

FOLKESTONE ACADEMY  
(A Company Limited by Guarantee)  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 August 2017

Company Registration Number: 05115594 (England and Wales)



## **Folkestone Academy**

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## **Folkestone Academy**

### **Reference and Administrative Details**

#### **Members**

Professor Carl Lygo (appointed 28<sup>th</sup> April 2017)  
James Booth-Cliborn (appointed 28<sup>th</sup> April 2017)  
Sir Roger De Haan (resigned 28<sup>th</sup> April 2017)  
Richard Fraser\* (resigned 28<sup>th</sup> April 2017)  
Rosalind McCarthy (resigned 28<sup>th</sup> April 2017)  
Keith McLay (resigned 28<sup>th</sup> April 2017)  
Trevor Minter (Resigned 28<sup>th</sup> April 2017)  
Michael Pearce (Resigned 28<sup>th</sup> April 2017)  
Elvis Pellumbi (appointed 28<sup>th</sup> April 2017)  
Timothy Reid (Resigned 28<sup>th</sup> April 2017)  
Peter Roberts  
Mark Taylor\*

#### **Trustees**

Professor Carl Lygo (Chairman) (Appointed 28<sup>th</sup> April 2017)  
Sir Roger De Haan (Chairman) (Resigned 28<sup>th</sup> April 2017)  
Gary Cottle\*  
Richard Fraser\* (Resigned 28<sup>th</sup> April 2017)  
Tracy Luke (Appointed 21<sup>st</sup> September 2016)  
Rosalind McCarthy (Resigned 28<sup>th</sup> April 2017)  
Keith McLay (Resigned 25 September 2017)  
Trevor Minter (Resigned 28<sup>th</sup> April 2017)  
Michael Pearce  
Timothy Reid (Resigned 10<sup>th</sup> July 2017)  
Peter Roberts  
Mark Taylor\*  
Alexia Zimble (Appointed 28<sup>th</sup> April 2017)

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

#### **Company Secretary**

Frances Sharp (until August 2017)

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

Chief Executive Officer	Dr Jo Saxton (appointed 28 <sup>th</sup> April, 2017)
& Accounting Officer	Helen Tait
Principal (Primary)	Louise Lythgoe
Head of School (Primary)	Warren Smith (until 30 <sup>th</sup> September 2017)
Principal (Secondary)	Emma Newman (until 30 <sup>th</sup> June 2017)
Vice Principal (Secondary)	Simon Newman (until 31 <sup>st</sup> August 2017)
Vice Principal (Secondary)	

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

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

#### **Company Registration Number**

05115594 (England and Wales)

#### **Independent Auditor**

McCabe Ford Williams  
Bank Chambers, 1 Central Avenue, Sittingbourne  
ME10 4AE

#### **Bankers**

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

#### **Solicitors**

Withers LLP  
16 Old Bailey  
London, EC4M 7EG

## **The Folkestone Academy**

### **Trustees' Report 31 August 2017**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. 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 The 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 trustees**

The Charity's Articles of Association set out the constitution and method of appointment of the Governing Body including Parent Trustees who are elected in accordance with Department for Education guidelines. Suitability of trustees 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 trustees**

New trustees 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 trustees 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. At the end of April 2017 the management arrangements changed with the retirement of Chairman and Principal Sponsor Sir Roger De Haan, the appointment of a new Chairman in Professor Carl Lygo and with the appointment of a Chief Executive Officer in accordance with best practice in Academy Trusts.

The leadership team at the primary and secondary phases are led separately, reporting to the Chief Executive from April 28<sup>th</sup> 2017. 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

**Trustees' Report 31 August 2017 (continued)**

and scheme of delegation. The Principal Secondary held the duties of Accounting Officer until April 28th 2017, when they were passed to the Chief Executive Officer.

**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 and Pay 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 until April 28<sup>th</sup> 2017, Sir Roger De Haan, is also the Chair of The Roger De Haan Charitable Trust, the Creative Foundation and the Friends of the Folkestone and Marlowe Academies (FFMA).

The Academy leases its sixth form premises known as the "Glassworks" from the Creative Foundation. The Creative Foundation is an independent 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 additional Trustees.

The Headmaster and Bursar of the King's School, Canterbury are both Trustees of the academy and chair sub-committees of the board (Standards and Finance and General Purposes respectively).

The Friends of the Folkestone and Marlowe Academies is a separate legal entity and charity of which the academy is a beneficiary. It shared a number of trustees with the Folkestone Academy, and following the resignations of April 28 remains with only one trustee in common. The academy formerly provided limited clerical support to the charity.

A local radio station, Academy FM Folkestone, is based at the Academy. One of the trustees with of FFMA is a trustee of the Folkestone Academy and plays a part in the delivery of the academy's curriculum.

In accordance with the Academy's invitation to Turner Schools to support the Academy, Dr Saxton is a Trustee of Turner Schools. Professor Lygo is also Chairman of Turner Schools and Mr Booth-Clibborn is a Director of Turner Schools.

**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 are 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.

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## **The Folkestone Academy**

### **Trustees' Report 31 August 2017 (continued)**

#### **Objects and Aims**

The Academy's object is the delivery of non-selective mainstream education, for children aged 3-18. It aims to transform life chances in this way.

