

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016
FOR
THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

	Page
Reference and Administrative Details	1
Report of the Trustees	2-9
Governance Statement	10-13
Statement On Regularity, Propriety And Compliance	14
Statement of Trustees' Responsibilities	15
Independent Auditor's Report on the Financial Statements	16-17
Independent Reporting Accountant's Assurance Report on Regularity	18-19
Statement of Financial Activities (incorporating an income and expenditure account)	20
Balance Sheet	21
Statement of Cash Flows	22
Notes to the Cash Flow Statement	23
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	24-28
Other Notes to the Financial Statements	28-46

THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

Registered Company number	07697086 (England and Wales)
Registered office	London Road FAVERSHAM Kent ME13 8RZ
Members	
Mrs A Harris	
Mr P Phillips	- resigned 22.09.16
Mrs C Woodend	
Mrs P A Wright	- appointed 22.09.16
Trustees	
Mrs P Wright (chair)*	
Mr P Phillips (Vice chair) *	- resigned 10.12.15
Mrs C Woodend (Headteacher) *	
Mrs A Harris	- resigned 22.09.16
Mr T J Martin *	
Mr G Wilby *	
Mrs C Clarkstone	
Ms C Lyle	
Mrs C E Blythe (staff trustee)	- resigned 22.09.16
Mr P J Howes	
Prof C J Bennett	
Mrs P E Mayoh *	
Mr D C Goodenough (vice chair)*	
Mrs M F Rehal	
Mr R W Clarke (staff trustee)*	- appointed 26.09.15
Mr J Kerin (vice chair)*	- appointed 10.12.15
Mrs J Landsberg	- appointed 10.12.15
* Members of the Resources Committee	
Senior Management Team	
Mrs C Woodend	Headteacher
Mr K Dickens	Deputy Headteacher
Dr R Speller	Deputy Headteacher
Mrs G Parsons	Assistant Headteacher
Mrs S Spring	Assistant Headteacher
Mr S Finlan	Assistant Headteacher
Mr M Noone	Assistant Headteacher – resigned position 1.09.15
Mrs J Lucas	Assistant Headteacher
Mr P Stucken	Assistant Headteacher
Mr R Clarke	Assistant Headteacher- appointed to position 1.09.15
Ms L Temple	Director of Inclusion
Mr A Heap	Business Development Manager – resigned 03.05.16
Auditor	Clair Rayner FCA DChA (Senior Statutory Auditor) McCabe Ford Williams Statutory Auditors and Chartered Accountants Bank Chambers, 1 Central Avenue Sittingbourne, Kent, ME10 4AE
Bankers	Lloyds, 49 High Street, Canterbury, Kent, CT1 2SE

THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

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

The trust operates an academy for pupils aged 11 to 19 serving a catchment area which includes Faversham in Kent. It has a pupil capacity of 1,226 and had a roll of 1,014 in the school census in October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The Trustees of The Abbey School (Faversham) are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Abbey School (Faversham).

Details of the Trustees who served throughout the period except as noted are included in the Reference and Administrative Details on page 1.

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.

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006, every Trustee, officer or auditor of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

Method of Recruitment and Appointment or Election of Trustees

The members may appoint up to 15 trustees. The members may appoint staff trustees through such a process as they may determine, provided that the total number of trustees (including the principal) who are employees of the academy trust does not exceed one third of the total number of trustees.

The Headteacher shall be treated for all purposes as being an ex officio trustee.

The parent trustees shall be elected by parents of registered pupils at the academy. A parent trustee must be a parent of a pupil at the academy at the time of their election. The Board of Trustees shall make all necessary arrangements from and determine all other matters relating to, an election of parent trustees, including any question of whether a person is a parent of a registered pupil at the academy. Any election of parent trustees which is contested shall be held by secret ballot.

Where a vacancy for a parent trustee is required to be filled by election, the Board of Trustees shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as candidate, and vote at the election, and given an opportunity to do so.

In appointing a Parent Trustee, the Board of Trustees shall appoint a person who is the parent of a registered pupil at the academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of Recruitment and Appointment or Election of Trustees (continued)

The Staff Trustees shall be elected by a secret ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the academy (excluding the Headteacher). All arrangements for the calling and the conduct of the election and resolution of questions as to whether any person is an eligible candidate shall be determined by the Trustees. If a Staff Trustee ceases to work at the academy then he shall be deemed to have resigned and shall cease to be a Trustee automatically on termination of his work at the academy. Any election of a Staff Trustee which is contested shall be held by secret ballot.

The Trustees may appoint up to three co-opted Trustees. The Trustees may not co-opt an employee of the academy trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the academy trust would exceed one third of the total number of Trustees (including the Headteacher).

The Secretary of State may appoint additional Trustees as he thinks fit if a warning notice has been given to the Trustees because the standards of performance are unacceptably low, there is a serious breakdown in the way the academy is managed and the safety of staff and pupils is threatened and following this, the Trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

The Secretary of State may also appoint additional Trustees following an inspection by the Chief Inspector in accordance with the Education Act 2005 the academy trust receives an Ofsted grading which amounts to a drop, either from one inspection to the next inspection or between any two inspections carried out within a five year period.

The Secretary of State may also appoint further Trustees as he thinks fit if a Special Measures Termination Event occurs.

Policies and Procedures Adopted for the Induction and Training of Trustees

The induction provided for new Trustees is tailored to their existing experience, with training provided on charity, educational, legal and financial matters as necessary. Copies of the policies, procedures, minutes, accounts, budget, plans and any other necessary documents that they will need to undertake their role as a Trustee will be made available.

On-going training is available through Kent County Council Trustee Services. They provide an annual calendar of training events in addition to online training that all Trustees can access. Training sessions for all Trustees are arranged at the School on appropriate topics, usually once per year.

