

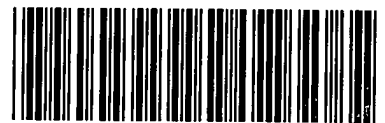
**MARLOWE ACADEMY**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 August 2015**

***Company Registration Number: 04915796 (England and Wales)***

MONDAY



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## **Reference and Administrative Details**

### **Members**

Sir Roger De Haan  
Susan McMarlane (Resigned 16 September 2015)

### **Governors (Trustees)**

Sir Roger De Haan (Chairman)  
Andrew Armitage (Resigned 31 December 2014)  
Graham Badman (Resigned 9 October 2015)  
Gary Cottle+  
Catherine Chapman (Resigned 3 October 2014)  
Gary Edwards\* +  
Richard Fraser\*+  
Rosalind McCarthy (Resigned 27 October 2015)  
Trevor Minter  
Carl Parsons (Resigned 30 October 2015)  
Michael Pearce (Resigned 31 October 2015)  
Timothy Reid (Resigned 26 October 2015)  
Peter Roberts (Resigned 26 October 2015)  
Mark Taylor\*+ (Resigned 11 December 2015)

\*members of the Finance and General Purposes Committee

+members of the Audit Committee

### **Company Secretary**

Frances Sharp

### **Responsible Officer**

Richard Fraser

### **Senior Leaders**

- . Executive Principal
- . Head Teacher
- . Vice Principal

Sean Heslop (Resigned 11 May 2015)  
Emma Newman  
Will Pemberton

### **Principal and Registered Office**

The Marlowe Academy  
Marlowe Way  
Ramsgate  
Kent  
CT12 6NB

### **Company Registration Number**

04915796 (England and Wales)

### **Auditor**

RSM UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

### **Bankers**

National Westminster Bank plc  
37 Dover Road  
Canterbury, Kent  
CT1 3JB

### **Solicitors**

Withers LLP  
16 Old Bailey  
London  
EC4M 7EG

## **MARLOWE 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.

### **Closure of the Academy**

Effective 1 September 2015, the Charitable Company ceased to run Marlowe Academy as the school was combined with the Ellington & Hereson School to create a single larger school. The assets and liabilities of the Charitable Company were transferred to a separate entity which will use the assets for the purposes of operating the enlarged school. Subsequent to the year end, the Charitable Company's activities are therefore limited to settling transactions which arose prior to 1 September 2015. Thereafter the Charitable Company will have no further activity. The accounts at 31 August 2015 therefore include accrued costs in respect of all remaining liabilities. As part of the agreement all existing staff were transferred to the enlarged school. References to policies and procedures in this report relate to those existing up to the date of closure.

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

#### **Constitution**

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

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

Details of the Governors who served during the year are included in the Reference and Administration 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 principal activity of the Charitable Company during the year was the operation of the Marlowe Academy to provide education for pupils of differing abilities between the ages of 11 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.

## **MARLOWE ACADEMY**

### **Governors' Report 31 August 2015 (continued)**

#### **Organisational structure**

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

The Governors met on a regular basis and fulfilled a largely strategic role in the running of the Academy with detailed decision making being delegated to committees and the Head Teacher and her team. 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.

The Leadership Team was led by the Head Teacher. The Head Teacher was supported on a day to day basis by the wider leadership team. These senior leaders managed the Academy at an executive level; implementing the policies agreed by the Governors and report 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 Head Teacher took on the role of Accounting Officer following the resignation of the Executive Principal.

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

The chair of Governors and a number of other Governors are also Governors of the Folkestone Academy in Folkestone.

The Academy's sponsor and Chair of Governors, Sir Roger De Haan is also the Chair of Roger De Haan Charitable Trust. This charitable organisation has assisted the Academy considerably throughout the years.

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

The Friends of the Folkestone and Marlowe Academies (FFMA) is a separate charity which has made charitable grants to the Academy. It shares a number of Trustees/Governors with the Marlowe Academy.

A local radio station, Academy FM Thanet, is based at the Academy. It shares a number of Trustees with the Academy and played a part in the delivery of the Academy's curriculum.