#### **Objectives, Strategies and Activities**

The Academy's objective during the period has been to improve pupil outcomes, particularly at Key Stages 2 and 4, following the Coasting Notification of January 2017.

In addition, ongoing efforts to improve value for money continue, working with strategic partners on this matter.

The primary Academy has achieved excellent results during the period, exceeding National expectations. The Secondary Academy has had another successful year in Post 16, with high university entrance. Work continues to move away from the Coasting definition at Key Stage 3.

#### **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 some students and contributes 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:

- Student House charity days have raised over £8,000 of donations for charities including, Demelza Hospice Medway and Porchlight in Canterbury and The Lord Whisky Animal Sanctuary in Stelling Minnis.
- The Primary Academy has worked with a local church to create a prayer walk open to pupils and parents.
- Hosting 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.
- 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 was involved a number of enrichment days for local primary school children including a maths challenge and our sport leaders running sporting events.
- The academy played host to an East Kent Gymnastics competition organised by Dover Gymnastics Club – there were over 10 schools from all over Kent taking part.
- Sixth Form music students performed during the Creative Foundation's 'Big Switch On' event.
- 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 Youth Voices.
- The academy Careers Advisor organised a Business Network Breakfast meeting. Over 20 businesses from Kent attended presentations about the new GCSE grading scheme and apprenticeship partnerships.
- 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 visit locations to interview people. One such example includes students visiting Port Lympne Zoo and interviewing Gorilla and Rhino zoo keepers.
- 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.
- Anti-Bullying Ambassadors held a Primary School Anti-Bullying training day which saw Year 4, 5 and 6 pupils learning how to be an Anti-Bullying Ambassadors. We had 4 local feeder schools attend including the Primary Academy.

## **The Folkestone Academy**

### **Trustees' Report 31 August 2017 (continued)**

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

#### **Equal opportunities policy**

The trustees 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 several disabled-access minibuses 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 three 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.

#### **Achievements and performance**

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

Throughout the Primary Academy teaching staff capitalise on classes of 20 to secure good outcomes by the end of each Key Stage.

At the end of the Early Years Foundation Stage 75% of pupils attained a good level of development in comparison to 69% nationally. 82% attained the Prime Learning Goals and 75% attained the Specific Learning Goals. Most pupils made rapid progress from their point of entry, and where standards were below age-related these pupils were highlighted in the transition to Year 1 to work in the Accelerated Learning or Basic Skills groups. The gap in attainment between Pupil Premium children and non-Pupil Premium reduced during the year, for example in the Prime Area of Speaking Pupil Premium student expectations increased from 9% in term 1 to 82% in term 6, while non Pupil Premium students increased from 48% term 1 to 88% term 6.

In Year 1, 82% of pupils passed the Year 1 Phonics Screening Check, an above National Average achievement.



## **The Folkestone Academy**

### **Trustees' Report 31 August 2017 (continued)**

At the end of Key Stage 1 (Year 2) outcomes matched or were better than the outcomes in previous year with reading being a particular strength of Pupil Premium children at the end of Year 2 with 75% attaining Expected+.

By the end of Key Stage 2 (Year 6) outcomes for pupils were significantly higher than the previous year, and above national standards.

Whereas there was success in diminishing the difference for disadvantaged pupils in Reading, with 82% attaining Expected+ (above national standards) the outcomes in Writing (36%) and Maths (55%) were lower and they are areas for improvement.

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

There were 221 students in this year's Year 11. 40% of this year group were disadvantaged, and 11% had a designated Special Educational Need.

The floor standard is now determined by a school's Progress 8 score. Our unvalidated Progress 8 figure (based on the 2017 coefficients) gives us a score of -0.31 this is an improvement from the previous academic year of -0.45. This is an improvement upon the position of the previous year. 39% achieved 4+ grades in English and Maths, compared to 37% last year. 14% of students achieved a 5+ in both English and Maths.

The A Level Pass progress score was -0.03 meaning that progress is broadly in line with national expectations.

The Academy's applied general progress score was +0.68 reflecting a high level of value added in vocational courses at Level 3. 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 BTEC courses have now begun in Year 12 reflecting a more rigorous curriculum with robust assessment.

73 students were successful in their application to university and over 100 are applying this year. This reflects the academic success and high expectations of the provision at the Glassworks.

#### **Academy Roll**

The number of children on roll in the Kindergarten is currently 60: 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 1,737 on roll (Autumn 2016 census) 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. The published admission number (PAN) for the Secondary phase remains at 270, though there are 290 in certain year groups reflecting pupils admitted in relation to the closure of Pent Valley Technological College.

#### **Going concern**

After making appropriate enquiries, the trustees 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.

#### **Financial Review**

This was a challenging year with the academy needing to improve its infrastructure and recruit staff to accommodate additional student recruitment following the closure of a local school. Significant investment was made in response to the Coasting notification, and by the new senior leadership to address matters relating to premises management.

There has been a deficit financial result for the year of £30,149 before depreciation, capital receipts and pension adjustments.

## **The Folkestone Academy**

### **Trustees' Report 31 August 2017 (continued)**

During the year, total reserves increased by £535,000 (2016: decrease by £4,747,000). Of this increase, £2,409,000 comprises a pension actuarial gain and £1,235,000 relates to fixed asset depreciation.