Organisational structure

The Trustees are responsible for the strategic direction of the Academy, making major decisions and monitoring the activities of the Academy. This is achieved through 4 meetings a year of the Full Board of Trustees and meetings of Committees set up to look at specific areas of the Academies activities. The Trustees are responsible for monitoring the performance of the Headteacher on a regular basis. The Headteacher is assisted by two Deputy Headteachers and six Assistant Headteachers. The organisational structure cascades via Senior Leaders and Middle Managers that include the School Business Manager, Heads of Department and Heads of Year.

Arrangements for setting the pay and remuneration of key management personnel

The Trustees will confirm the membership of the Academy's Leadership team and determine the pay ranges applicable for each post. The pay range for a vacant leadership post will be determined by the Trustees prior to the post being advertised. The Trustees will ensure decisions on pay and reward are consistent with the provisions of the STPCD and take due account of any supplementary guidance issued by the DfE. Pay reviews for Leadership posts will normally be undertaken by the Appraiser in conjunction with the Headteacher. The Headteacher will advise the Trustees regarding the pay progression for all members of the Leadership team. The Trustees will consider annually whether to award pay progression to members of the leadership group who have completed a year of employment since the previous pay determination.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting the pay and remuneration of key management personnel (continued)

Pay reviews will take place as soon as possible after the 1st September but no later than 31st December. In the event of pay progression being awarded this will take effect from 1st September. Pay decisions will be clearly attributable to the performance of the individual. In making a determination the pay committee will have regards to:

- The individual's performance as evidenced in the appraisal process.
- The pay recommendation contained within the appraisal report.

Sustained high quality performance should give the individual an expectation of progression up the pay range. The general expectation for pay progression is as follows:

- Towards the bottom of the pay range – evidence of consistently good leadership practice.
- Towards the top of the pay range – increasingly significant evidence of outstanding leadership practice with all their practice being consistently good.

Related Parties and other Connected Charities and Organisations

The school has collaborated with Fulston Manor School and Queen Elizabeth's Grammar School to share expertise and experience.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The academy's object is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing

- a) by establishing, maintaining, carrying on, managing and developing an academy offering a broad and balanced curriculum.
- b) by promoting for the benefit of the inhabitants of Faversham Kent and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who need such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The academy aims to:

- Ensure the school curriculum continues to meet the needs of all students and staff and continue to aspire to the highest standards of teaching and learning in its delivery, thereby achieving our motto: "Be the best you can be".
- Provide a detailed one-year School Improvement Plan which is shared with Trustees under the headings of Deep Leadership/Learning/Experience/Support. Each priority outlines the target, success criteria and monitoring and evaluation processes.
- Provide first class CPD opportunities for all staff, teaching and support.
- Provide rigorous appraisal setting staff high aspirational targets for attainment, achievement, teaching and learning, and professional development.
- Provide an all-rounded education which encompasses PSHE provision, with a particular focus on health, sex, drugs, life skills and citizenship education.
- Continue to provide an all-round education giving opportunities for spiritual, moral, social, and cultural education.
- Provide advice and guidance (IAG) at all levels throughout students' education and give information and advice which supports students' curriculum choices at KS4, KS5 and beyond to university, college, or work with training.
- Keep abreast of all government changes in curriculum and pastoral and implement accordingly.
- To continue to review this curriculum and its delivery in order to ensure it meets the needs of its students and to encourage high aspirations and to enable all to fulfill their potential.
- To further develop the use of ICT in school and the VLE to support teaching and learning and administration.
- To monitor the use and impact of pupil premium throughout the school.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

OBJECTIVES AND ACTIVITIES (continued)

Objectives, Strategies and Activities

The academy worked hard to achieve its aims and trustees were kept informed through the work of committees and reporting to the full Board of Trustees. The Headteacher provided detailed reports 4 times per year which outlined progress against objectives and targets and all departments provided up to date information on progress and activities in their respective areas.

Leadership & Management

The governing body has been strengthened having been successful in recruiting individuals with a high level of relevant skills and experience that complement the existing governors.

The effectiveness of staff training has been reviewed in line with the Academy's priorities.

The academy has begun its journey towards Thinking School Status by introducing staff to the guiding principles.

The recording and reporting system has been reviewed in line with Government requirements.

Teaching and Learning

The Monitoring and Evaluation of Teaching and Learning Programme has been reviewed in line with recent changes to the Ofsted framework.

There has been an improvement in the consistency of marking and formative feedback to students.

The Reflective Practice Programme has provided a personalised training programme for staff to support the improvement of the quality of teaching and learning.

Primary school literacy links have been developed, focusing on offering cross-phase moderation for primary feeder schools and other secondary schools in the area.

Phase 2 of the 'Most Able' programme has been implemented and has provided greater opportunities for higher education experiences throughout the school.

Social, Moral, Spiritual and Cultural Education

The academy has increased its number of peer mentors and participants won a Kent County Council award for their work with other students.

The academy has increased its network of business partners and a larger number of students are being mentored.

Behaviour, Safety and Attendance

The academy achieved its 94.5% attendance target.

Lower School and Upper School pastoral roles were reviewed and new job descriptions are in place ensuring efficient and effective discharge of roles and improved communication.

Resources

The Priority Schools Building Programme bid for a £2.2million building to replace C block was successful. The building work has been approved and will start when funds are released by the DfE.

The bid for Sport England funding was prepared but was unsuccessful. The academy will resubmit the bid taking account of the comments made.

The academy has made great progress with solar energy and in liaison with Kent Country Council has installed solar panels on most flat roofs.

Equal Opportunities Policy

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

OBJECTIVES AND ACTIVITIES (continued)

Disabled Persons

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.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17 (5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

We have referred to the guidance in the Charity Commissions general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

The public benefit of The Abbey School (Faversham) is the advancement of education within the local community.

