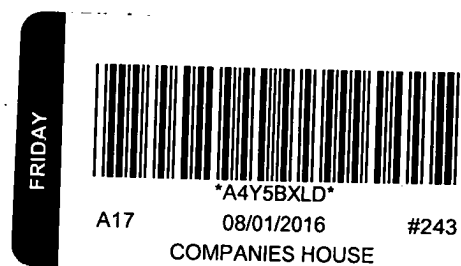


FOLKESTONE ACADEMY
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 August 2015

Company Registration Number: 05115594 (England and Wales)



Folkestone Academy

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Folkestone Academy

Reference and Administrative Details

Member	Sir Roger De Haan
Governors (Trustees)	Sir Roger De Haan (Chairman) Andrew Armitage (Resigned 31 December 2014) Graham Badman (Resigned 9 October 2015) Gary Cottle** Gary Edwards* Richard Fraser* Rosalind McCarthy Trevor Minter Carl Parsons Michael Pearce Timothy Reid Peter Roberts Mark Taylor* Louise Warburton (Appointed 1 September 2014) Keith McLay (Appointed 9 July 2015) *members of the Finance and General Purposes/Audit Committee **member of the Audit Committee
Company Secretary	Frances Sharp
Senior Leaders	
Headteacher (Secondary)	Warren Smith
Executive Principal (Primary)	Helen Tait
Head of School (Primary)	Louise Lythgoe
Vice Principal (Secondary)	Val Reddecliffe
Vice Principal (Secondary)	Simon Newman
Vice Principal (Secondary)	Emma Newman
Principal and Registered Office	The Folkestone Academy Academy Lane Folkestone, Kent, CT19 5FP
Company Registration Number	05115594 (England and Wales)
Auditor	RSM UK Audit LLP 25 Farringdon Street London, EC4A 4AB
Banker	Barclays Bank Plc 2nd Floor, 30 Tower View Kings Hill, West Malling, Kent, ME19 4UY
Solicitors	Withers LLP 16 Old Bailey London, EC4M 7EG

Folkestone Academy

Governors' Report 31 August 2015

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2015. The annual report serves the purposes of both a Governors' report and a Directors' report under company law.

Structure, Governance and Management

Constitution

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

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

Details of the Governors who served 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.

Principal Activities

The Folkestone Academy aims to provide fully inclusive education to students of all abilities between the ages of 3 and 19.

Method of recruitment and appointment or election of governors

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

Policies and procedures adopted for the induction and training of governors

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

Although no formal training programme exists for the Governors within the Academy. Governors are encouraged to participate in training programmes, either through their principal employer or participation in appropriate and relevant training courses arranged by the Academy. From time to time, the Academy arranges technical updates on topical matters for Governors.

Organisational Structure

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

The Governors meet on a regular basis and fulfil a largely strategic role in the running of the Academy with detailed decision making being delegated to committees and the leadership teams. The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the strategic direction of the Academy, capital expenditure and the most senior staff appointments in consultation with the Principals.

Folkestone Academy

Governors' Report 31 August 2015 (continued)

Organisational Structure (continued)

The Leadership Team at the Primary and Secondary Academies are led by a Headteacher and Executive Principal respectively at each site. 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 Governors and reporting back to them on progress. The level at which spending can be approved and decisions can be made is set out in the Academy's financial regulations and scheme of delegation. The Secondary Head Teacher has the role of Accounting Officer.

Connected organisations, including related party relationships

The Academy shares a sponsor, a chair of Governors and a number of other Governors with the Marlowe Academy in Ramsgate.

The two Academies also operated an Academy Business Services structure for the management and delivery of its non-curriculum services, which delivered cost savings and efficiencies. This arrangement ended in August 2015.

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

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

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

The Friends of the Folkestone and Marlowe Academies (FFMA) is a separate legal entity and charity of which the Academy is a beneficiary. It shares a number of Trustees/Governors with the Folkestone All Age Academy. The Academy provides limited clerical and secretarial support.

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

Objectives and Activities

The principle objectives of the Academy are as follows:

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

Public benefit statement

The primary purpose of the Folkestone Academy is the provision of education within the East Folkestone area. To this end, it runs an All Age Academy aspiring towards the highest possible standards for approximately 1,900 students aged 3 - 19.

The transfer from Primary to Secondary education phases of the Academy will become a natural progression for the majority of students and will contribute to the community ethos upheld by the Academy and underpinned by its Admissions Policy.