Fixed assets are included in the balance sheet at £30.2 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 trust aims to maintain a level of reserves sufficient to cover one and a half months salary and supplier payments 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 2017 amounted to £26.5 million of which £24.6 million comprised restricted funds. The Academy's free reserves amounted to £1.9 million (2016: £2.1 million).

The Academy had a pension scheme liability of £5,551,000 as at 31 August 2017 this is a decrease of 24% to the 2016 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.

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.

#### **Investment policy**

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

#### **Principal Risks and Uncertainties**

The trustees 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.
- Educational standards related to changed in curriculum, assessment and national expectations.

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.
- Inviting support from a local approved Academy Sponsor and MAT, and – ultimately – determining to join the MAT as a constituent Academy.

#### **Plans for Future Periods**

On the 1 December the Academy was rebrokered into the Turner Schools Multi Academy Trust.

## **The Folkestone Academy**

### **Trustees' Report 31 August 2017 (continued)**

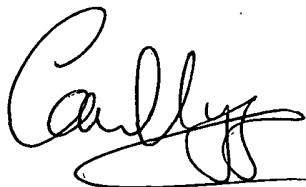
#### **Auditor**

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, approved by order of the board of trustees, as the company directors, on 14 December 2017 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'Carl Lygo', with a stylized flourish at the end.

Professor Carl Lygo  
Chairman

## **The Folkestone Academy**

### **Governance Statement 31 August 2017**

#### **Scope of responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that the 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 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. A new Accounting Officer was appointed during the period differentiating the role of Principal and Accounting Officer. The Accounting Officer is responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

#### **Governance**

The Folkestone Academy ("the Academy Trust") is a charitable company regulated by the Department for Education, a company registered in England and Wales and limited by guarantee as Company Number 05115594. Registered Office: Academy Lane, Folkestone, Kent, CT19 5FP. The Academy Trust's governance procedures are set down in its Memorandum and Articles of Association laid down by the Department as part of the Funding Agreement.

The Academy Trust is constituted as a charitable trust company and must comply with both company and charity law. From a financial perspective this brings certain legal requirements, such as an obligation to apply the Academy's income only for its charitable purposes, the need to maintain proper accounting records and the requirement to publish an annual report and accounts. The financial requirements that apply to Academies are described in more detail in the Academies Financial Handbook.

The Academy Trust has two layers of governance: members who oversee the Academy Trust and directors who are responsible for the overall strategic direction and control of the Academy Trust. The directors are the same body of people as the trustees of the charity; these words are used interchangeably. Significant changes at Member and Director level took place during the period to ensure greater separation to move closer to the DfE's model constitution.

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Professor Carl Lygo (Chairman) (Appointed 28 <sup>th</sup> April 2017)	2	2
Sir Roger De Haan (Chairman) (Resigned 28 <sup>th</sup> April 2017)	3	3
Gary Cottle	1	4
Richard Fraser (Resigned 28 <sup>th</sup> April 2017)	3	3
Tracy Luke (Appointed 21 <sup>st</sup> September 2016)	4	4
Keith McLay	3	3
Rosalind McCarthy (Resigned 28 <sup>th</sup> April 2017)	3	3
Trevor Minter (Resigned 28 <sup>th</sup> April 2017)	3	3
Michael Pearce	3	4
Timothy Reid (Resigned 10 <sup>th</sup> July 2017)	3	3
Peter Roberts	3	4
Mark Taylor	4	4
Alexia Zimbler (Appointed 28 <sup>th</sup> April 2017)	2	2

The Folkestone Academy Governing Body has completed a self-evaluation review for the academic year 2016/17.

## **The Folkestone Academy**

### **Governance Statement 31 August 2017 (continued)**

- 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 policy review cycle in place.
- The Governing Body Self Evaluation is an on-going process.

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 by Trustees at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Gary Cottle	3	4
Richard Fraser	4	4
Mark Taylor	3	4

#### **Review of Value for Money**

As accounting officer the Principal Secondary (until April 28) had, and the Chief Executive (from April 2017) 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 Chief Executive has undertaken training to operate in accordance with the requirements of company and charity law and the Academies Financial Handbook.

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 Chief Executive for the academy trust has delivered improved value for money during the year by:

- Refining systems and practices to increase the efficient running of the organisation. This has included detailed reviews of the budgets allocated to departments and informed decisions of either reducing and/or redirecting resources to where the funds are best placed to support educational objectives.
- Engaging independent review of financial systems and controls, making recommendations on suppliers and sharing the lessons of high performing Academy trusts such as the Outwood Grange Academy Trust.
- Review of the current areas of unrestricted income such as the lettings of facilities in order to maximise the contribution from this income stream to support educational activities.
- Challenging the Trust's senior and middle leaders on processes, procedures and practices to balance compliance with efficiency and impact. This includes reviewing the exact staffing resources requirements needed to meet teaching timetables and matching with the most efficient staff structure.

#### **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 The Folkestone Academy for the period 1 September 2016 to 31 August 2017 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 2016 to 31 August 2017

## **The Folkestone Academy**

### **Governance Statement 31 August 2017 (continued)**

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.