STRATEGIC REPORT

ACHIEVEMENT AND PERFORMANCE

Key performance indicators

The academy had 1,014 students on roll.

Key Stage 4

Progress 8 Score was -0.05 (Upper Bound 0.12 and Lower Bound -0.21) – The school has performed in line with the national average

Attainment 8 was 45.22 (Grade C-)

47% achieved grades A* to C in English and Mathematics

15% achieved the English Baccalaureate

Key Stage 5

The average points score per academic entry is 16.86 (D-)

The average points score per vocational entry is 36.03 (Distinction)

Attendance was 94.82%.

Going Concern

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

FINANCIAL REVIEW

The academy's accounting period covers a twelve month trading period from 1 September 2015 to 31 August 2016. The majority of the academy's income is obtained from the Education Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also received grants for fixed assets from the EFA, via the local authority and other sources. In accordance with the Charities Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed assets fund.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned

The academy has also received income from its leisure activities.

During the year under review, total expenditure of £7,190,754 (2015: £7,331,639) was covered by recurrent grant funding from the DfE together with other incoming resources. The excess of expenditure over income for the period (excluding restricted fixed asset funds and the pension deficit) was £386,125 (2015: excess of income over expenditure £358,194).

At 31 August 2016 the net book value of fixed assets was £15,049,174 (2015: £15,554,681) and movements in tangible fixed assets are shown in note 18 to the financial statements.

Key Financial Performance Indicators:

	2016	2015
Educational wages per pupil enrolled	£4,815	£4,735
Total wages ex sports centre as a percentage of GAG funding	106%	102%
Total wages ex sports centre as a percentage of total revenue grants	90%	87%

Reserves Policy

It is the Trustees' objective to maintain a structure of prudent financial management. To this end we aim to carry forward an amount of reserves, so that the academy can best protect and plan its current and future operating activities. The Trustees consider that this amount is equal to 3% of GAG or £154,000. The academy does not currently have any free reserves as its unrestricted fund balance of £125,000 (2015: £189,048) has been designated for the 3G pitch sinking fund and essential sports hall improvements. The restricted general funds are also in deficit £(33,291) (2015: £54,219 surplus) (before accounting for the pension liability). The shortfall in reserves at the year end is after accounting for a significant amount of restructuring costs in the year under review (see note 13) which will significantly reduce on-going staff expenditure. This reduction in expenditure accompanied by an increasing pupil roll should facilitate a turnaround in this position within the next financial year.

Restricted funds (excluding restricted fixed asset funds) at 31 August 2016 show a deficit of £3,832,291 (2015: £1,849,781) this is after accounting for the deficit on the local government pension scheme. The deficit on the scheme as at 31 August 2016 was £3,799,000 (2015: £1,904,000). It should be noted however that this deficit will not crystallise in the foreseeable future and that the academy follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. This level of contributions has been taken into account when preparing the academy's budgets for the year ending 31 August 2017.

Investment Policy

The academy is limited to the amount of reserves that it is able to hold and in general these need to be readily accessible. The practice is, therefore, to keep any reserves in an interest bearing bank account.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty in respect of the academy relates to the future funding available. The academy mitigates this risk as far as possible by preparing budgets which are reviewed by the Trustees to ensure that the level of anticipated funding is sufficient to meet the requirements of the academy. Any shortfall identified is considered by the Trustees and remedial action taken with a view to balancing the budget.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

STRATEGIC REPORT (continued)

Financial and Risk Management Objectives and Policies

The Trustees have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational area (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimize risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

PLANS FOR FUTURE PERIODS

ACADEMY IMPROVEMENT PRIORITIES 2016/2017

Outcomes for Children and Learners

Year 13 Targets

Average points score per academic entry above 18.00 (D)

Average points score per vocational entry above 36 (Distinction)

Year 11 Targets

Progress 8 score above +0.05

26% grade 5 and above in English and Mathematics

15% to achieve the English Baccalaureate

To close the gap for disadvantaged pupils to 0 for Progress 8

Lower School Targets

75% of students to be on target for three levels of progress in EBAC subjects

25% of students to be on target for four levels of progress in EBAC subjects

Attendance Target

An aspirational target of 95.5%

Effectiveness of Leadership and Management

Work towards application for Thinking School Status.

Tackle the variability in underperforming GCSE and A level subjects.

Focus on narrowing the Pupil Premium gap between groups at KS4 and KS5.

Focus on embedding new assessment model in KS3 to ensure all parents and students understand the assessment tracking procedure and how to support their children to make progress.

Undertake a whole school review of the House system and explore the development of Learning Communities

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

PLANS FOR FUTURE PERIODS (continued)

ACADEMY IMPROVEMENT PRIORITIES 2016/2017 (continued)

Quality of Teaching, Learning and Assessment

Develop consistency in the use of 'language of learning' so all pupils can articulate the progress they are making and how they can make progress

Embed staff coaching and mentoring into the school culture to help support the development of Teaching and Learning

Review the Literacy Programme across the curriculum to build on skills required for students to access terminal examination questions with confidence

Monitor and evaluate the quality of homework set, completed and marked consistently to support home learning/independent study programme

Implement Phase 3 of 'Most Able' programme and provide greater opportunities for 'enquiry based learning'

Personal Development, Behaviour and Welfare & SMSC

Work towards students being more independent in their learning through increased confidence, study and examination skills

Improve academic mentoring by form tutors monitoring students who are making less than expected progress and facilitating the academic mentoring of vulnerable and pupil premium students

Further enhance student coaching and mentoring procedures

Review the rewards system to assess impact and ensure fairness of application

Develop closer links with a wider variety of apprenticeship providers

Asses and measure the impact of SMSC and British Values across all departments

Resources

Review energy saving costs through solar energy power project

Continue improvement of outside areas for students and develop grounds as a resource for Teaching and Learning

Maximise school income regarding lettings, sport/fitness and business units in addition to 'school fund' contributions

Review strategic position on Priority Schools funding and decide on best pathway to achieve desired EBacc wing development

Review possible Conditions Improvement Funding applications for building improvements

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The trustees hold no funds as custodian trustee.