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

- The Folkestone Academy hosted Planet Folkestone's annual Comic Con. Over 3000 people attended the Sci-Fi and Comic event.
- Eight House Charity Days at the Folkestone Academy generated over £5000, donating money to local charities, including Folkestone Rainbow Centre, Folkestone's Cancer Research branch, Demelza Hospice in Medway and Porchlight in Canterbury.
- The Folkestone Academy hosted a Folkestone Book Festival event with children's author Michael Rosen. Over 800 pupils from primary schools attended.
- The Primary Academy worked with a local church to create a Prayer Walk open to pupils and parents.
- The Folkestone Academy worked together with the Folkestone Soroptimists to hold a charity fashion show to raise money for the Folkestone Rainbow Centre.
- Local council and community police meetings have been held at the Academy.
- A local scheme to provide brass tuition to young people has been sponsored by the Academy. The specialist facilities at the Academy are used for youth football and dance workshops during holiday periods.
- The Folkestone Academy organised a number of enrichment days for local primary school children including a Maths Challenge, Tag Rugby competitions and Wheelchair sporting workshops.
- A Folkestone All Age Academy dads football session is held weekly to engage hard to reach parents.
- The Senior Academy opens its vocational hair and beauty salon and training restaurant to the public on a weekly basis.
- The Folkestone Academy Dance department organised a sell-out 'Breaking Waves' dance showcase at the Tower Theatre with primary and secondary schools taking part from Shepway and surrounding towns.
- The All Age Academy continues to work with 105.9 Academy FM, a community radio station which broadcasts across Folkestone. Based inside the Folkestone Academy, students have regular slots during the academic year and volunteer for a variety of events.
- Work continues with the Shepway Volunteer Centre with their Memory Maker Scheme. The project sees students working with dementia sufferers to produce a scrapbook to record their memories.
- Partnerships are being built between the Glassworks Sixth Form Centre, The Creative Foundation and other local businesses for students to build up a portfolio of valuable work experience and contacts.
- Folkestone Academy provides hot meals for the local pupil referral unit, Goldwyn Brook which doesn't have its own in house catering facilities.

Folkestone Academy

Governors' Report 31 August 2015 (continued)

Public benefit statement (continued)

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

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

Equal opportunities policy

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

Disabled persons

Lifts, ramps and disabled access toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. We also have a disabled-access minibus and a portable ramp to the staging.

The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

The Emergency Evacuation Procedures include locating those students who are unable to evacuate themselves, ensuring that they are safe and preparing to assist them to evacuate.

Evac-chairs are available for these students and staff. Members of staff have been trained in their use. One member of staff has now attended an Evac-chair 'Train the Trainer' course and this training can now take place in-house. PEEPS (Personal Emergency Evacuation Plans) are prepared for each student by the Head of House/Guidance & Care Manager in conjunction with the parent/carer.

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

Strategic Report

Going concern

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

Achievements and performance

Primary Academy Results and Progress

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

85% children left the Early Years Foundation Stage at a 'Good' level of development which far outperformed local and National figures (73.1% and 66% respectively).

Governors' Report 31 August 2015 (continued)

Achievements and performance (continued)

At the end of Key Stage 2 performance in Level 4+ Reading was a significant strength. Level 4+ in Writing, Maths and Science were also above local and national figures.

Secondary Academy Results and Progress

There was a total of 231 students in this year's Year 11. From the 2014 Raise Online profile, 45% of this year group were disadvantaged, and 53% of them had a designated Special Educational Need.

In English, expected progress is down from 71% to 65% which although disappointing, matches or exceeds national averages at most entry points. In Maths, expected progress is up from 52% to 58% and again matches or exceeds national averages at most entry points.

The A Level pass rate fell to 99% from 100% in 2015, due to one student failing A Level Chemistry. The A Level A*-C pass rate improved from 66% in 2014 to 68% in 2015. This percentage has been higher but with smaller numbers of A Level entries.

The BTEC pass rate improved to 100% again. BTECs account for around three-quarters of all entries and provide a successful route into higher education for many. The strong pass rate, and in particular the high percentage achieving Distinction* and Distinction grades is a testament to the organisation and rigour of the teaching staff.

The AS Level Pass Rate improved from 80% to 84%, the second highest recorded with many more entries than 2009. This demonstrates that in the main the difficult task of matching students to appropriate courses was done well. The numbers going to university exceed 50 for the first time.

Academy Roll

The Secondary Academy January Census had 1,632 on roll which was an increase on the previous year.

The Secondary Academy again had a very successful Open Evening for the September 2015 intake, with over 1,000 attendees. Of 270 available places in the new Year 7, the admissions process allocated 270, although at time of writing (September 2015), 265 have taken those places.

The number of children on roll in the Kindergarten is currently 56: a maximum number of 30 children attend each morning and afternoon session. The Primary Academy is full with 420 children on roll.

Curriculum

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

Primary - The new National Curriculum is being taught across Years 1 – 6; skills progression and subject knowledge have been mapped clearly across all Key Stages.

The teaching of writing across the school improved as a result of our two year Talk 4 Writing training and in the most part is strong. In 2014/15 years 2 and 6 were assessed against the old National Curriculum: standards in relation to this benchmark were above those expected Nationally.

Governors' Report 31 August 2015 (continued)

Behaviour

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

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

The number of fixed term exclusions halved in 2014 but increased again in 2015. Climate for learning in the Secondary Academy is excellent. There was one permanent exclusion in 2014/15.

Behaviour was deemed strong, both inside and outside of the classroom during our Standards Adviser visit in mid-November 2014. Children are focused and their appetite for learning new knowledge and skills is strong.

Assessment and Guidance

As schools adjust to 'assessment without levels' and the new GCSE scoring system (9-1 instead of A*-G) we have created our own Steps to Success assessment system. Each subject has a clearly identified progress route, based around age-related expectations. The work of all pupils is 'weighed' three times a year against these criteria, giving a clear 'working-at' grade, and assuming linear progress, producing an accurate anticipated grade for the end of the course.