### **Objectives and Activities**

#### **Objectives**

The principal objectives of the Academy were:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to make Marlowe Academy a valued community resource; and,
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

## **MARLOWE ACADEMY**

### **Governors' Report 31 August 2015 (continued)**

#### **Public benefit statement**

The primary purpose of the Marlowe Academy was the provision of education to prepare youngsters for life after school, be it progression on to university or directly into the world of work. Students are encouraged to build the mental, emotional and social resources necessary to ensure a successful future. Inextricably linked with this purpose is the aim of contributing to the public good. Through the provision of incidental educational activities and other activities, the Academy contributed considerable benefit to the local community.

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**

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

#### **Financial Review**

In view of the cessation of the Charitable Company's activities the accounts have been prepared on a break-up basis. Taking account of the fact that the Charitable Company's assets and liabilities were transferred effective 1 September, the closing balance sheet shows a zero net asset position. The net income for the year shows a surplus of £3,091,000 including the release of a pension reserve deficit of £2,917,000 as the obligation in respect of this liability no longer falls to the Charitable Company under the closure arrangements.

#### **Reserves policy**

Given the closure of the Academy, a review of the policy on reserves is no longer relevant.

#### **Risk management**

Given the planned closure of the Academy's operations the Governors were focussed on ensuring that there was an orderly transfer to the new entity that will run the school.

#### **Donations**

The Academy would like to thank Sir Roger De Haan for his generous financial support during its final year of operation.

#### **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.

## **MARLOWE ACADEMY**

### **Governors' Report 31 August 2015 (continued)**

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

Governors' report incorporating a strategic report, approved by order of the board of Governors, as the Company Directors, on 7 December 2015 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to be 'Trevor Minter', written over a horizontal line.

**Trevor Minter  
Trustee**

## **MARLOWE ACADEMY**

### **Governance Statement**

#### **Scope of responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that Marlowe 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 delegated the day-to-day responsibility to the 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 Marlowe Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

<b>Governor</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Sir Roger De Haan (Chairman)	3	3
Andrew Armitage	1	2
Graham Badman	0	3
Gary Cottle	2	3
Catherine Chapman	0	0
Gary Edwards	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



## MARLOWE ACADEMY

### Governance Statement (continued)

#### Governance Reviews

The Marlowe 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, 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:

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 Governing Body. Its purpose is to advise the Academy Board on matters of audit, risk management and other compliance issues.

Attendance at meetings in the year was as follows:

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

#### 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 on-going 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 Marlowe Academy for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

**MARLOWE ACADEMY**  
**Governance Statement (continued)**

**Capacity to handle risk**

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

**The Risk and Control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- regular reviews by the Audit Committee of internal and external reports on areas of audit, system 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.

**Review of effectiveness**

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

- 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 operation of a system of strict budgetary control in view of reduced funding levels
- the close involvement of certain trustees in the management of the closure process.

**Review of Value for Money**

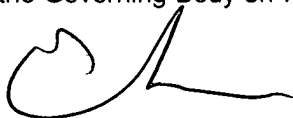
As accounting officer the head teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources 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 following a strict process of budgetary control.

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



**Trevor Minter**  
Trustee



**Emma Newman**  
Headteacher

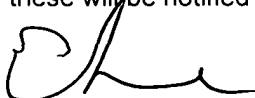
## MARLOWE ACADEMY

### Statement on Regularity, Proprietary and Compliance

As accounting officer of Marlowe Academy, appointed 14 May 2015, I have taken assurances from the academy's governing body who were present throughout the year ending 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 for Education. 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.



**Emma Newman**

**Accounting Officer**

**Date** ..... 17.12.15 .....

## **MARLOWE ACADEMY**

### **Statement of Governors' Responsibilities**

The Governors (who act as trustees for charitable activities of Marlowe Academy and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction published 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 accounting 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
- 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 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 AUDITOR'S REPORT TO THE MEMBERS OF MARLOWE ACADEMY YEAR ENDING ON 31 AUGUST 2015**

We have audited the financial statements of Marlowe Academy for the year ended 31 August 2015 on pages 15 to 35. 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 12, 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.

### **Emphasis of Matter – break-up basis**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in Note 1 to the financial statements. This note describes the preparation of the financial statements on a break-up basis rather than the conventional going concern basis as a result of the decision to merge with Ellington and Hereson School.