The board of trustees considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

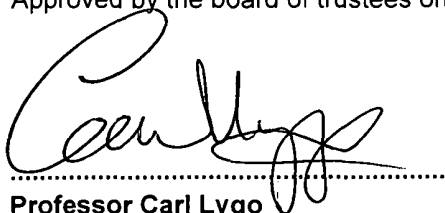
Under the direction and supervision of a Trustee the Canterbury Christ Church University Assistant Director of Finance visited the Academy once in relation to the year ended 31 August 2017 to perform a range of checks on the Academy's financial systems. In conjunction with a Trustee, they reported back to the Finance and General Purposes on the results of the tests completed. These tests were in accordance with those outlined in the Academies Financial Handbook 2016 and included additional test to consider the controls, processes and procedures that underpin the compilation of the Academy's financial budget, forecasts and management reports. This supports the ongoing review of the effectiveness of the internal control environment and the financial procedures and processes that support this.

#### **Review of effectiveness**

As accounting officer has responsibility for reviewing the effectiveness of the system of internal control. The Chief Executive, upon appointment, undertook review by:

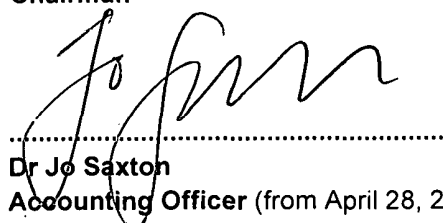
- the work of the interview reviewer;
- Engaging a finance professional from another Academy Trust to review systems and processes
- Engaging a new auditor with MAT expertise;

Approved by the board of trustees on 14 December 2017 and signed on its behalf by:



**Professor Carl Lygo**

Chairman



**Dr Jo Saxton**

Accounting Officer (from April 28, 2017)

## **The Folkestone Academy**

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

As accounting officer of Folkestone Academy Trust from April 28, 2017, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with Education and Skills Funding Agency 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 the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of Trustees and to the ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and the Education and Skills Funding Agency.

#### **Financial issues**

A school mini bus has been used for personal reasons by members of staff. Since appointment I have specifically prohibited the use of the school mini bus for personal use.

A review by the auditors of expense claims revealed that staff expense claims have included claims for purchases of alcohol for gifts and events. Since appointment I have specifically prohibited the purchase of alcohol using school funds.

  
**Dr Jo Saxton**  
**Accounting Officer**

Date:

*December 14 2017*

## **The Folkestone Academy**

### **Statement on Trustees' Responsibilities**

The trustees (who act as governors of The 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:

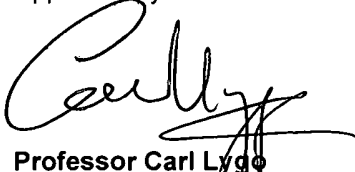
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (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 ESFA/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 14 December 2017 and signed on its behalf by:



**Professor Carl Lygo**  
Chairman



## **Folkestone Academy**

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

We have audited the financial statements of Folkestone Academy (the 'charitable company') for the year ended 31 August 2017, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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.

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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016/17 issued by the Education and Skills Funding Agency.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate.

We draw attention to the Report of the Trustees and the 'Going concern' accounting policy within note 1 of the financial statements and also to note 26 of the financial statements, which explain that the academy joined an existing Multi Academy Trust, Turner Schools on 1 December 2017. The academy's operations have continued uninterrupted and the assets and liabilities have all been donated to Turner Schools at 1 December 2017 as a going concern.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the academy trust 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

This description forms part of our auditor's report.

Clair Rayner FCA DChA (Senior Statutory Auditor)  
for and on behalf of McCabe Ford Williams  
Statutory Auditors and Chartered Accountants  
Bank Chambers  
1 Central Avenue  
SITTINGBOURNE  
ME10 4AE.



Date: 14 December 2017

**Independent Reporting Accountant's Report on Regularity**

In accordance with the terms of our engagement letter dated 13 July 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 have been applied to the purpose identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Folkestone Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Folkestone Academy and the ESFA 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 Folkestone Academy and the ESFA, 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 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purpose 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. 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. The work undertaken to draw to our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the external auditor performing additional system checks during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the Board of Trustees and the occurrence of transactions with connected parties;
- Review of fixed asset transactions against the requirements of the funding agreement between Folkestone Academy and the Secretary of State for Education and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements, minutes of meetings and financial transactions for indications of any items which may be improper;

**Independent Reporting Accountant's Report on Regularity (continued)**

- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

**Conclusion**

In the course of our work except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Matter 1**

A school mini bus has been used for personal reasons by members of staff. Since appointment the Accounting Officer has specifically prohibited the use of the school mini bus for personal use.

**Matter 2**

Our review of expense claims revealed that staff expense claims included claims for purchases of a small amount of alcohol for gifts and events. Since appointment the Accounting Officer has specifically prohibited the purchase of alcohol using school funds.