The Steps to Success criteria have been made available on-line for parents to view. This powerful tool will give parents an accurate diagnostic of what their children can do, and what they cannot which informs intervention. The Secondary Academy produces three reports which are sent home each year, organises one subject consultation organised for each year group and holds three Community Academic Review Days organised to encourage parents to engage in their child's learning.

The principles of assessment are secure; our staff know how to identify what children know, understand and can do in order to plan and deliver what needs to be taught. What is very time consuming at the moment is setting up systems to track standards and progress, in the time beyond national curriculum levels.

Quality Assurance and Staff Development

The process to generate and evidence Good and better teaching is similar to previous years, with a few additional support mechanisms:

- Quality of Teaching team, comprising a Vice Principal, an Assistant Principal, and Acting Assistant Principal and two other outstanding teachers analyse observation data and intervene with a bespoke 6-week intervention plan. They also support referrals from Heads of Faculty.
- The Developing New Teachers programme continues this year under the guidance of an Assistant Principal. This weekly programme focuses on all aspects of pedagogy and was very successful in new teachers demonstrating good teaching last year. All NQTs, SDs, TFs and OTTs attend this programme and they are also supported by subject mentors.
- Faculty WithYou, our internal evaluation process happens three times a year in terms 1, 3 and 5, and continues to validate the quality of teaching within faculties. It forms a key part of the internal accountability process and was adapted over the past year to become more collaborative and less 'top-down.'
- An extensive programme of CPD takes place each Wednesday afternoon. This becomes further differentiated as we identify specific areas of need.
- Friday morning staff briefing continues as a showcase for the best practice across the Academy.
- Work is regularly scrutinised as part of Faculty WithYou, Strategic Leadership Team meetings and line management meetings.

Primary - At the end of the 2014/15 academic year the profile of teaching across the school was strong, with 96.1% teachers (all but one) graded as consistently Good or better, and 38.4% evidencing Outstanding practice.

There is strong evidence of the impact of Continuing Professional Development, for example in the significant improvements in Spelling, Punctuation and Grammar standards as a result of the two year Pie Corbett 'Talk 4 Writing' project and teaching staff CPD. Weekly staff meeting time and leadership meetings focus on areas of

Quality Assurance and Staff Development (continued)

whole school improvement, and individual development opportunities are identified through the Appraisal process and consultation with staff.

The challenge this year is to ensure that all teaching across the school is Good or better by the end of Term 2. We have a relatively inexperienced teaching team, 58% of whom have taught for 2 years or less, with 9 of the 22 (41%) current class teachers in their NQT year. NQTs are being mentored by Senior and Middle Leaders, overseen by the Vice Principal.

Learning and Teaching

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

The report highlighted some particular strengths, including:

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

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

Primary - Strategies to improve the quality of teaching, so that 100% teachers are Good or better by the end of Term 2, and 50% are Outstanding by the end of Term 4:

- Step Leaders working in a 'close and personal' way with teachers across their Step.
- Assistant Step Leaders monitor the curriculum in each year group to ensure appropriate pitch and challenge, continuity and progression.
- Clear monitoring timetable of activities in place, with feedback given to teachers to help them improve their classroom practiced progression.
- Newly appointed Senior (Step) Leaders undertaking joint lesson observations and monitoring activities with more experienced School Leaders (Principals) to ensure accurate judgements.
- Rigorous monitoring and tracking of progress and attainment outcomes for each child ensures appropriate intervention and the tackling of low literacy and numeracy levels.

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

Governors' Report 31 August 2015 (continued)

Financial Review

During the year, the Academy made 38 redundancies to both the education support and support areas of the staff structure. These redundancies were to support the long term financial viability of the Academy following the 2.48% increase in teacher pension costs and the legal requirement to adhere to the national teachers' pay policy without having the equivalent government funding increases.

This was a difficult, but essential decision for the Academy to make, which will result in the Academy needing to submit a deficit budget for the following three years before a surplus budget can be submitted. A student recruitment drive which targets the spare capacity within the Sixth Form is forecast to boost the Academy's income and mitigate against the effect of current and future funding cuts. Due to the cost of making redundancies and to the EFA not fully funding the Academy for its student estimates, there has been a deficit financial result for the year of £291,000 before depreciation, capital receipts and pension adjustments.

During the year, total reserves decreased by £2,120,000 (2014: £1,844,000). Of this reduction, £481,000 comprises an increase in the pension deficit and £1,395,000 relates to fixed asset depreciation.

Fixed assets are included in the balance sheet at £32 million and this amount principally comprises the expenditure incurred for the construction of the Primary and Secondary buildings and their related fixtures, fittings and equipment.

Reserves policy

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

The reserves as at 31 August 2015 amounted to £30.8 million of which £28.4 million comprised primarily restricted funds. The Academy's free reserves amounted to £2.38 million (2014: £2.41 million).

The Academy had a pension scheme liability of £3,715,000 as at 31 August 2015. The liability is included in restricted reserves and the Academy will have to meet any long term liability out of restricted reserves. A liability for this amount does not crystallise in the short term.