AUDITOR

In so far as the Trustees are aware:

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

Report of the Trustees, incorporating a Strategic Report, was approved by order of the Board of Trustees as the company directors, on 5 December 2016 and signed on its behalf by:

Mrs P A Wright
Chair of Trustees

THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, 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 The Abbey School (Faversham) and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information included on governance here supplements that described in the Report of the Trustees and in the Statement of Trustees' Responsibilities. The full Board of Trustees has formally met four times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
Mrs C Woodend	4	4
Mr P Phillips	2	2
Mrs A Harris	4	4
Mr G Wilby	2	4
Mr P J Howes	4	4
Mr T J Martin	3	4
Mrs C E Blythe	4	4
Mrs C Clarkestone	4	4
Mrs C Lyle	4	4
Mrs P E Mayoh	3	4
Mrs P A Wright	3	4
Prof C J Bennett	3	4
Mr D C Goodenough	4	4
Ms M F Rehal	1	4
Mrs J Landsberg	1	2
Mr J Kerin	2	2
Mr R Clarke	4	4

There have been no changes to the composition of the Board of Trustees since the appointments shown in the Reference and Administrative details on page 1.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Governance (continued)

The Resources Committee is a sub committee of the main Board of Trustees. Its purpose is to effectively plan and monitor the financial resources of the Academy. There is a separate Audit Committee. Attendance at meetings in the period under review is shown below.

Trustee on Resources Committee	Meetings Attended	Out of a Possible
Mrs C Woodend	2	3
Mrs A Harris	2	3
Mr G Wilby	2	3
Mr T J Martin	3	3
Mrs P A Wright	3	3
Mrs P E Mayoh	2	3
Mr P Phillips	1	1
Mr D C Goodenough	2	3
Mr J Kerin	2	2

Resources Committee Review

The following finance items were reviewed and agreed by the Resources Committee at the three meetings:

- Reviewed the academy's Financial Procedures Manual and all corresponding financial policies for approval by the Governing Body.
- Reviewed the academy's one year and three year budgets.
- Reviewed the budget monitoring reports and associated management reports monitoring the projected out-turn position.
- Monitored earmarked funds, trading activities and large academy operations, (e.g. catering, sports facilities, extended school activities, hirings, etc) ensuring that the allocations are spent in accordance with the recognised terms and within the allocation set out in the budget.
- Reviewed the quarterly Responsible Officer reports.
- Reviewed the staff structure of the academy.
- Reviewed the financial implications of changes to the staffing structure, numbers and grades, and approved these.
- Reviewed contracts on an on-going basis as part of ensuring the academy continues to achieve 'best value' including Personnel, Catering and CCTV.
- Reviewed the academy's Risk Management Policy and the Risk Register.

Governance reviews

A skills audit is undertaken annually and the results are compiled to give trustees an understanding of strengths and weaknesses. This analysis, along with academy improvement priorities, is used in the recruitment of new trustees. Following the recent resignation of trustees, it was decided to recruit additional trustees that would bring a variety of additional skills, knowledge and experience to add to the considerable experience of the remaining trustees. The trustees have appointed a Learning and Development representative to coordinate the future training and development of trustees.

In accordance with the EFA's Best Practice guidelines the trustees plan to pass a resolution to increase the membership of the academy during the next financial year to 5 members.

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Review of Value for Money

As accounting officer the Headteacher 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 academy 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, with the following activities as examples:

There has been a restructure of Premises Staff and a second restructure of Education Support Staff.

Solar Energy has been researched and introduced to reduce electricity costs.

The pricing structure and cost effectiveness of all facility lettings has been reviewed.

More rigorous application for academy improvement funds ensures that bids are closely linked to the Academy Improvement Plan and sufficient research has been done to ensure value for money.

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 The Abbey School (Faversham) for the period from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The Risk and Control Framework (continued)

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed McCabe Ford Williams, the external auditor, to perform additional checks on behalf of the internal reviewer. The internal reviewer on the Board of Trustees is Mr T J Martin. The internal reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the period included the testing and review of:

- payroll and personnel systems;
- purchase processing systems and tendering procedures;
- completeness of EFA income;
- completeness of other income;
- sales processing and debtors ledger;
- balance sheet control accounts;
- expense claims; and
- petty cash reconciliations.

On a quarterly basis, the internal reviewer takes the auditor's reports to the Board of Trustees concerning the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The Board of Trustees confirms that the internal reviewer function has been fully delivered in line with the EFA's requirements and that no material internal control issues were identified during those visits.

Review of Effectiveness

As Accounting Officer, the Headteacher 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; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of any review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 5 December 2016 and signed on its behalf by:

Mrs P A Wright
Chair of Trustees

Mrs C Woodend
Accounting Officer

THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016

As Accounting Officer of The Abbey School (Faversham) I have considered my responsibility to notify the academy trust Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

Mrs C Woodend
Accounting Officer

Dated: 5 December 2016

THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as Governors for the activities of The Abbey School (Faversham) and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 5 December 2016 and signed on its behalf by:

Mrs P A Wright
Chair of Trustees

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

We have audited the financial statements of The Abbey School (Faversham) for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page fifteen, the Trustees (who 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

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:

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

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

Date: 5 December 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOARD OF TRUSTEES OF THE ABBEY SCHOOL (FAVERSHAM) AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 3 May 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Abbey School (Faversham) during the period 1 September 2015 to 31 August 2016 have been applied to the purpose identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective Responsibilities of The Abbey School (Faversham)'s Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of The Abbey School (Faversham)'s funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purpose intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE BOARD OF
TRUSTEES OF THE ABBEY SCHOOL (FAVERSHAM)
AND THE EDUCATION FUNDING AGENCY**