Clair Rayner FCA DChA (Reporting Accountant)  
for and on behalf of McCabe Ford Williams  
Statutory Auditors and Chartered Accountants  
Bank Chambers  
1 Central Avenue  
Sittingbourne  
Kent  
ME10 4AE



Date: 14 December 2017

# Folkestone Academy

## Statement of Financial Activities for the Year to 31 August 2017

(including Income and Expenditure Account)

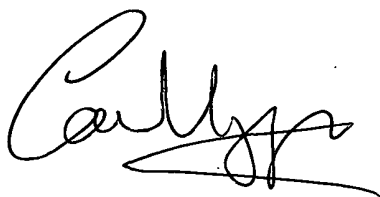
	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
<b>Income and endowments from:</b>						
Donations and capital grants	3	51	-	73	124	400
Charitable activities:						
<i>Funds for the academy trust's educational operations:</i>	4	-	12,799	-	12,799	11,126
Other trading activities	5	633	-	-	633	598
Investments	6	5	-	-	5	10
<b>Total</b>		<b>689</b>	<b>12,799</b>	<b>73</b>	<b>13,561</b>	<b>12,134</b>
<b>Expenditure on:</b>						
<i>Raising funds:</i>						
<i>Charitable activities</i>						
• Academy trust educational operations	8	683	13,517	1,235	15,435	13,579
<b>Total</b>	7	<b>683</b>	<b>13,517</b>	<b>1,235</b>	<b>15,435</b>	<b>13,579</b>
<b>Net income / (expenditure)</b>		<b>6</b>	<b>(718)</b>	<b>(1,162)</b>	<b>(1,874)</b>	<b>(1,445)</b>
<b>Transfer between funds</b>	16	<b>(181)</b>	<b>9</b>	<b>172</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains and losses</b>						
Actuarial gains / (losses) on defined benefit pension scheme	16, 25	-	2,409	-	2,409	(3,302)
<b>Net movement in funds</b>		<b>(175)</b>	<b>1,700</b>	<b>(990)</b>	<b>535</b>	<b>(4,747)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	16	2,104	(7,251)	31,163	26,016	30,763
<b>Total funds carried forward</b>		<b>1,929</b>	<b>(5,551)</b>	<b>30,173</b>	<b>26,551</b>	<b>26,016</b>

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

## Balance sheet as at 31 August 2017

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
<b>Fixed assets</b>					
Tangible assets	12		30,173		31,163
<b>Current assets</b>					
Stock	13	93		87	
Debtors	14	627		780	
Cash at bank and in hand		<u>2,204</u>		<u>2,678</u>	
		2,924		3,545	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<u>(995)</u>		<u>(1,414)</u>	
		(995)		(1,414)	
<b>Net current assets</b>			<u>1,929</u>		<u>2,131</u>
<b>Net assets excluding pension liability</b>			32,102		33,294
Defined benefit pension scheme liability	25		<u>(5,551)</u>		<u>(7,278)</u>
<b>Total net assets</b>			<u>26,551</u>		<u>26,016</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
• Fixed asset fund	16	30,173		31,163	
• General fund	16	0		27	
• Pension reserve	16	<u>(5,551)</u>		<u>(7,278)</u>	
<b>Total restricted funds</b>			24,622		23,912
<b>Total unrestricted funds</b>	16		1,929		2,104
<b>Total Funds</b>			<u>26,551</u>		<u>26,016</u>

The financial statements on pages 19 to 39 were approved by the trustees, and authorised for issue on 14 December 2017 and signed on their behalf by:



**Professor Carl Lygo**  
Chairman  
Folkestone Academy

**Folkestone Academy****Statement of Cash Flows for the year ended 31 August 2017**

<b>Cash flows from operating activities</b>	<b>Notes</b>	<b>2017 £000</b>	<b>2016 £000</b>
<b>Net cash provided by (used in) operating activities</b>	20	<b>(302)</b>	<b>(301)</b>
Cash flows from investing activities	21	<b>(172)</b>	<b>(206)</b>
<b>Change in cash and cash equivalents in the reporting period</b>	22	<b><u>(474)</u></b>	<b><u>(507)</u></b>
<b>Cash and cash equivalent at 1 September 2016</b>		<b>2,678</b>	<b>3,185</b>
<b>Cash and cash equivalent at 31 August 2017</b>		<b><u>2,204</u></b>	<b><u>2,678</u></b>

**Notes to the Financial Statements for the year ended 31 August 2017**

**1 Statement of Accounting Policies**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

**Basis of preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS102, 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Folkestone Academy Trust meets the definition of a public benefit entity under FRS 102.

**Going Concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Incoming Resources**

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

**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 meeting any performance related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

**Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance related conditions), where the receipt is probable and it can be measured reliably.

**Donations**

Donations are recognised on a receivable basis (where there are no performance related conditions) where the receipt is probable 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 trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust 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



**Statement of Accounting Policies 31 August 2017 (continued)**

which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust policies.

**Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided goods or services.

**Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

**Expenditure on Raising Funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

**Charitable Activities**

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**Tangible fixed assets**

Tangible Fixed 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. 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.

**Statement of Accounting Policies 31 August 2017 (continued)**

**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.

**Financial Instruments**

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 trust are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes.

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 trust 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 quadrennial valuations using a prospective unit credit method. As stated in Note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust 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 credit 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 the costs of the scheme introductions, benefit charges, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the

## **Folkestone Academy**

### **Statement of Accounting Policies 31 August 2017 (continued)**

benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised 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 trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 and Skills Funding Agency/Department for Education.