Investment policy

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

Principal Risks and Uncertainties

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

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

- the effect of changes to future funding methodologies, both specific to sponsored academies and general reductions in educational budgets.
- the effect of change to the GCSE grading and reporting structures and their impact on pupil numbers and attainment.
- the ability to recruit and retain outstanding quality teaching staff in core subject areas.
- the suitability, safety and effectiveness of the Primary new build and its ability to sustain an educational provision put in place by the Academy Leadership.

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.

Folkestone Academy

Governors' Report 31 August 2015 (continued)

Principal Risks and Uncertainties (continued)

- The Academy manages its good to outstanding teachers via a leadership development program and core subject retention scheme, with the aim of strengthen our internal succession plans and quality of teaching.
- As referred to earlier in this report the Academy will continue to monitor closely progress towards achieving its planned educational outcomes.

Plans for future periods

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

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

The aim is to achieve 93% overall attendance.

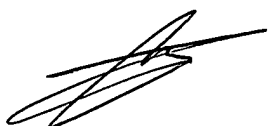
Auditor

In so far as the Governors are aware:

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

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

Governors' report, incorporating a strategic report, approval by order of the board of Governors, as the Company directors, on 7 December 2015 and signed on the boards behalf by:



Trevor Minter
Trustee

Folkestone Academy

Governance Statement 31 August 2015

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Secondary Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Folkestone Academy and the Secretary of State for Education. He is also responsible for reporting to the Governing body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings Attended	Out a possible
Sir Roger De Haan (Chairman)	3	3
Andy Armitage	2	3
Graham Badman	0	3
Gary Cottle	1	3
Gary Edwards (Appointed 1st September 2013)	2	3
Richard Fraser	3	3
Rosalind McCarthy	3	3
Trevor Minter	3	3
Carl Parsons	3	3
Michael Pearce	3	3
Timothy Reid	1	3
Peter Roberts	3	3
Mark Taylor	3	3
Louise Warburton	3	3

The Folkestone Academy Governing Body has completed a self-evaluation review for the academic year 2014/15.

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

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

Folkestone Academy

Governance Statement 31 August 2015 (continued)

Governor	Meetings Attended	Out of a possible
Gary Edwards	3	4
Richard Fraser	4	4
Mark Taylor	4	4

The Audit Committee is also a sub-committee of the main Governor Body. Its purpose is to advise the Academy Board on results of audit, risk management and other compliance issues. Attendance at the meetings in the year was as follows:

Governor	Meetings Attended	Out a possible
Gary Cottle	0	1
Gary Edwards	0	1
Richard Fraser	1	1
Mark Taylor	1	1

Review of Value for Money

As accounting officer the Secondary Head Teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Robust governance and oversight of Academy finances. The Academy has a Finance and General Purposes Committee and an Audit Committee. The Audit Committee has the responsibility of providing assurance over the suitability of, and compliance with, financial systems and controls.
- Ensuring that the Academy gains good value for money, and effective and efficient use of resources. The Academy takes a prudent approach to expenditure. With a significant percentage of the Academy budget spent on staffing, staffing structures are reviewed annually to ensure that they are fit for purpose and can adapt and respond to support the successful attainment of the objectives within the Academy development plan.
- A documented scheme of delegation ensures that contracts and services are regularly appraised and renegotiated when appropriate to ensure value for money. Individual budget holders are held accountable for the use of their budgets.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Folkestone Academy for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

Governance Statement 31 August 2015 (continued)

The Risk and Control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and General Purposes Committee of reports which show financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- reviews by the Audit Committee of internal and external reports on areas of audit, systems effectiveness, risk management and other compliance issues.
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body considered the need for a specific internal audit function at the start of 14/15 and decided not to appoint an internal reviewer. Under the direction and supervision of a Trustee (also a member of the Finance & GP Committee) the Kings Academy Bursar visited the Academy once in relation to the year ended 31 August 2015 to perform a range of checks on the Academy's financial systems. In conjunction with a Trustee, he reported back to the Audit Committee on the results of the tests completed. These tests were in accordance with those outlined in the Academies Financial Handbook 2015.

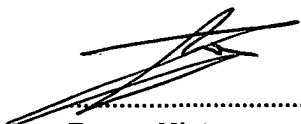
Review of effectiveness

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

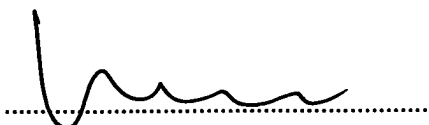
- the work of the internal reviewer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 7 December 2015 and signed on its behalf by:



Trevor Minter
Trustee



Warren Smith
Accounting Officer

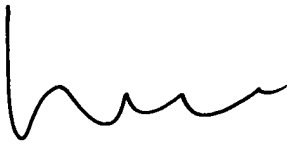
Folkestone Academy

Statement on Regularity, Proprietary and Compliance

As interim accounting officer of Folkestone Academy, appointed 15 December 2014, I have taken assurances from the Academy's governing body who were present throughout the year ended 31 August 2015 and considered my responsibility to notify the Academy governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Warren Smith
Accounting Officer