### **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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARLOWE ACADEMY  
YEAR ENDING ON 31 AUGUST 2015**

**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: *22 December 2015*

**MARLOWE 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	Total	Total
		Funds	General	2015	2014
	Notes	£000	£000	£000	£000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
. Voluntary income	3	278	-	<b>278</b>	4
. Activities for generating funds	4	78	-	<b>78</b>	151
. Investment income	5	1	-	<b>1</b>	(2)
<i>Incoming resources from charitable activities:</i>					
. Funding for the Academy's educational operations	6	1	5,125	<b>5,126</b>	5,442
. Other Grants		-	35	<b>35</b>	-
<b>Total incoming resources</b>		<b>358</b>	<b>5,160</b>	<b>5,518</b>	<b>5,595</b>
<b>Resources expended</b>					
<i>Charitable activities:</i>					
. Impairment of fixed assets	13	-	-	-	22,881
. Academy's educational operations	8	358	4,924	<b>5,282</b>	6,562
. Release of pension reserve	16	-	(2,917)	<b>(2,917)</b>	-
<i>Governance costs</i>	9	-	62	<b>62</b>	48
<b>Total resources expended</b>		<b>358</b>	<b>2,069</b>	<b>2,427</b>	<b>29,491</b>
<b>Net income/(expenditure) for the year</b>		-	3,091	<b>3,091</b>	(23,896)
<b>Other recognised gains and losses</b>					
Actuarial (losses)/gains on defined Benefit pension schemes	16,26	-	(101)	<b>(101)</b>	(1,559)
<b>Net movement in funds</b>		-	2,990	<b>2,990</b>	(25,455)
<b>Reconciliation of funds</b>					
Total funds brought forward at 1 September 2014	16	-	(2,990)	<b>(2,990)</b>	22,465
<b>Total funds carried forward at 31 August 2015</b>		-	-	-	(2,990)

**MARLOWE ACADEMY**  
**Balance sheet as at 31 August 2015**

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
<b>Fixed assets</b>					
Tangible assets	13		-		-
<b>Current assets</b>					
Debtors	14	43		258	
Cash at bank and in hand		220		415	
		<u>263</u>		<u>673</u>	
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	15	<u>(263)</u>		<u>(941)</u>	
<b>Net current (liabilities)/assets</b>			-		(268)
<b>Total assets less current liabilities</b>			-		(268)
Pension scheme liability	26		-		(2,722)
<b>Net assets including pension liability</b>			-		(2,990)
<b>Funds of the Academy:</b>					
<b>Restricted funds</b>					
Fixed asset funds	16		-		-
General funds	16		-		(268)
Pension reserve	16		-		(2,722)
<b>Total restricted funds</b>			-		(2,990)
<b>Unrestricted funds</b>					
General funds	16		-		-
<b>Total unrestricted funds</b>			-		-
<b>Total Funds</b>			-		(2,990)

The financial statements on pages 15 to 35  
were approved by the Governors, and  
authorised for issue on 7 December 2015 and  
are signed on their behalf by:



**Trevor Minter**  
**Trustee**



## Marlowe Academy

### Cash Flow Statement for the year ended 31 August 2015

		2015 £000	2014 £000
<b>Net cash inflow from operating activities</b>	<b>20</b>	<b>4</b>	<b>9</b>
Returns on investments and servicing of finance	<b>21</b>	<b>1</b>	<b>(2)</b>
Capital expenditure	<b>22</b>	<b>-</b>	<b>(31)</b>
Loan (repaid)/received		<b>(200)</b>	<b>200</b>
<b>Decrease/(Increase) in cash in the year</b>	<b>23</b>	<b>(195)</b>	<b>176</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2014		<b>415</b>	<b>239</b>
<b>Net funds at 31 August 2015</b>		<b>220</b>	<b>415</b>

## **MARLOWE ACADEMY**

### **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 on a break-up basis 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 to 2015 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. The break-up basis is adopted as effective 1 September 2015, the Charitable Company ceased to run Marlowe Academy as the school was combined with the Ellington & Hereson School to create a single larger school. The assets and liabilities of the Charitable Company were transferred to a separate entity which will use the assets for the purposes of operating the enlarged school. Subsequent to the year end, the Charitable Company's activities are therefore limited to settling transactions which arose prior to 1 September 2015. Thereafter the Charitable Company will have no further activity.

##### **Incoming Resources**

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

##### **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund.

##### **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 and it is measurable.

##### **Donations**

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

## MARLOWE ACADEMY

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

#### 1 Statement of Accounting Policies (continues)

##### 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.

##### Charitable activities

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

##### Governance costs

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

All resources expended are stated exclusive of recoverable VAT.

