b>	0
	<b>4</b>	5

#### e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £343,800 (2015: 390,000).

## Folkestone Academy

### Notes to the Financial Statements for the year ended 31 August 2016 (continued)

During the year ended 31 August 2016, travel and subsistence expenses totalling £1,033 (2015: £556) were reimbursed to the Principal.

No Trustee received any remuneration or benefits (2015: nil). The trustees did not receive travel and subsistence expenses for the period (2015: £636 to 2 trustees)

#### 10 Related Party Transactions – Trustees' remuneration and expenses

There are no staff Trustees.

The Principal (Secondary) only receives remuneration in respect of services provided undertaking the role of Principal (Secondary) under a contract of employment.

The value of the Principal (Secondary's) remuneration and other benefits was as follows:

Warren Smith (Principal (Secondary)):

Remuneration £110,000 - £120,000 (2015: £100,000 - £110,000)

Employer's pension contribution paid £15,000 - £20,000 (2015: £15,000 - £20,000)

Other related party transactions involving trustees are set out in note 26.

#### 11 Trustees and Officers Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

#### 12 Tangible Fixed Assets

	Freehold Land and Buildings	Furniture and Equipment	Computer Hardware	Motor Vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 September 2015	35,564	3,992	942	47	<b>40,545</b>
Additions	200	140	168	4	<b>512</b>
At 31 August 2016	<b>35,764</b>	<b>4,132</b>	<b>1,110</b>	<b>51</b>	<b>41,057</b>
<b>Depreciation</b>					
At 1 September 2015	4,849	2,956	702	33	<b>8,540</b>
Charged in year	754	398	196	6	<b>1,354</b>
At 31 August 2016	<b>5,603</b>	<b>3,354</b>	<b>898</b>	<b>39</b>	<b>9,894</b>
<b>Net book values</b>					
At 31 August 2016	<b>30,161</b>	<b>778</b>	<b>212</b>	<b>12</b>	<b>31,163</b>
At 31 August 2015	30,715	1,036	240	14	32,005

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 13 Stock

	2016	2015
	£000	£000
Student uniforms	85	100
Catering	2	2
	<u>87</u>	<u>102</u>

### 14 Debtors

	2016	2015
	£000	£000
Trade debtors	35	95
Prepayments and accrued income	594	283
VAT recoverable	149	14
Other debtors	2	39
	<u>780</u>	<u>431</u>

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

	2016	2015
	£000	£000
Trade creditors	473	260
Other taxation and social security	171	160
Other creditors	462	482
Accruals and deferred income	308	343
	<u>1,414</u>	<u>1,245</u>

	2016	2015
	£000	£000
<b>Deferred income</b>		
Deferred Income at 1 September 2015	149	118
Resources deferred in the year	143	353
Amounts released from previous years	(153)	(322)
Deferred Income at 31 August 2016	<u>139</u>	<u>149</u>

The accruals and deferred income balance at 31 August 2016 relates to rates relief and universal infant free school meal income which was received in year and related to September 2016 – March 2017.

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

## 16 Funds

	Balance at 1 September	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August
	2015				2016
	£000	£000	£000	£000	£000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	44	9,682	(9,888)	162	-
Other DfE grants	-	193	(193)	-	-
Pupil Premium	23	645	(668)	-	-
Other government grants	33	570	(576)	-	27
Other grants	-	36	(36)	-	-
Pension reserve	(3,715)	-	(261)	(3,302)	(7,278)
	<b>(3,615)</b>	<b>11,126</b>	<b>(11,622)</b>	<b>(3,140)</b>	<b>(7,251)</b>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	22,809	35	(1,325)	-	21,519
Capital expenditure from GAG	1,496	-	-	206	1,702
Private sector capital	2,012	-	(29)	-	1,983
Kent County Council	5,650	-	-	-	5,650
Other Government Grant	38	271	-	-	309
	<b>32,005</b>	<b>306</b>	<b>(1,354)</b>	<b>206</b>	<b>31,163</b>
<b>Total restricted funds</b>	<b>28,390</b>	<b>11,432</b>	<b>(12,976)</b>	<b>(2,934)</b>	<b>23,912</b>
Unrestricted funds	2,373	702	(603)	(368)	2,104
<b>Total unrestricted funds</b>	<b>2,373</b>	<b>702</b>	<b>(603)</b>	<b>(368)</b>	<b>2,104</b>
<b>Total funds</b>	<b>30,763</b>	<b>12,134</b>	<b>(13,579)</b>	<b>(3,302)</b>	<b>26,016</b>

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

- (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) Pupil Premium and other government grants must be used for student, or activity specific purposes as attached by the provider.
- (iii) Restricted fixed asset funds are used to fund all income and outgoing capital resources.
- (iv) Unrestricted funds represent the resources which can be spent on any purpose at the direction of the trustees, within the objects of the academy trust as set out in the governing documents. Funds held relate to the surplus funds accumulated from unrestricted activities and the proceeds from the sale of assets sold.
- (v) The transfer of £206K from Unrestricted funds to capital related to capital expenditure during the year not covered by the £306K capital income received.