Date: 7 | 12 | 15

Statement on Governors' Responsibilities

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

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

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

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

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

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. 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 Governing Body on 7 December 2015 and signed on its behalf by:



Trevor Minter
Trustee

Independent Auditors' Report to the members of Folkestone Academy

Year ended 31 August 2015

We have audited the financial statements of Folkestone Academy for the year ended 31 August 2015 on pages 20 to 41. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 17, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

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

Folkestone Academy

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

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP

NICHOLAS SLADDEN (Senior Statutory Auditor)

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

Date: *21 December 2015*

Folkestone Academy

Statement of Financial Activities for the Year to 31 August 2015

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


		Unrestricted	Restricted	Restricted	Total	Total
		Funds	General	Fixed Asset	2015	2014
Notes		£000	Funds	Funds	£000	£000
			£000	£000		
Incoming resources						
<i>Incoming resources from general funds</i>						
• Voluntary income	3	26	-	-	26	38
• Activities for generating funds	4	601	-	-	601	575
• Investment income	5	7	-	-	7	4
<i>Incoming resources from charitable activities:</i>						
• Funding for the Academy's educational operations	6	-	11,590	48	11,638	11,817
• Other incoming resources		-	-	-	-	823
Total incoming resources		634	11,590	48	12,272	13,257
Resources expended						
<i>Charitable activities</i>						
• Academy educational operations	8	560	12,254	1,395	14,209	13,909
<i>Governance costs</i>	9	-	53	-	53	52
<i>Other expenditure</i>		-	-	-	-	215
Total resources expended	7	560	12,307	1,395	14,262	14,176
Net incoming (outgoing) resources before transfers		74	(717)	(1,347)	(1,990)	(919)
Gross transfer between funds	17	(113)	-	113	-	-
Net (expenditure)		(39)	(717)	(1,234)	(1,990)	(919)
Other recognised gains and losses						
Actuarial losses on defined benefit pension scheme	17, 27	-	(130)	-	(130)	(925)
Net movement in funds		(39)	(847)	(1,234)	(2,120)	(1,844)
Reconciliation of funds						
Total funds brought forward at 1 September	17	2,412	(2,768)	33,239	32,883	34,727
Total funds carried forward at 31 August		2,373	(3,615)	32,005	30,763	32,883

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

Balance sheet as at 31 August 2015

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
Fixed assets					
Tangible assets	13		32,005		33,239
Current assets					
Stock	14	102		89	
Debtors	15	431		514	
Amounts due in respect of sale of land		-		5,073	
Cash at bank and in hand		<u>3,185</u>		<u>680</u>	
		3,718		6,356	
Liabilities					
Bridging loan	16	-		(2,123)	
Creditors: Amounts falling due within one year	16	<u>(1,245)</u>		<u>(1,355)</u>	
		(1,245)		(3,478)	
Net current assets			<u>2,473</u>		<u>2,878</u>
Net assets excluding pension liability			34,478		36,117
Pension scheme liability	27		<u>(3,715)</u>		<u>(3,234)</u>
Net assets including pension liability			<u>30,763</u>		<u>32,883</u>
Funds of the academy:					
Restricted funds					
• Fixed asset fund	17		32,005		33,239
• General fund	17		100		466
• Pension reserve	17		<u>(3,715)</u>		<u>(3,234)</u>
Total restricted funds			28,390		30,471
Unrestricted funds					
• General fund	17		<u>2,373</u>		<u>2,412</u>
Total unrestricted funds			2,373		2,412
Total Funds			<u>30,763</u>		<u>32,883</u>

The financial statements on pages 20 to 41 were approved by the Governors, and authorised for issue on 7 December 2015 and signed on their behalf by:



Trevor Minter
Trustee
Folkestone Academy

Folkestone Academy

Cash Flow Statement for the year ended 31 August 2015

	Notes	2015 £000	2014 £000
Net cash (outflow) from operating activities	21	(338)	(202)
Returns on investments and servicing of finance	22	7	4
Capital expenditure	23	2,836	(1,870)
		<hr/>	<hr/>
Increase/(Decrease) in cash in the year	24	2,505	(2,068)
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September		680	2,748
		<hr/>	<hr/>
Net funds at 31 August		3,185	680

Notes to the Financial Statements for the year ended 31 August 2015

1 Statement of Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies' Accounts Direction 2014/15 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

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

Incoming Resources

Grants receivable

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

Sponsorship Income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

Donations

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy policies.

Other Income

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

Resources expended

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

Costs of generating funds

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

Folkestone Academy

Statement of Accounting Policies 31 August 2015 (continued)

Resources expended (continued)

Charitable activities

These are costs incurred on the Academy's education operations.

Governance costs

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

Tangible fixed assets

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

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

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

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

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

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

Leased Assets

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

Stock

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

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension Benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes and the assets are held separately from those of the Academy.

Pension Benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Fund accounting

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

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

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

16-19 Bursary Funds - Agency arrangements

The Academy acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy does not have a beneficial interest in the individual transactions. Where amounts have not been fully applied in the year they will be carried forward to the following year.

Notes to the Financial Statements for the year ended 31 August 2015

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Folkestone Academy was subject to limits at 31 August 2015 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 2015.