The work undertaken to draw our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the responsible officer during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the Board of Trustees;
- Review of fixed asset transactions against the requirements of the funding agreement between The Abbey School (Faversham) and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

Conclusion

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

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

Date : 5 December 2016

THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.16 Total Funds £	31.08.15 Total Funds £
Income from:						
Donations and Capital Grants	3	6,601	-	21,567	28,168	31,595
Charitable activities:						
Funding for the Academy trust's educational operations	6	-	5,921,868		5,921,868	6,142,198
Income from sports centre	7	152,171	-	-	152,171	150,334
Other Trading Activities	4	64,243	150,274	-	214,517	160,123
Investment income	5	3,965	-	-	3,965	4,934
Total		226,980	6,072,142	21,567	6,320,689	6,489,184
Expenditure on:						
Raising funds	9	13,281	95,032	-	108,313	117,943
Charitable activities:						
Academy trust educational operations	11	-	6,418,069	505,507	6,923,576	7,054,828
Sports centre	10	158,865	-	-	158,865	158,868
Total	8	172,146	6,513,101	505,507	7,190,754	7,331,639
Net income / (expenditure)		54,834	(440,959)	(483,940)	(870,065)	(842,455)
Transfers between funds	20	(118,882)	140,449	(21,567)	-	-
Other recognised gains/(losses)						
Actuarial (losses) / gains on defined benefit pension schemes	24	-	(1,682,000)	-	(1,682,000)	71,000
Net movement in funds		(64,048)	(1,982,510)	(505,507)	(2,552,065)	(771,455)
Reconciliation of funds						
Total funds brought forward		189,048	(1,849,781)	15,554,681	13,893,948	14,665,403
Total funds carried forward		125,000	(3,832,291)	15,049,174	11,341,883	13,893,948

All of the academy's activities derive from continuing operations during the above two financial periods. A separate Statement of Changes in Equity is not required as all gains and losses are included in the Statement of Financial Activities.

BALANCE SHEET
AS AT 31 AUGUST 2016

		31.08.16 £	31.08.16 £	31.08.15 £	31.08.15 £
	Notes				
FIXED ASSETS					
Tangible assets	16		15,049,174		15,554,681
CURRENT ASSETS					
Debtors: amounts falling due within one year	17	161,491		198,711	
Cash at bank and in hand		<u>64,097</u>		<u>141,187</u>	
		225,588		339,898	
CREDITORS					
Amounts falling due within one year	18	<u>(133,879)</u>		<u>(96,631)</u>	
NET CURRENT ASSETS			<u>91,709</u>		<u>243,267</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,140,883		15,797,948
Pension scheme liability	24		<u>(3,799,000)</u>		<u>(1,904,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>11,341,883</u>		<u>13,893,948</u>
FUNDS OF THE ACADEMY:					
RESTRICTED FUNDS					
Fixed asset funds	20	15,049,174		15,554,681	
General funds	20	(33,291)		54,219	
Pension fund	20	<u>(3,799,000)</u>		<u>(1,904,000)</u>	
TOTAL RESTRICTED FUNDS			11,216,883		13,704,900
UNRESTRICTED FUNDS					
General funds	20	-		189,048	
Designated funds		<u>125,000</u>		<u>-</u>	
TOTAL UNRESTRICTED FUNDS			<u>125,000</u>		<u>189,048</u>
TOTAL FUNDS			<u>11,341,883</u>		<u>13,893,948</u>

The financial statements on pages twenty to forty six were approved by the Trustees, and authorised for issue on 5 December 2016 and signed on their behalf by:

P A Wright, Chair of Trustees

The notes form part of these financial statements

THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	31.8.16 £	31.8.15 £
Cash flows from operating activities			
Net cash used in operating activities	1	(102,622)	(225,396)
Cash flows from investing activities	2	25,532	26,180
Change in cash and cash equivalents in the reporting period		<u>(77,090)</u>	<u>(199,216)</u>
Cash and cash equivalents at 1 September 2015		<u>141,187</u>	<u>340,403</u>
Cash and cash equivalents at 31 August 2016		<u>64,097</u>	<u>141,187</u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES		
	31.8.16	31.8.15
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(870,064)	(842,455)
Adjustments for:		
Depreciation	505,507	505,507
Capital grants from DfE/EFA	(21,567)	(21,246)
Interest received	(3,965)	(4,934)
Defined benefit pension scheme cost less contributions (note 24)	136,000	94,000
Defined benefit pension scheme finance cost (note 24)	77,000	73,000
(Increase)/decrease in debtors	37,220	(16,556)
Increase/(decrease) in creditors	<u>37,247</u>	<u>(12,712)</u>
Net cash provided (used in) operating activities	<u>(102,622)</u>	<u>(225,396)</u>
2. CASHFLOWS FROM INVESTING ACTIVITIES		
	31.8.16	31.8.15
	£	£
Dividends, interest and rents from investments	3,965	4,934
Capital grants from DfE/EFA	<u>21,567</u>	<u>21,246</u>
Net cash used in investing activities	<u>25,532</u>	<u>26,180</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP 2015), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

These financial statements are the first financial statements of the academy trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

Going concern

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

The academy continues to face a number of challenges with limited reserves. A number of measures have been taken to control and reduce costs. Budgets have been prepared on a prudent basis. These measures have nevertheless resulted in the year under review in a decrease in the academy's general funds. Further measures have been put in place to cut costs and for this reason the Trustees assess that the academy is a going concern and that it is appropriate to adopt the going concern basis in preparing the financial statements.