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 17 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted general fund £000	Restricted general fund £000	Restricted fixed asset fund £000	Total 2016 £000
Tangible fixed assets	-	-	31,163	31,163
Current assets	2,104	1,441	-	3,545
Current liabilities	-	(1,414)	-	(1,414)
Pension scheme liability	-	(7,278)	-	(7,278)
<b>Total net assets</b>	<b>2,104</b>	<b>(7,251)</b>	<b>31,163</b>	<b>26,016</b>

### 18 Capital commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	-	125

### 19 Commitments under operating lease

#### Operating leases

At 31 August 2016, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Expiring within one year	224	224
Expiring between one and five years	800	24
Amounts due after five years	-	-
	<b>1,024</b>	<b>248</b>

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



## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

	2016	2015
	£000	£000
<b>20 Reconciliation of net expenditure to net cash inflow from operating activities</b>		
Net Income	(1,445)	(1,990)
Depreciation (note 12)	1,354	1,395
Capital grants from DfE and other capital income	(306)	(48)
Interest receivable (note 6)	(10)	(7)
Defined benefit pension scheme cost less contributions (note 25)	261	288
Defined benefit pension scheme finance cost (note 25)	-	64
(Increase)/Decrease in stocks	15	(13)
(Increase)/Decrease in debtors	(336)	83
Increase/(Decrease) in creditors	156	(110)
Interest received	10	7
<b>Net cash (used in) operating activities</b>	<b>(301)</b>	<b>(331)</b>
<b>21 Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(512)	(162)
Capital grants from DfE/EFA	35	48
Capital grants from Kent County Council	271	-
(Decrease) in receipts from Bridging Loan	-	(2,123)
Receipts from sale of tangible fixed assets	-	5,073
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>	<b>(206)</b>	<b>2,836</b>
<b>22 Analysis of changes in net funds</b>	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
	<b>£000</b>	<b>£000</b>
Cash in hand and at bank	2,678	3,185
	<b>2,678</b>	<b>3,185</b>

**23 Contingent Liabilities**

The Academy had no contingent liabilities at 31 August 2016.

**24 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.

**Notes to the Financial Statements for the year ended 31 August 2016 (continued)**

**25 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 multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £134,705 (2015: £132,874) were payable to the schemes at 31 August 2016 and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,107,349 (2015: £1,073,854).

A copy of the valuation report and supporting documentation is on the Teachers' Pension Website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

25 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 2016 was £507,669 (2015: 605,181), of which employer's contributions totalled £387,615 (2015: £457,764) and employees' contributions totalled £120,054 (2015: £147,417). The agreed contribution rates for future years are 19.8 per cent for employers and rates varying between 5.5 and 12.5 per cent for employees dependent on their salary.

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

**Principal Actuarial Assumptions**

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
Rate of increase in salaries	<b>4.10%</b>	4.50%
Rate of increase for pensions in payment / inflation	<b>2.30%</b>	2.70%
Discount rate for scheme liabilities	<b>2.20%</b>	4.00%
Inflation assumption (CPI)	<b>0.90%</b>	2.70%
Commutation of pensions to lump sums	<b>50.00%</b>	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.

	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	12,007	12,325	12,651
Projected service cost	837	859	882
Adjustment to mortality age rating assumption	+ 1 year	none	- 1 year
Present value of total obligation	12,648	12,325	12,010
Projected service cost	881	859	838

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
<i>Retiring today</i>		
Males	<b>22.9</b>	<b>22.8</b>
Females	<b>25.3</b>	<b>25.2</b>
<i>Retiring in 20 years</i>		
Males	<b>25.2</b>	<b>25.1</b>
Females	<b>27.7</b>	<b>27.6</b>

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 25 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	3,416	2,704
Gilts	45	40
Bonds	539	437
Property	707	536
Cash	121	104
Target Return Portfolio	219	172
<b>Total market value of assets</b>	<b>5,047</b>	<b>3,993</b>

The actual return on scheme assets was £600,000 (2015: £88,000)

#### Amount recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	569	762
Past service cost	-	-
<b>Total operating charge</b>	<b>569</b>	<b>762</b>

#### Changes in the present value of defined benefit obligations were as follows:

	2016 £000	2015 £000
<b>At 1 September</b>	<b>7,708</b>	<b>6,574</b>
Current service cost	569	687
Interest cost	308	279
Employee contributions	120	148
Change in financial assumptions	3,733	-
Benefits paid	(113)	(55)
Losses on curtailments	-	75
<b>At 31 August</b>	<b>12,325</b>	<b>7,708</b>

## Folkestone Academy

### Notes to the Financial Statements for the year ended 31 August 2016 (continued)

#### 25 Pension and similar obligations (continued)

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

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

	2016 £000	2015 £000
<b>At 1 September</b>	<b>3,993</b>	<b>3,340</b>
Interest Income	169	145
Return on assets less interest	431	(57)
Administration expenses	(3)	(2)
Employer contributions	450	474
Employee contributions	120	148
Benefits paid	(113)	(55)
<b>At 31 August</b>	<b>5,047</b>	<b>3,993</b>

	2016 £000	2015 £000
<b>Pension deficit at 31 August</b>		
Total market value of assets	5,047	3,993
Present value of defined benefit obligations	(12,325)	(7,708)
<b>Pension scheme liability</b>	<b>(7,278)</b>	<b>(3,715)</b>

#### 26 Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local, public and private sector organisations, transactions will take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

During the year the academy trust received donations from The Roger De Haan Charitable Trust (RDHCT). Sir Roger De Haan is Chairman of both the academy trust's board of trustees and the charitable trust. This support has been greatly appreciated by the academy trust who would like to extend their thanks to Sir Roger De Haan.