3 Voluntary Income	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Roger De Haan Charitable Trust (RDHCT)	-	-	-	6
Primary Academy PTFA	2	-	2	4
Bridge Language Centre	-	-	-	5
Gifts in Kind - (RDHCT)	21	-	21	21
R Cruickshanks Foundation	1	-	1	1
Other Donations	2	-	2	1
	26	-	26	38
4 Activities for Generating Funds	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Hire of Facilities	42	-	42	38
Catering Income	210	-	210	172
Uniform sales	100	-	100	86
Other Income	51	-	51	95
Kindergarten Income	153	-	153	157
Breakfast and Twilight Club Income	45	-	45	27
	601	-	601	575

Folkestone Academy

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

5	Investment Income	Unrestricted Funds £000	Restricted Funds £000	Total/ 2015 £000	Total/ 2014 £000
	Bank Interest	<u>7</u>	<u>-</u>	<u>7</u>	<u>4</u>
		<u>7</u>	<u>-</u>	<u>7</u>	<u>4</u>
6	Funding for Academy's educational operations	Unrestricted Funds £000	Restricted Funds £000	Total/ 2015 £000	Total/ 2014 £000
	DfE / EFA capital grant				
	Devolved Formula Capital allocations	-	48	48	35
	UIFSM EFA funding	<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>
		<u>-</u>	<u>48</u>	<u>48</u>	<u>48</u>
	DfE / EFA revenue grant				
	General Annual Grant (GAG) (note 2)	-	10,072	10,072	10,923
	Other DfE / EFA grants	<u>-</u>	<u>1,083</u>	<u>1,083</u>	<u>658</u>
		<u>-</u>	<u>11,155</u>	<u>11,155</u>	<u>11,581</u>
	Other Government capital grants				
	Kent County Council Capital grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
	Other Government revenue grants				
	Kent County Council grants	-	397	397	124
	Special educational projects	-	22	22	27
	Other grants	<u>-</u>	<u>16</u>	<u>16</u>	<u>10</u>
		<u>-</u>	<u>435</u>	<u>435</u>	<u>161</u>
	Other incoming resources				
	Gain on disposal of land	<u>-</u>	<u>-</u>	<u>-</u>	<u>823</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>823</u>
	Total	<u>-</u>	<u>11,638</u>	<u>11,638</u>	<u>12,640</u>

Folkestone Academy

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

7 Resources Expended

	Staff costs	Non pay expenditure		Total	Total
		Premises	Other costs	2015	2014
	£000	£000	£000	£000	£000
Academy's educational operations					
• Direct costs	8,032	-	815	8,847	8,457
• Allocated support costs	2,111	1,033	2,218	5,362	5,452
	<u>10,143</u>	<u>1,033</u>	<u>3,033</u>	<u>14,209</u>	<u>13,909</u>
Governance costs including allocated support costs	19	-	34	53	52
Other expenditure	-	-	-	-	215
	<u>10,162</u>	<u>1,033</u>	<u>3,067</u>	<u>14,262</u>	<u>14,176</u>

Outgoing resources for the year include:

		Total	Total
		2015	2014
		£000	£000
Operating lease rentals		243	234
Auditor remunerations	• Audit	13	14
	• Non - audit	6	6

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

8 Charitable Activities - Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Direct costs				
Teaching & educational support staff	104	7,928	8,032	7,643
Educational supplies	2	303	305	321
Examination fees	-	148	148	146
Staff development	-	59	59	57
Educational consultancy	-	-	-	31
Other direct costs	-	303	303	259
	<u>106</u>	<u>8,741</u>	<u>8,847</u>	<u>8,457</u>
Allocated support costs				
Support staff costs	78	2,033	2,111	2,151
Depreciation	-	1,395	1,395	1,365
Pupil recruitment and support	-	34	34	12
Maintenance of premises / equipment	1	163	164	272
Rental of premises	-	204	204	221
Cleaning	-	43	43	40
Rates	-	113	113	114
Insurance	-	209	209	203
Utilities	-	300	300	311
Catering	274	67	341	301
Technology costs	-	93	93	90
Uniform costs	101	4	105	91
Personnel costs	-	89	89	56
Other support costs	-	161	161	225
	<u>454</u>	<u>4,908</u>	<u>5,362</u>	<u>5,452</u>
Total	<u>560</u>	<u>13,649</u>	<u>14,209</u>	<u>13,909</u>

9	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Governance costs				
Legal and professional fees	-	15	15	12
Auditor remuneration				
• Audit of financial statements	-	13	13	14
• Other audit costs	-	6	6	6
Support costs	-	19	19	20
	<u>-</u>	<u>53</u>	<u>53</u>	<u>52</u>

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

10 Staff costs

Staff costs during the year were:	Total 2015 £000	Total 2014 £000
Wages and salaries	7,809	7,684
Social security costs	563	545
Other pension costs	<u>1,541</u>	<u>1,293</u>
	9,913	9,522
Supply teachers costs	245	279
Staff restructuring costs	<u>4</u>	<u>12</u>
	<u>10,162</u>	<u>9,813</u>

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

	2015 No	2014 No
Charitable Activities		
Teachers	131	132
Academic support	70	66
Administration and support	80	83
Management	<u>12</u>	<u>9</u>
	<u>293</u>	<u>290</u>

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

	2015 No	2014 No
£60,000 - £70,000	16	3
£70,000 - £80,000	3	3
£80,000 - £90,000	1	-
£90,000 - £100,000	1	1
£100,000 - £110,000	1	-
£130,000 - £140,000	2	1

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

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

11 Related Party Transactions – Trustees' remuneration

The Headteacher (Secondary) received remuneration in respect of services he provided as follows:

Warren Smith: £130,001 - £140,000

During the year ended 31 August 2015, travel and subsistence expenses totalling £556 (2014: £631) were reimbursed to the Headteacher.