Income

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

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement until the performance-related conditions are met to the income and 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 there is entitlement 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 in the restricted fixed asset fund.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES – continued

Donations

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

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.

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's policies.

Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Liabilities

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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES – continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Leasehold property	- over the remaining life of the individual buildings
3G artificial pitch	- straight line over 20 years
The right to occupy land	- over the remaining term of the lease
Improvements to Property	- over the life of the improvement

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.

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

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

Agency arrangements

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

Hire purchase and leasing commitments

Rentals in respect of operating leases are charged to the Statement of Financial Activities in the period in which they are incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES – continued

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 Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency 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 and Kent County Council.

Designated funds comprise of sports hall repair costs and 3G sports pitch maintenance costs.

Pension costs and other post-retirement benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES – continued

Critical accounting estimates and areas of judgement – continued

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of leasehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of leasehold property which relates to land is deemed not to have a finite life and is not depreciated. The element of leasehold property which does not relate to land is depreciated over the estimated life of the individual buildings, and it is assumed that the asset has no residual value. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being made available for premises/capital purposes. The academy trust has not exceeded these limits during the year ended 31 August 2016.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

3. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds	Restricted Funds	31.08.16 Total Funds	31.08.15 Total Funds
	£	£	£	£
Capital Grants	-	21,567	21,567	21,567
Other donations	6,601	-	6,601	10,349
	<u>6,601</u>	<u>21,567</u>	<u>28,168</u>	<u>31,595</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds	Restricted Funds	31.08.16 Total Funds	31.08.15 Total Funds
	£	£	£	£
Fundraising events	2,670	44,972	47,642	23,177
Staff Related Activities	9,639	-	9,639	10,363
School trip income	-	78,015	78,015	64,254
Facilities and services	31,056	-	31,056	27,749
Business unit income	19,328	-	19,328	14,296
Department income	-	10,621	10,621	5,739
Other income	1,550	16,666	18,216	4,002
Vocational income	-	-	-	10,543
	<u>64,243</u>	<u>150,274</u>	<u>214,517</u>	<u>160,123</u>

5. INVESTMENTS

	Unrestricted Funds	Restricted Funds	31.08.16 Total Funds	31.08.15 Total Funds
	£	£	£	£
Deposit account interest	3,965	-	3,965	4,934
	<u>3,965</u>	<u>-</u>	<u>3,965</u>	<u>4,934</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

6. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	31.08.16 Total Funds £	31.08.15 Total Funds £
DfE/EFA REVENUE GRANTS				
General Annual Grant (GAG)	-	5,088,901	5,088,901	5,224,085
Pupil premium	-	271,017	271,017	286,657
Vulnerable Students	-	27,000	27,000	-
Summer school	-	20,000	20,000	23,500
Year 7 catch up	-	19,000	19,000	19,000
Insurance re-imbursements	-	25,031	25,031	22,595
Rates re-imbursements	-	30,750	30,750	30,655
	<u>-</u>	<u>5,481,699</u>	<u>5,481,699</u>	<u>5,606,492</u>
OTHER GOVERNMENT GRANTS				
VSCN	-	64,175	64,175	114,298
Autism funding	-	303,641	303,641	262,717
Local authority grants	-	23,901	23,901	125,084
Other	-	10,973	10,973	5,638
	<u>-</u>	<u>402,690</u>	<u>402,690</u>	<u>507,737</u>
OTHER GRANTS				
Canterbury Christchurch University	-	5,467	5,467	4,829
Swale Teaching School Alliance	-	32,012	32,012	18,969
Other	-	-	-	4,171
	<u>-</u>	<u>37,479</u>	<u>37,479</u>	<u>27,969</u>
	<u>-</u>	<u>5,921,868</u>	<u>5,921,868</u>	<u>6,142,198</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

7. SPORTS INCOME

	Unrestricted Funds £	Restricted Funds £	31.08.16 Total Funds £	31.08.15 Total Funds £
Income from sports centre	<u>152,171</u>	<u>-</u>	<u>152,171</u>	<u>150,334</u>
	<u>152,171</u>	<u>-</u>	<u>152,171</u>	<u>150,334</u>

8. EXPENDITURE

	Staff Costs £	Premises Costs £	Other Costs £	31.08.16 Total £	31.08.15 Total £
Expenditure on raising funds	10,327	-	97,986	108,313	117,943
<i>Academy's educational operations</i>					
Direct costs	4,715,120	-	950,151	5,665,271	5,704,693
Allocated support costs	655,951	216,359	385,995	1,258,305	1,350,135
<i>Academy's sports centre operations</i>					
Direct costs	85,337	-	33,064	118,401	122,583
Allocated support costs	25,103	8,926	6,435	40,464	36,285
	<u>5,491,838</u>	<u>225,285</u>	<u>1,473,631</u>	<u>7,190,754</u>	<u>7,331,639</u>

Incoming/outgoing resources for the year include:

	31.08.16 £	31.08.15 £
Operating lease rentals	-	-
Auditors' remuneration	6,000	6,000
Auditors' remuneration for non-audit work	5,525	4,925
Depreciation – owned assets	<u>505,507</u>	<u>505,507</u>

Included within expenditure are the following transactions:

	Total £	Amount £	Individual items above £5,000 Reason
Compensation payments	94,552	20,000	Compromise agreement
		9,422	Redundancy payment
		8,852	Redundancy payment
		11,883	Redundancy payment
		10,211	Redundancy payment
		34,184	KCC Early Retirement Costs

Total redundancy costs amounted to £106,645.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