### **Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **Critical accounting estimates and assumptions**

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### **Agency Arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from Education Skills Funding Agency. Payments received from Education Skills Funding Agency and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2017

### 2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Folkestone Academy was subject to limits at 31 August 2017 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 2017.

3 Donations and capital grants	Unrestricted Funds £000	Restricted Fixed Asset £000	Total 2017 £000	Total 2016 £000
Capital grants	-	73	73	306
Other Donations	51	-	51	94
	<u>51</u>	<u>73</u>	<u>124</u>	<u>400</u>

The income from donations and capital grants in 2016 was £400K of which £94K was unrestricted and £306K was restricted fixed asset funds.

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

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
<b>DfE / ESFA revenue grants</b>				
General Annual Grant (GAG)	-	9,999	9,999	9,682
Other DfE / ESFA grants	-	1,099	1,099	838
	<u>-</u>	<u>11,098</u>	<u>11,098</u>	<u>10,520</u>
<b>Other Government revenue grants</b>				
Local authority grants	-	1,530	1,530	489
	<u>-</u>	<u>1,530</u>	<u>1,530</u>	<u>570</u>
<b>Other incoming from academy trust's educational operations</b>	-	171	171	36
	<u>-</u>	<u>171</u>	<u>171</u>	<u>36</u>
<b>Total</b>	<u>-</u>	<u>12,799</u>	<u>12,799</u>	<u>11,126</u>

The income for academy's educational operations in 2016 was £11,126K of which all was restricted general funds.

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2017 (continued)

<b>5 Other trading activities</b>	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
Hire of facilities	43	-	43	37
Catering income	238	-	238	223
Uniform sales	111	-	111	110
Kindergarten Income	62	-	62	140
Breakfast and Twilight Income	137	-	137	44
Other Income	42	-	42	44
	<u>633</u>	<u>-</u>	<u>633</u>	<u>598</u>

The income of other trading activities in 2016 was £598K all of which was unrestricted.

<b>6 Investment Income</b>	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
Short term deposits	5	-	5	10
	<u>5</u>	<u>-</u>	<u>5</u>	<u>10</u>

Investment income in 2016 was £10K all of which was unrestricted.

<b>7 Expenditure</b>	<b>Staff costs £000</b>	<b>Non pay expenditure</b>		<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
		<b>Premises £000</b>	<b>Other £000</b>		
Expenditure on raising funds					
Academy's educational operations					
• Direct costs	8,847	-	1,021	9,868	8,669
• Allocated support costs	2,413	618	2,536	5,567	4,910
	<u>11,260</u>	<u>618</u>	<u>3,557</u>	<u>15,435</u>	<u>13,579</u>

### Net expenditure for the period includes:

	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
Operating lease rentals	241	244
Depreciation	1,235	1,354
Auditor remuneration	10	13
• Audit		
• Non - audit	1	4

## Folkestone Academy

### Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Included within expenditure are the following transactions

	Total 2017 £	Total 2016 £
Gifts made by the trust	304	-

No individual transaction over £5,000 took place

8

	Total 2017 £000	Total 2016 £000
<b>Direct costs – educational operations</b>	9,868	8,669
<b>Support costs – educational operations</b>	<u>5,567</u>	<u>4,910</u>
	<b>15,435</b>	<b>13,579</b>
<b>Analysis of support costs</b>		
Support staff costs	2,413	1,771
Depreciation	1,235	1,354
Technology costs	102	86
Premises costs	618	554
Other support costs	1,165	1,099
Governance costs	<u>34</u>	<u>45</u>
<b>Total support costs</b>	<b>5,567</b>	<b>4,910</b>

The expenditure on charitable activities was £15,435K (2016 - £13,579K) of which £14,752K (2016 - £12,976K) was restricted funds and £683K (2016 - £603K) was unrestricted general funds.

## 9 Staff

### a. Staff costs

Staff costs during the period were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	8,153	7,386
Social security costs	736	584
Operating costs of defined benefit pension scheme	1,923	1,363
Apprentice Levy	<u>11</u>	<u>-</u>
	<b>10,823</b>	<b>9,333</b>
Supply staff costs	412	362
Staff restructuring costs	<u>25</u>	<u>4</u>
	<b>11,260</b>	<b>9,699</b>

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Staff restructuring costs comprise:

Redundancy payments	6	-
Severance payments	19	4
Other restructure costs	-	-
	<u>25</u>	<u>4</u>

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

Including in staff restructuring costs are five non-statutory/non-contractual severance payments which totalled £24,818 (2016: £4,070 - one payment). Individually the payments were £3,000, £4,250, £4,200, £6,500 and £6,868)

### c. Staff numbers

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

	2017 No	2016 No
Teachers	139	127
Administration and support	140	124
Management	11	12
	<u>290</u>	<u>263</u>

### d. Higher paid staff

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

	2017 No	2016 No
£60,000 - £70,000	2	2
£70,000 - £80,000	1	1
£100,000 - £110,000	0	0
£135,000 - £140,000	1	1
	<u>4</u>	<u>4</u>

### 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 £446,402 (2016: 343,800).

During the year ended 31 August 2017, travel and subsistence expenses totalling £1,668 (2016: £1,033) were reimbursed to the Principal.