Two Governors received travel and subsistence expenses totalling £636 (2014: £Nil). There are no staff Governors. Other related party transactions involving Governors are set out in note 28.

12 Governors' 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 £5,000,000 on any one claim.

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

13 Tangible Fixed Assets

	Freehold Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2014	35,448	3,973	930	32	40,383
Additions	116	19	12	15	162
At 31 August 2015	35,564	3,992	942	47	40,545
Depreciation					
At 1 September 2014	4,098	2,560	455	32	7,145
Charged in year	751	396	247	1	1,395
At 31 August 2015	4,849	2,956	702	33	8,540
Net book values					
At 31 August 2015	30,715	1,036	240	14	32,005
At 31 August 2014	31,350	1,413	476	-	33,239

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

14 Stock

	2015	2014
	£000	£000
Student uniforms	100	86
Catering	2	3
	<u>102</u>	<u>89</u>

15 Debtors

	2015	2014
	£000	£000
Trade debtors	95	121
Prepayments and accrued income	283	227
VAT recoverable	39	124
Other debtors	14	42
	<u>431</u>	<u>514</u>

16 Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Bridging loan from Roger De Haan Charitable Trust	-	2,123
Trade creditors	260	306
Other tax and social security	160	167
Other creditors	482	444
Accruals and deferred income	343	438
	<u>1,245</u>	<u>1,355</u>

	2015
	£000
Deferred income	
Deferred Income at 1 September 2014	118
Resources deferred in the year	353
Amounts released from previous years	(322)
Deferred Income at 31 August 2015	<u>149</u>

The accruals and deferred income balance at 31 August 2015 relates to rates relief and universal infant free school meal income which was received in year and related to September 15 – March 16.

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

17 Funds

	Balance at 1 September	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August
	2014				2015
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	361	10,072	(10,389)	-	44
Other DfE/EFA grants inc Pupil Premium	41	1,082	(1,100)	-	23
Other government grants	64	436	(467)	-	33
Pension reserve	(3,234)	-	(351)	(130)	(3,715)
	(2,768)	11,590	(12,307)	(130)	(3,615)
Restricted fixed asset funds					
DfE/EFA capital grants	24,127	48	(1,366)	-	22,809
Capital expenditure from GAG	1,383	-	-	113	1,496
Private sector capital sponsorship	2,041	-	(29)	-	2,012
Kent County Council	5,650	-	-	-	5,650
Other Government Grant	38	-	-	-	38
	33,239	48	(1,395)	113	32,005
Total restricted funds	30,471	11,638	(13,702)	(17)	28,390
Unrestricted funds	2,412	634	(560)	(113)	2,373
Total unrestricted funds	2,412	634	(560)	(113)	2,373
Total funds	32,883	12,272	(14,262)	(130)	30,763

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) Other DfE/EFA grants inc 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 discretion of the trustees, within the objects of the academy trust as set out in its 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 £113K from Unrestricted funds to Capital related to capital expenditure during the year not covered by the £48K capital income received.

Folkestone Academy

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

18 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted general fund £000	Restricted general fund £000	Restricted fixed asset fund £000	Total 2015 £000
Tangible fixed assets	-	-	32,005	32,005
Current assets	2,373	1,345	-	3,718
Current liabilities	-	(1,245)	-	(1,245)
Pension scheme liability	-	(3,715)	-	(3,715)
Total net assets	2,373	(3,615)	32,005	30,763

Folkestone Academy

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

19 Capital commitments

	2015	2014
	£000	£000
Contracted for, but not provided in the financial statements	125	217

The commitments relate to the final works associated with the construction of the new primary school building.

20 Financial commitments

Operating leases

At 31 August 2015, the Academy had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£000	£000
<u>Land and buildings</u>		
Expiring within one year	200	-
Expiring within two and five years inclusive	43	234