9. RAISING FUNDS

	Unrestricted General Funds	Restricted General Funds	31.08.16 Total Funds	31.08.15 Total Funds
	£	£	£	£
Direct costs				
Vocational expenditure	-	-	-	12,855
Educational visits	-	77,803	77,803	89,424
Staff related activities	10,327	-	10,327	11,336
Pupil related activities	-	2,783	2,783	680
Educational resources	-	14,446	14,446	-
	<u>10,327</u>	<u>95,032</u>	<u>105,359</u>	<u>114,295</u>
Allocated support costs				
Support staff costs	2,954	-	2,954	3,648
	<u>13,281</u>	<u>95,032</u>	<u>108,313</u>	<u>117,943</u>

10. CHARITABLE ACTIVITIES – SPORTS CENTRE

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	31.08.16 Total Funds	31.08.15 Total Funds
	£	£	£	£	£
Direct costs					
Sports centre salaries	85,337	-	-	85,337	84,250
Other sports centre expenditure	33,064	-	-	33,064	38,333
	<u>118,401</u>	<u>-</u>	<u>-</u>	<u>118,401</u>	<u>122,583</u>
Allocated support costs					
Support staff costs	25,103	-	-	25,103	18,820
Maintenance of premises and equipment	3,014	-	-	3,014	5,634
Cleaning	345	-	-	345	541
Rent and rates	2,008	-	-	2,008	1,781
Insurance	1,868	-	-	1,868	1,653
Energy costs	3,994	-	-	3,994	3,752
Bank interest and charges	37	-	-	37	27
Other support costs	3,580	-	-	3,580	3,586
Technology Costs	515	-	-	515	491
	<u>40,464</u>	<u>-</u>	<u>-</u>	<u>40,464</u>	<u>36,285</u>
	<u>158,865</u>	<u>-</u>	<u>-</u>	<u>158,865</u>	<u>158,868</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

11. CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	31.08.16 Total Funds	31.08.15 Total Funds
	£	£	£	£	£
Direct costs					
Teaching and educational support staff costs	-	4,715,120	-	4,715,120	4,706,277
Technology costs	-	128,934	-	128,934	132,726
Depreciation	-	-	452,934	452,934	452,934
Educational supplies	-	150,894	-	150,894	155,135
Examination fees	-	103,184	-	103,184	121,119
Staff development	-	15,996	-	15,996	18,247
Educational consultancy	-	88,617	-	88,617	27,524
Other direct costs	-	9,592	-	9,592	90,731
	-	5,212,337	452,934	5,665,271	5,704,693
Allocated support costs					
Support staff costs	-	655,951	-	655,951	628,706
Recruitment and support	-	-	-	-	7,048
Maintenance of premises and equipment	-	55,687	-	55,687	170,088
Cleaning	-	8,735	-	8,735	15,371
Rent and rates	-	46,842	-	46,842	50,590
Insurance	-	47,292	-	47,292	46,975
Energy costs	-	105,096	-	105,096	106,595
Security and transport	-	13,340	-	13,340	15,197
Catering	-	60,781	-	60,781	38,077
Bank interest and charges	-	947	-	947	774
Depreciation	-	-	52,573	52,573	52,573
Technology Costs	-	13,047	-	13,047	13,946
Other Support Costs	-	92,264	-	92,264	100,004
Other finance Costs	-	78,637	-	78,637	73,000
Governance Costs	-	27,113	-	27,113	31,191
	-	1,205,732	52,573	1,258,305	1,350,135
	-	6,418,069	505,507	6,923,576	7,054,828

For further analysis of governance costs see Note 12.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

12. GOVERNANCE COSTS

	31.08.16	31.08.15
	£	£
Auditors' remuneration		
Audit of financial statements	6,000	6,000
Auditors' remn – Non audit services	1,500	1,500
Accounts return	750	750
EOYC audit	275	275
Responsible Officer system checks	3,000	2,400
Professional Fees	12,340	17,807
Clerking Service	<u>3,248</u>	<u>2,459</u>
	<u>27,113</u>	<u>31,191</u>

13. STAFF COSTS

a. Staff costs

Staff costs during the period were:

	31.08.16	31.08.15
	£	£
Wages and salaries	4,227,993	4,370,666
Social security costs	342,204	317,600
Pension costs	<u>789,164</u>	<u>703,389</u>
	5,359,361	5,391,655
Supply teacher costs	15,420	8,881
Staff related activities	10,327	11,336
Staff restructuring costs	<u>106,730</u>	<u>37,517</u>
	<u>5,491,838</u>	<u>5,449,389</u>

b. Non statutory / non-contractual staff severance payments

Included in staff restructuring costs is a non-contractual severance payment totalling £20,000 (2015: £29,350).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

13. STAFF COSTS - Continued

c. Staff numbers

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

Charitable activities	31.08.16		31.08.15	
	Head count	FTE	Head count	FTE
Teachers and educational support	128	104	128	114
Administration and support	62	31	62	27
Management	9	6	9	7
	<u>199</u>	<u>141</u>	<u>199</u>	<u>148</u>

d. Higher paid staff

The number of employees whose emoluments fell within the following bands (pro-rated) was:

	31.08.16	31.08.15
£60,001 – £70,000	1	1
£70,001 – £80,000	1	1
£110,001 – £120,000	<u>1</u>	<u>1</u>

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2016, pension contributions for these staff amounted to £42,477 (2015: £35,784).

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £660,607 (2015: £691,306)

14. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration was as follows:

Mrs C Woodend (Headteacher and trustee):

Remuneration £115,000 - £120,000, (2015: £115,000 - £120,000)

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

Mrs G Parsons (staff trustee) resigned 02/07/15:

Remuneration n/a, (2015: £40,000 - £50,000)

Employer's pension contributions n/a, (2015: £5,000 - £10,000)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

14. TRUSTEES' REMUNERATION AND EXPENSES – Continued

Mrs C Blythe (staff trustee) appointed 16/09/14:
 Remuneration £15,000 - £20,000, (2015: £10,000 - £15,000)
 Employer's pension contributions £nil - £5,000, (2015: £nil - £5,000)

Mr R Clarke (staff trustee) appointed 26/09/15:
 Remuneration £45,000 - £50,000, (2015: n/a)
 Employer's pension contributions £5,000 - £10,000, (2015: n/a)

During the year ended 31 August 2016, no travel and subsistence expenses were reimbursed to Trustees (year ended 2015: £nil).