##### Tangible fixed assets

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

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 costs of each asset on a straight line basis over its expected useful life as follows:

Freehold buildings	2%
Furniture and equipment, plant, fixtures and fittings	10%
Athletics Track	5% - 33%
Computer/media equipment and software	33%
Motor vehicles	33%

##### Leased assets

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

## **MARLOWE ACADEMY**

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

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

##### **Taxation**

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

##### **Pension Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the costs of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, 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 Trust 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 Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in statement of financial activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

**MARLOWE ACADEMY****Notes to the Financial Statements for the year ended 31 August 2015 (continued)****2 General Annual Grant (GAG)**

Under the funding agreement with the Secretary of State, the Marlowe Academy was subject to limits as 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. In the period up to closure of the Academy, arrangements in respect of GAG restrictions were approved by the EFA.

The Academy Trust had exceeded the limits concerning its use of carried forward GAG for general recurrent purposes during the year ended 31 August 2014

**3 Voluntary Income**

	Unrestricted Funds £000	Restricted Funds £000	2015 Total £000	2014 Total £000
Private Sponsorship	278	-	278	4
	<u>278</u>	<u>-</u>	<u>278</u>	<u>4</u>

**4 Activities for Generating Funds**

	Unrestricted Funds £000	Restricted Funds £000	2015 Total £000	2014 Total £000
Hire of facilities	51	-	51	63
Catering Income	12	-	12	50
Uniform sales	(2)	-	(2)	30
Other income	17	-	17	8
	<u>78</u>	<u>-</u>	<u>78</u>	<u>151</u>

**5 Investment Income**

	Unrestricted Funds £000	Restricted Funds £000	2015 Total £000	2014 Total £000
Short term deposits	1	-	1	1
Net return on defined benefit pension scheme	-	-	-	(3)
	<u>1</u>	<u>-</u>	<u>1</u>	<u>(2)</u>

# MARLOWE ACADEMY

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

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

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
<b>DfE / EFA capital grants</b>				
. Devolved formula capital allocations	-	-	-	17
. Athletics track capital grant	-	-	-	11
	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>
<b>DfE / EFA revenue grants</b>				
. General Annual Grant (GAG) (note 2)	-	4,809	<b>4,809</b>	4,958
. Other DfE / EFA grant	-	223	<b>223</b>	325
	<u>-</u>	<u>5,032</u>	<u><b>5,032</b></u>	<u>5,283</u>
<b>Other Government grants</b>				
. Special educational needs	-	60	60	67
. Other grants	-	29	29	14
. Special educational projects	-	4	4	43
	<u>-</u>	<u>93</u>	<u>93</u>	<u>124</u>
<b>Other incoming resources</b>				
. Staff secondments & consultancy to other academies	1	-	<b>1</b>	7
	<u>1</u>	<u>-</u>	<u><b>1</b></u>	<u>7</u>
	<u>1</u>	<u>5,125</u>	<u><b>5,126</b></u>	<u>5,442</u>

# MARLOWE ACADEMY

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

### 7 Resources Expended

	Staff Costs £000	Non Pay expenditure Premises £000	Other Costs £000	Total 2015 £000	Total 2014 £000
Academy's educational operations					
. Direct costs	3,351	-	390	3,741	4,126
. Allocated support costs	745	458	338	1,541	2,436
	4,096	458	728	5,282	6,562
Governance costs including allocated support costs	14	-	48	62	48
	4,110	458	776	5,344	6,610
Incoming/outgoing resources for the year include:				2015 £000	2014 £000
Operating leases – other leases				31	59
Severance costs				-	58

# MARLOWE ACADEMY

## 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
<b>Direct costs</b>				
Teaching and educational support staff costs	247	3,105	3,352	3,781
Educational supplies	9	149	158	85
Examination fees	-	90	90	109
Staff development	-	14	14	23
Educational consultancy	-	114	114	102
Other direct costs	-	13	13	26
	<b>256</b>	<b>3,485</b>	<b>3,741</b>	<b>4,126</b>
<b>Allocated support costs</b>				
Support staff costs	56	634	690	875
Depreciation	-	-	-	749
Recruitment, payroll & personnel	-	20	20	31
Maintenance of premises, cleaning and equipment	-	115	115	122
Rates	-	62	62	56
Insurance	3	144	147	141
Utilities	31	113	144	142
Catering	12	38	50	81
Technology costs	-	52	52	65
Uniforms	-	8	8	15
Telephone	-	22	22	26
Admin, printing, photocopying & other support	-	182	182	121
FRS 17 interest cost	-	55	55	3
Bad Debt	-	(6)	(6)	9
	<b>102</b>	<b>1,439</b>	<b>1,541</b>	<b>2,436</b>
	<b>358</b>	<b>4,924</b>	<b>5,282</b>	<b>6,562</b>