Creative Foundation - a charity in which Sir Roger De Haan and Trevor Minter (trustees of the trust) are both trustees.

The academy intends to shortly enter into a 5 year lease of the Glassworks building. The building is leased from the Creative Foundation for rent of £200,000 per year. The negotiation of the lease were done on an arm's length basis with the Academy obtaining independent legal advice. Neither trustee participated in the academy's decision to approve the lease. The tenancy commenced on 01/09/2016 and ends on 31/08/2021. The lease is an extension to a previous 3 year lease commitment.

## **Folkestone Academy**

### **Notes to the Financial Statements for the year ended 31 August 2016 (continued)**

#### **26 Related Party Transactions (continued)**

Academy FM Folkestone – a charity in which Warren Smith (Accounting Officer/ Principal (Secondary)), and Trevor Minter (trustee of the trust) are both trustees.

The academy provides a £15,000 per year contribution to Academy FM Folkestone radio station which is based at the academy. This contribution is in recognition of the work undertaken to support the academy's curriculum. There is no contract in place committing the academy to this contribution.

Marlowe Academy – an Academy which shared a sponsor, a chair of Governors and a number of other trustees with the trust.

The two Academies operated an Academy Business Services structure for the management and delivery of its non-curriculum services, which delivered cost savings and efficiencies. This arrangement ended in August 2015. Transactions during the year amounted to recharges of shared staff salaries to the value of £46,852.

The Friends of the Folkestone and Marlowe Academies (FFMA) - a charity in which Sir Roger De Haan and Trevor Minter (trustees of the trust) are both trustees.

The academy provided limited clerical support to the charity which in turn considers requests from the academy to support activities that could otherwise not be afforded. During the year the academy received donations which amounted to £52,025 to support the academies educational activities. There was an outstanding debtor at year end amounting to £2,200.

The Shepway Sports Trust - a charity in which Trevor Minter (trustee of the trust) and Warren Smith (Accounting Officer and Principal (Secondary)) are trustees.

The academy provided limited clerical support to the trust for which £2,358 was recharged. The academy received educational services from the trust for which £4,825 was paid in consideration.

The Shepway Teaching School Ltd - is a not for profit organisation of which Tracy Luke and Helen Tait (Principal – (Primary)) are Directors. Academy teaching staff received training to the value of £685 and the transaction was carried out on an arms-length basis. Income was received by the academy to the value of £17,500 to support the academy's commitment to teacher training.

Shepway Leisure - is a private limited company of which Trevor Minter (trustee of the trust) is a Director. The academy received a one off room booking fee of £150 during the year. The transaction was carried out on an arms-length basis.

#### **27 Agent arrangements Sixth Form Bursary**

The Academy administers the disbursements of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year, it received £35,092 (2015: £34,386) and disbursed £48,313 (2015: £8,835). An amount of £69,202 (2015: £82,423) payable by the Academy at the 31 August 2016 is included in other creditors. The Academy retained a beneficial interest in individual transactions.

#### **28 First adoption of FRS 102 and Charities SORP 2015**

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

**Notes to the Financial Statements for the year ended 31 August 2016 (continued)**

**28 First adoption of FRS 102 and Charities SORP 2015 (continued)**

	<b>Notes</b>	<b>31 August 2015 000'</b>
Reconciliation of net income/(expenditure)		
Net income/(expenditure) previously reported under UK GAAP		(1,990)
Change in recognition of LGPS interest cost	A	(58)
Net movement in funds reported under FRS 102		<u>(2,048)</u>

**A – Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined benefit liability using the discount rate applied to the defined benefit obligation, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenses by £58,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.

## **Independent Reporting Accountant's Assurance Report on regularity to Folkestone Academy and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 29 September 2015 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Folkestone Academy during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Folkestone Academy and the EFA in accordance with the terms of our engagement letter dated 29 September 2015. Our work has been undertaken so that we might state to the Folkestone Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Folkestone Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Folkestone Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Folkestone Academy's funding agreement with the Secretary of State for Education dated 23 April 2004 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015/6. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015/6 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.



**Folkestone Academy**

**Independent Reporting Accountant's Assurance Report on regularity to Folkestone Academy and the Education Funding Agency (continued)**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*RSM UK Audit LLP*

**RSM UK AUDIT LLP**

Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date *20 December 2016*