No trustee received any remuneration or benefits (2016: nil). The trustees did not receive travel and subsistence expenses for the period (2016: nil)

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

**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 £135,000 - £140,000 (2015: £110,000 - £120,000)

Employer's pension contribution paid £20,000 - £25,000 (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 £000	Furniture and Equipment £000	Computer Hardware £000	Motor Vehicles £000	Total £000
<b>Cost</b>					
At 1 September 2016	35,764	4,132	1,110	51	<b>41,057</b>
Additions	47	77	121	-	<b>245</b>
At 31 August 2017	<b>35,811</b>	<b>4,209</b>	<b>1,231</b>	<b>51</b>	<b>41,302</b>
<b>Depreciation</b>					
At 1 September 2016	5,603	3,354	898	39	<b>9,894</b>
Charged in year	695	413	120	7	<b>1,235</b>
At 31 August 2017	<b>6,298</b>	<b>3,767</b>	<b>1,018</b>	<b>46</b>	<b>11,129</b>
<b>Net book values</b>					
At 31 August 2017	<b>29,513</b>	<b>442</b>	<b>213</b>	<b>5</b>	<b>30,173</b>
At 31 August 2016	30,161	778	212	12	31,163



Notes to the Financial Statements for the year ended 31 August 2017 (continued)

13 Stock

	2017	2016
	£000	£000
Uniform shop stock	89	85
Catering	4	2
	<u>93</u>	<u>87</u>

14 Debtors

	2017	2016
	£000	£000
Trade debtors	49	35
Prepayments and accrued income	423	594
VAT recoverable	142	149
Other debtors	13	2
	<u>627</u>	<u>780</u>

15 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	385	473
Other taxation and social security	189	171
Other creditors	195	462
Accruals and deferred income	226	308
	<u>995</u>	<u>1,414</u>

	2017	2016
	£000	£000
<b>Deferred income</b>		
Deferred Income at 1 September 2016	139	149
Released from previous year	(139)	(153)
Resources deferred in year	116	143
Deferred Income at 31 August 2017	<u>116</u>	<u>139</u>

The accruals and deferred income balance at 31 August 2017 relates to rates relief and universal infant free school meal income which was received in year and related to September 2017 – March 2018.

## Notes to the Financial Statements for the year ended 31 August 2017 (continued)

## 16 Funds

	Balance at 1 September	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August
	2016 £000	£000	£000	£000	2017 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	10,432	(10,441)	9	-
Pupil Premium	-	666	(666)	-	-
Other government grants	27	1,530	(1,557)	-	-
Other grants	-	171	(171)	-	-
Pension reserve	(7,278)	-	(682)	2,409	(5,551)
	<b>(7,251)</b>	<b>12,799</b>	<b>(13,517)</b>	<b>2,418</b>	<b>(5,551)</b>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	21,519	36	(1,206)	172	20,521
Capital expenditure from GAG	1,702	-	-	-	1,702
Private sector capital	1,983	-	(29)	-	1,954
Kent County Council	5,650	-	-	-	5,650
Other Government Grant	309	37	-	-	346
	<b>31,163</b>	<b>73</b>	<b>(1,235)</b>	<b>172</b>	<b>30,173</b>
<b>Total restricted funds</b>	<b>23,912</b>	<b>12,872</b>	<b>(14,752)</b>	<b>2,590</b>	<b>24,622</b>
	2,104	689	(683)	(181)	1,929
<b>Total unrestricted funds</b>	<b>2,104</b>	<b>689</b>	<b>(683)</b>	<b>(181)</b>	<b>1,929</b>
<b>Total funds</b>	<b>26,016</b>	<b>13,561</b>	<b>(15,435)</b>	<b>2,409</b>	<b>26,551</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 £172K from Unrestricted funds to capital related to capital expenditure during the year not covered by the £73K capital income received.

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2017 (continued)

### 17 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total 2017
	£000	£000	£000	£000
Tangible fixed assets	-	-	30,173	30,173
Current assets	1,929	995	-	2,924
Current liabilities	-	(995)	-	(995)
Pension scheme liability	-	(5,551)	-	(5,551)
<b>Total net assets</b>	<b>1,929</b>	<b>(5,551)</b>	<b>30,173</b>	<b>26,551</b>

### 18 Capital commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	-	-

### 19 Commitments under operating lease

#### Operating leases

At 31 August 2017, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Amounts due within one year	235	224
Amounts due between one and five years	725	800
Amounts due after five years	-	-
	<b>960</b>	<b>1,024</b>

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

# Folkestone Academy

## Notes to the Financial Statements for the year ended 31 August 2017 (continued)

	2017	2016
	£000	£000
<b>20 Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>		
Net Income	(1,875)	(1,445)
Depreciation (note 12)	1,235	1,354
Capital grants from DfE and other capital income	(73)	(306)
Interest receivable (note 6)	(5)	(10)
Defined benefit pension scheme cost less contributions payable (note 25)	682	261
(Increase)/Decrease in stocks	(5)	15
(Increase)/Decrease in debtors	153	(336)
Increase/(Decrease) in creditors	(419)	156
Interest received	5	10
<b>Net cash (used in) operating activities</b>	<b>(302)</b>	<b>(301)</b>
<b>21 Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(245)	(512)
Capital grants from DfE/EFSA	36	35
Capital grants from Kent County Council	37	271
Proceeds from sale of tangible fixed assets	-	-
<b>Net cash used in investing activities</b>	<b>(172)</b>	<b>(206)</b>
<b>22 Analysis of cash and cash equivalents</b>	<b>At 31</b>	<b>At 31</b>
	<b>August</b>	<b>August</b>
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Cash in hand and at bank	2,204	2,678
	<b>2,204</b>	<b>2,678</b>

## 23 Contingent Liabilities

The Academy had no contingent liabilities at 31 August 2017.