### 9 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Legal and professional fees	-	25	25	14
Directors' and officers' insurance	-	1	1	1
Auditors - Audit Fees	-	15	15	11
Auditors - Non Audit Fees	-	7	7	8
Support costs	-	14	14	14
	<b>-</b>	<b>62</b>	<b>62</b>	<b>48</b>



**MARLOWE ACADEMY****Notes to the Financial Statements for the year ended 31 August 2015 (continued)****10 Staff costs**

	<b>Total 2015 £000</b>	<b>Total 2014 £000</b>
Staff costs during the period were:		
Wages and salaries	3,289	3,614
Social security costs	198	256
Other pension costs	419	502
	<u>3,906</u>	<u>4,372</u>
Supply teacher costs	110	163
Staff restructuring costs	-	138
	<u>4,016</u>	<u>4,673</u>

**Staff severance payments**

Staff restructuring costs £0 (2014 £138,000).

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

	<b>2015 No.</b>	<b>2014 No.</b>
<b>Charitable Activities</b>		
Teachers	49	47
Administration and support	60	82
Management	2	4
	<u>111</u>	<u>133</u>

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

	<b>2015 No.</b>	<b>2014 No.</b>
£60,001 - £70,000	2	4
£70,001 - £80,000	-	1
£80,001 - £90,000	-	1
£130,001 - £140,000	<u>1</u>	<u>-</u>

One of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for that staff member amounted to £9,488 (2014: £33,733).

**MARLOWE ACADEMY****Notes to the Financial Statements for the year ended 31 August 2015 (continued)****11 Related Party Transactions – Trustees Remuneration and Expenses**

The Principal received remuneration in respect of services he provided undertaking the role of Principal. Other Governors do not receive any payments, other than expenses, from the Academy in respect of their role as Governors. There are no staff Governors. Governors expenses paid during the year amounted to £829 (2014: nil). The Principal's remuneration falls into the following income band:

Emma Newman	£90,001 - £100,000	(2014: £60,001 - £70,000)
Sean Heslop	£50,001 - £60,000	(2014: £70,001 - £80,000)

During the year ended 31 August 2015, travel and subsistence expenses totalling £76 (2014: £54) were reimbursed to the Principal. Other related party transactions involving the trustees are set out in note 27.

**12 Governors' and Officers' Insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was £729 (2014 - £693).

**13 Tangible Fixed Assets**

	Freehold Land and Buildings £000	Athletics Track £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>						
At 1 September 2014	25,855	1,348	1,039	1,232	88	29,562
Additions	-	-	-	-	-	-
At 31 August 2015	25,855	1,348	1,039	1,232	88	29,562
<b>Depreciation</b>						
At 1 September 2014	25,855	1,348	1,039	1,232	88	29,562
Charged in year	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-
At 31 August 2015	25,855	1,348	1,039	1,232	88	29,562
<b>Net book values</b>						
At 31 August 2015	-	-	-	-	-	-
At 31 August 2014	-	-	-	-	-	-

For the reasons set out in note 1, the Academy's fixed assets have been written down to zero. Effective 1st September 2015, all the fixed assets were transferred to a separate entity for no consideration as part of the closure arrangements.

**MARLOWE ACADEMY****Notes to the Financial Statements for the year ended 31 August 2015 (continued)****14 Debtors**

	2015 £000	2014 £000
Trade debtors	8	81
Prepayments and accrued income	17	160
VAT recoverable	10	4
Other debtors	8	13
	<u>43</u>	<u>258</u>

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

	2015 £000	2014 £000
Trade creditors	67	83
EFA creditor: abatement of GAG	-	406
Other creditors	6	4
Accruals and deferred income	190	248
Loan	-	200
	<u>263</u>	<u>941</u>

During the year the Academy repaid an interest-free loan from the Friends of The Folkestone and Marlowe Academies.