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

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

	2015	2014	
	£000	£000	
21 Reconciliation of net income to net cash inflow from operating activities			
Net Income	(1,990)	(920)	
Depreciation (note 13)	1,395	1,365	
Capital grants from DfE and other capital income	(48)	(48)	
Current year gain on sale of land	-	(823)	
Interest receivable (note 5)	(7)	(4)	
FRS 17 pension cost less contributions payable (note 27)	288	188	
FRS 17 pension finance income (note 27)	64	52	
(Increase)/Decrease in stocks	(13)	18	
(Increase)/Decrease in debtors	83	(104)	
Increase/(Decrease) in creditors	(110)	74	
Net cash outflow from operating activities	(338)	(202)	
22 Returns on investments and servicing of finance			
Interest received	7	4	
Net cash inflow from returns on investment and servicing of finance	7	4	
23 Capital expenditure and financial investment			
Purchase of tangible fixed assets	(162)	(1,910)	
Capital grants from DfE/EFA	48	48	
(Decrease) in receipts from Bridging Loan	(2,123)	(8)	
Receipts from sale of tangible fixed assets	5,073	-	
Net cash inflow from capital expenditure and financial investment	2,836	(1,870)	
24 Analysis of changes in net funds			
	At 1	Cash	At 31
	September	flows	August
	2014		2015
	£000	£000	£000
Cash in hand and at bank	680	2,505	3,185
	680	2,505	3,185

25 Contingent Liabilities

The Academy had no contingent liabilities at 31 August 2015.

26 Members' Liability

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

Folkestone Academy

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

27 Pension and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent County Council. Both are defined-benefit schemes.

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

Contributions amounting to £132,874 (2014: £137,600) were payable to the schemes at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%).
- 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £1,073,854 (2014: £1,018,750).

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 2015 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £622,000, of which employer's contributions totalled £474,000 and employees' contributions totalled £148,000. The agreed contribution rates for future years are 19.3 per cent for employers and rates varying between 5.5 and 12.5 per cent for employees dependent on their salary.

Principal Actuarial Assumptions

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.50%	4.50%
Rate of increase for pensions in payment / inflation	2.70%	2.70%
Discount rate for scheme liabilities	4.00%	4.00%
Inflation assumption (CPI)	2.70%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

Sensitivity Analysis

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

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	7,513	7,708	7,908
Projected service cost	683	701	719
Adjustment to mortality age rating assumption	+ 1 year	none	- 1 year
Present value of total obligation	7,908	7,708	7,514
Projected service cost	719	701	684

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 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.8	22.7
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	25.1	24.9
Females	27.6	27.4

Folkestone Academy

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £000	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000
Equities	68%	2,704	6.60%	2,281
Gilts	1%	40	3.50%	41
Bonds	11%	437	4.40%	393
Property	13%	536	4.60%	340
Cash	3%	104	0.50%	141
Target Return Portfolio	4%	172	5.00%	144
Total market value of assets		3,993		3,340
Present value of scheme liabilities				
- Funded		(7,708)		(6,574)
Deficit in the scheme		(3,715)		(3,234)

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. As at 1 September 2014 for the year to 31 August 2015). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then adjusted to be a margin above gilt yields.

The actual return on the scheme assets was £86,000 (2014: £447,000)

Total expenditure recognised in the Statement of Financial Activities

	2015 £000	2014 £000
Current service cost (net of employee contributions)	762	597
Past service cost	-	-
Total operating charge	762	597

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	(216)	(253)
Interest on pension liabilities	279	305
Pension finance costs	63	52

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £2,256,000 loss (2014: £2,216,000 loss).

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

	2015 £000	2014 £000
At 1 September	6,574	6,121
Current service cost	687	597
Interest cost	279	305
Employee contributions	148	135
Actuarial (gain)/loss	-	(577)
Benefits paid	(55)	(7)
Losses on curtailments	75	-
At 31 August	7,708	6,574

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

	2015 £000	2014 £000
At 1 September	3,340	4,052
Expected return on assets	216	253
Actuarial gains	(130)	(1,502)
Employer contributions	474	409
Employee contributions	148	135
Benefits paid	(55)	(7)
At 31 August	3,993	3,340

The estimated value of employer contributions for the year ended 31 August 2016 is £476,000

Folkestone Academy

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Defined benefit obligation at end of year	(7,708)	(6,574)	(6,121)	(4,973)	(3,371)
Fair value of plan assets at end of year	3,993	3,340	4,052	3,107	2,367
Deficit	(3,715)	(3,234)	(2,069)	(1,866)	(1,004)
Experience adjustments on share of scheme assets					
Amount £'000	(130)	(1,502)	331	129	51
Experience adjustments on scheme liabilities:					
Amount £'000	-	1,001	-	-	(326)

28 Related Party Transactions

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

During the year the Academy received income from Roger De Haan Charitable Trust (RDHCT). Sir Roger De Haan is Chairman of both the Academy's Board of Governors and RDHCT. R De Haan also provided his Specialist Education Advisor's time to support the primary school build project. This support has been greatly appreciated by the Governors who would like to extend their thanks to Sir Roger De Haan.

The Academy is currently in year 3 of the 3 year lease of the Glassworks building. The building is leased from a charity known as the Creative Foundation of which Sir Roger De Haan is Chairman. The tenancy is on an arm's length basis and Sir Roger De Haan did not participate in the Academy's decision to approve the lease. The tenancy commenced on 01/08/13 and ends on 31/07/16. The lease was agreed in advance with the DFE.

29 Agent Relationship for Sixth Form Bursary

The Academy administers the disbursements of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year, it received £34,386 (2014: £33,683) and disbursed £8,835 (2014: £13,518). An amount of £82,423 (2014: £56,870) payable by the Academy at the 31 August 2015 is included in other creditors. The Academy retained a beneficial interest in individual transactions.