## 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 2017 (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 2016.

Contributions amounting to £147,597 (2016: £134,705) were payable to the schemes at 31 August 2017 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**

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 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, 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 £1,205,098 (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 2017 (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 2017 was £577,605 (2016: 507,669), of which employer's contributions totalled £446,380, (2016: £387,615) and employees' contributions totalled £131,224 (2016: £120,054), in 2016 there were an additional £65,000 employer lump sum contribution payments made. 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	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	4.2%	4.10%
Rate of increase for pensions in payment / inflation	2.7%	2.30%
Discount rate for scheme liabilities	2.6%	2.20%
Inflation assumption (CPI)	0.90%	0.90%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	23	22.9
Females	25.1	25.3
<i>Retiring in 20 years</i>		
Males	25.2	25.2
Females	27.4	27.7

Sensitivity Analysis	At 31 August 2017 £'000	At 31 August 2016 £'000
Discount rate +0.1%	11,176	12,007
Discount rate -0.1%	11,749	12,651
Mortality assumption – 1 year increase	11,841	12,648
Mortality assumption – 1 year decrease	11,089	12,010
CPI rate +0.1%	11,501	12,380
CPI rate -0.1%	11,417	12,270

**Folkestone Academy**

**Notes to the Financial Statements for the year ended 31 August 2017 (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 2017 £000	Fair value at 31 August 2016 £000
Equities	4,160	3,416
Gilts	41	45
Bonds	569	539
Property	725	707
Cash	187	121
Target Return Portfolio	226	219
<b>Total market value of assets</b>	<b>5,908</b>	<b>5,047</b>

The actual return on scheme assets was £671,000 (2016: £600,000)

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

	2017 £000	2016 £000
Current service cost (net of employee contributions)	523	119
Interest cost	156	139
Interest on assets	3	3
<b>Total operating charge</b>	<b>682</b>	<b>261</b>

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

	2017 £000	2016 £000
<b>At 1 September</b>	<b>12,325</b>	<b>7,708</b>
Current service cost	966	569
Interest cost	272	308
Employee contributions	130	120
Change in financial assumptions	(292)	3,733
Change in demographic assumptions	(73)	-
Benefits paid	(86)	(113)
Experience gain on defined benefit obligations	(1,783)	-
<b>At 31 August</b>	<b>11,459</b>	<b>12,325</b>

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2017 £000	2016 £000
<b>At 1 September</b>	<b>5,047</b>	<b>3,993</b>
Interest Income	116	169
Return on assets less interest	755	431
Other actuarial losses	(494)	-
Administration expenses	(3)	(3)
Employer contributions	443	450
Employee contributions	130	120
Benefits paid	(86)	(113)
<b>At 31 August</b>	<b>5,908</b>	<b>5,047</b>

	2017 £000	2016 £000
<b>Pension deficit at 31 August</b>		
Total market value of assets	5,908	5,047
Present value of defined benefit obligations	(11,459)	(12,325)
<b>Pension scheme liability</b>	<b>(5,551)</b>	<b>(7,278)</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 (resigned 28<sup>th</sup> April 2017) 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 is committed into a 5 year lease of the Glassworks building. The building is leased from the Creative Foundation for rent of £200,000 per year (£200,000 - 2016). 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.



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**Notes to the Financial Statements for the year ended 31 August 2017 (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 (2016 - £15,000) 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.

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

During the year the academy received donations which amounted to £18,474 (2016 - £52,025) to support the academies educational activities. There was an outstanding debtor at year end amounting to £2,200 (2016 - £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 received educational services from the trust for which £19,871 (2016 - £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. Income was received by the academy to the value of £18,000 (2016 - £19,250) 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 paid a sports facilities booking fee of £12,027 during the year (2016 - £150). The transaction was carried out on an arms-length basis.

Turner Schools is a related party as Dr C Lygo serves on the board of trustees of both Folkestone Academy (Chairman) and Turner Schools, and Dr J Cox is in a senior management position in both entities. During the period ended 31 August 2017 a charge of £1,193 (2016 – nil) was made by Folkestone Academy to Turner Schools for a recharge of salary costs incurred. This is included in trade debtors at the period end date.

**26 Events after the end of the reporting period**

On 1 December 2017 the academy became a part of Turner Schools, a Multi Academy Trust. All of the assets and liabilities of the academy were donated to Turner Schools as at that date. The activities of the academy have continued uninterrupted.

**27 Agency arrangements - Sixth Form Bursary**

The academy trust administers the disbursements of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the Education Skills Funding Agency. In the year, it received £41,013 (2016: £35,092) and disbursed £92,424, (2016: £48,313). An amount of £17,791 (2016: £69,202) payable by the Academy at the 31 August 2017 is included in other creditors. The academy retained a beneficial interest in individual transactions.