**Deferred income**

	2014 £000
Deferred Income at 1 September 2014	50
Amounts released in year	<u>(50)</u>
Deferred Income at 31 August 2015	<u>-</u>

# MARLOWE ACADEMY

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

### 16 Funds

	Balance at 1 September 2014 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2015 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(279)	4,809	(4,986)	94	(362)
Other DfE/EFA grants	10	258	-	-	268
Other government grants	1	93	-	-	94
Cash donations	-	-	-	-	-
Pension reserve	(2,722)	-	2,917	(195)	-
	<u>(2,990)</u>	<u>5,160</u>	<u>(2,069)</u>	<u>(101)</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	19,263	-	-	-	19,263
Other capital grants	1,192	-	-	-	1,192
Capital expenditure from GAG	234	-	-	-	234
Private sector sponsorship	2,192	-	-	-	2,192
Impairment of fixed assets	(22,881)	-	-	-	(22,881)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total restricted funds</b>	<u>(2,990)</u>	<u>5,160</u>	<u>(2,069)</u>	<u>101</u>	<u>-</u>
<b>Unrestricted funds</b>					
Unrestricted funds	-	358	(358)	-	-
<b>Total unrestricted funds</b>	<u>-</u>	<u>358</u>	<u>(358)</u>	<u>-</u>	<u>-</u>
<b>Total funds</b>	<u>(2,990)</u>	<u>5,518</u>	<u>(2,427)</u>	<u>101</u>	<u>-</u>

The release of the pension reserve of £2,917,000 arose as this liability transferred to a new entity following the closure of the Marlowe Academy operation

## MARLOWE ACADEMY

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

#### 17 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	-	-
Current assets	-	263	-	263
Current liabilities	-	(263)	-	(263)
Pension scheme liability	-	-	-	-
<b>Total net assets</b>	-	-	-	-

#### 18 Capital commitments

There were no capital commitments at 31 August 2015 (2014: £nil).

#### 19 Financial commitments

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

Other	2015 £000	2014 £000
Expiring within one year	-	55
Expiring within two and five years inclusive	-	4
	-	59

# MARLOWE ACADEMY

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

	2015 £000	2014 £000
<b>20 Reconciliation of net expenditure to net cash outflow from operating activities</b>		
Net income/(expenditure)	2,990	(23,896)
Impairment of fixed assets (note 13)	-	22,881
Depreciation (note 13)	-	749
Capital grants from DfE and other capital income	-	(28)
Interest receivable (note 5)	(1)	(1)
Pension reserve release	(2,917)	-
Interest payable	-	3
FRS17 pension cost less contributions payable (note 26)	39	47
FRS17 pension finance income (note 26)	55	3
Decrease/(increase) in debtors	215	65
(Decrease)/increase in creditors	(478)	186
<b>Net cash outflow from operating activities</b>	<b>4</b>	<b>9</b>
<b>21 Returns on investments and servicing of finance</b>		
Interest received	1	1
Interest payable	-	(3)
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>1</b>	<b>(2)</b>
<b>22 Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	-	(59)
Capital grants from DfE/EFA	-	28
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>-</b>	<b>(31)</b>
<b>23 Analysis of changes in net funds</b>	<b>At 1 September</b>	<b>At 31 August</b>
	<b>2014</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Cash in hand and at bank	415	220
	<b>415</b>	<b>220</b>
	<b>(195)</b>	<b>(195)</b>

## 24 Contingent Liabilities

The Academy had no contingent liabilities at 31 August 2015.

## 25 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.

## **MARLOWE ACADEMY**

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

#### **26 Pension and similar obligations**

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

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

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

Contributions amounting to £nil (2014: £37,000) were payable to the schemes at 31 August 2014 and are included within creditors.

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

##### **Introduction**

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014 by the Teachers' Pensions Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as-you-go' basis, and along with employers' contributions, are credited to the Exchequer.

##### Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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 was carried out as at 31 March 2012 in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation being published in June 2014. The key elements of the valuation and subsequent consultation are:

- Total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million
- Value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million
- Assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings
- Rate of real earnings growth is assumed to be 2.75%
- 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 1 September 2015 and an employer cost cap of 10.9%. The employer contribution rate will be payable 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 year amounted to £230,000 (2014: £240,000).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to

## **MARLOWE ACADEMY**

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

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

the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

#### **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 £266,000 of which employer's contributions totalled £205,000 and employees' contributions totalled £61,000. The Academy trust ceased to participate in the scheme effective 31 August 2015.

#### **Principal Actuarial Assumptions**

	<b>At 31 August 2015</b>	<b>At 31 August 2014</b>
Rate of increase in salaries	<b>4.50%</b>	4.5%
Rate of increase for pensions in payment / inflation	<b>2.70%</b>	2.70%
Discount rate for scheme liabilities	<b>4.00%</b>	4.00%
Inflation assumption (CPI)	<b>2.70%</b>	2.70%
Commutation of pensions to lump sums	<b>50.00%</b>	50.00%

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

	<b>At 31 August 2015</b>	<b>At 31 August 2014</b>
<i>Retiring today</i>		
Males	<b>22.8</b>	22.1
Females	<b>25.2</b>	25.1
<i>Retiring in 20 years</i>		
Males	<b>25.1</b>	24.9
Females	<b>27.6</b>	27.4



## MARLOWE ACADEMY

Notes to the financial statements continued

### Sensitivity Analysis

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

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	+0.1%
Present value of total obligation	5,739	5,891	6,048
Projected service cost	242	249	256
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	6,052	5,891	5,735
Projected service cost	255	249	243

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

	Fair value at 31 August 2015 £000	Expected return at 31 August 2014	Fair value at 31 August 2014 £000
Equities	2,015	6.70%	1,834
Gilts	30	3.00%	33
Bonds	325	3.60%	316
Property	399	5.90%	274
Cash	77	2.90%	114
Target return portfolio	128	5.90%	116
<b>Total market value of assets</b>	<b>2,974</b>		<b>2,687</b>
Present value of scheme liabilities			
- Funded	(5,891)		(5,409)
<b>Deficit in the scheme</b>	<b>(2,917)</b>		<b>(2,722)</b>

The expected return across all assets was 6% as at 31 August 2015. This 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 actual return on the scheme assets was £66,000 (2014: £445,000)

**MARLOWE ACADEMY**

Notes to the financial statements continued

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Current service cost (net of employee contributions)	<u>244</u>	<u>309</u>
Total operating charge	<u>244</u>	<u>309</u>

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

Expected return on pension scheme assets	167	251
Interest on pension liabilities	<u>(222)</u>	<u>(254)</u>
<b>Pension finance costs</b>	<u>(55)</u>	<u>(3)</u>

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>5,409</b>	<b>5,264</b>
Current service cost	244	309
Interest cost	222	254
Employee contributions	61	76
Actuarial loss	-	(419)
Benefits paid	(45)	(75)
Curtailments and settlements	-	-
<b>At 31 August</b>	<u><b>5,891</b></u>	<u><b>5,409</b></u>

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>2,687</b>	<b>4,151</b>
Expected return on assets	167	251
Actuarial gains	(101)	(1,978)
Employer contributions	205	262
Employee contributions	61	76
Benefits paid	(45)	(75)
<b>At 31 August</b>	<u><b>2,974</b></u>	<u><b>2,687</b></u>

The value of employer contributions for the year ended 31 August 2016 is £nil as the Academy Trust no longer participates in the scheme, effective 31 August 2015.

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 £3,030,000 loss (2013: £2,929,000 loss).

## MARLOWE ACADEMY

Notes to the financial statements continued

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

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Defined benefit obligation at end of year	(5,891)	(5,409)	(5,264)	(4,372)	(2,922)
Fair value of plan assets at end of year	2,974	2,687	4,151	3,298	2,540
	<u>(2,917)</u>	<u>(2,722)</u>	<u>(1,113)</u>	<u>(1,074)</u>	<u>(382)</u>
<b>Experience adjustments on share of scheme assets</b>					
Amount £000	(101)	(1,978)	345	138	(52)
<b>Experience adjustments on scheme liabilities</b>					
Amount £000	-	792	-	-	(521)

### 27 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. The following related party transactions took place in the period of account.

Friends of the Folkestone and Marlowe Academies (FFMA) – a company limited by guarantee in which Sir Roger De Haan, Trevor Minter and Graham Badman (trustees of the Academy) are also trustees. The Academy repaid a £200,000 loan from FFMA during the year.

The Academy received £19,548 (2014: £4,410) in grants for specific educational purposes from FFMA.

The Academy received donations of £250,000 (2014: nil) from Roger De Haan and £28,000 from the Roger De Haan Charitable Trust (2014: £4,000).

### 28 Agency Arrangements

The Academy administers the disbursements of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year, it received £35,757 and disbursed £32,182. A balance of £1,788 is included in creditors. The Academy retained a beneficial interest in individual transactions.