Mr P J Howes (staff trustee) spouse, S Frorath earned a total salary in the period of £45,000 - £50,000 (2015: £45,000 - £50,000)

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim. The cost of this insurance is included Governance costs and totals £197 (2015: £916).

16. TANGIBLE FIXED ASSETS

	Leasehold property £	3G artificial pitch £	Land £	Improvements to property £	Totals £
COST					
At 1 September 2015 and 31 August 2016	<u>10,474,691</u>	<u>671,733</u>	<u>5,159,400</u>	<u>1,118,044</u>	<u>17,423,868</u>
DEPRECIATION					
At 1 September 2015	1,543,691	100,767	165,101	59,629	1,869,188
Charge for year	<u>385,923</u>	<u>33,586</u>	<u>41,275</u>	<u>44,722</u>	<u>505,506</u>
At 31 August 2016	<u>1,929,614</u>	<u>134,353</u>	<u>206,376</u>	<u>104,351</u>	<u>2,374,694</u>
NET BOOK VALUE					
At 31 August 2016	<u>8,545,077</u>	<u>537,380</u>	<u>4,953,024</u>	<u>1,013,693</u>	<u>15,049,174</u>
At 31 August 2015	<u>8,931,001</u>	<u>570,966</u>	<u>4,994,299</u>	<u>1,058,415</u>	<u>15,554,681</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.16	31.8.15
	£	£
Trade debtors	35,564	9,119
VAT	30,590	39,056
Prepayments and accrued income	<u>95,337</u>	<u>150,536</u>
	<u>161,491</u>	<u>198,711</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.16	31.8.15
	£	£
Trade creditors	10,151	24,240
Other creditors	34,975	16,089
Accruals and deferred income	<u>88,753</u>	<u>56,302</u>
	<u>133,879</u>	<u>96,631</u>

19. DEFERRED INCOME

	31.8.16	31.8.15
	£	£
Deferred Income at 1 September 2015	18,847	23,459
Resources deferred in the period	22,090	18,847
Amounts released from previous periods	<u>(18,847)</u>	<u>(23,459)</u>
	<u>22,090</u>	<u>18,847</u>

£17,685 (2015: £18,118) is in respect of funding from the EFA per rates received in advance, £388 (2015: £729) is in respect of 2016/17 trips and £4,017 is in respect of payments taken in advance per football lets and travel cards (2015: £0).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

20. FUNDS

	Balance at 1 September 2015 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	(7,431)	5,088,901	(5,376,589)	140,449	(154,670)
School voluntary fund	9,480	122,987	(99,880)	-	32,587
Other DfE/EFA grants	5,300	82,781	(54,844)	-	33,237
Other government grants	17,837	402,690	(410,099)	-	10,428
Pupil Premium	-	271,017	(271,017)	-	-
Summer School	3,903	20,000	(20,000)	-	3,903
Year 7 Catch Up	-	19,000	(19,000)	-	-
Other grants	25,130	64,766	(48,672)	-	41,224
Pension reserve	(1,904,000)	-	(213,000)	(1,682,000)	(3,799,000)
	<u>(1,849,781)</u>	<u>6,072,142</u>	<u>(6,513,101)</u>	<u>(1,541,551)</u>	<u>(3,832,291)</u>
Restricted fixed asset funds					
Transfer of Property	8,931,000	-	(385,923)	-	8,545,077
Transfer of Land	4,994,300	-	(41,275)	-	4,953,025
3G Pitch	570,966	-	(33,587)	-	537,379
Academies Capital Maintenance Fund	1,058,371	-	(44,722)	-	1,013,649
Devolved Capital	44	21,567	-	(21,567)	44
	<u>15,554,681</u>	<u>21,567</u>	<u>(505,507)</u>	<u>(21,567)</u>	<u>15,049,174</u>
Total restricted funds	<u>13,704,900</u>	<u>6,093,709</u>	<u>(7,018,608)</u>	<u>(1,563,118)</u>	<u>11,216,883</u>
Unrestricted funds					
Unrestricted funds	168,948	220,379	(172,146)	(217,181)	-
Donations	20,100	6,601	-	(26,701)	-
Designated funds					
Sports maintenance fund	-	-	-	100,000	100,000
Sports hall repairs fund	-	-	-	25,000	25,000
	<u>189,048</u>	<u>226,980</u>	<u>(172,146)</u>	<u>(118,882)</u>	<u>125,000</u>
Total funds	<u>13,893,948</u>	<u>6,320,689</u>	<u>(7,190,754)</u>	<u>(1,682,000)</u>	<u>11,341,883</u>

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

General Annual Grant (GAG)

Under the funding agreement with the secretary of state, the academy trust was subject to a limit on the amount of GAG that it could carry forward on 31 August 2016. Note 2 discloses whether the limit was exceeded.

Other restricted general funds

Funding is provided by Government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

20. FUNDS – CONTINUED

Restricted fixed asset funds

Funding is provided by way of Government grants or capital expenditure from the GAG in order to acquire specified fixed assets for use by the academy in achieving its educational objectives. A one-off transfer of buildings and other fixed assets previously in use by The Abbey School occurred upon conversion to an academy.

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the academy.

Transfers between funds

A transfer amounting to £21,567 was made out of restricted fixed assets funds to the GAG fund to cover maintenance costs.

School voluntary fund

School voluntary funds include designated balances of £160 to 6th form prom fund, £111 to year 11 prom fund, £22,835 to Erasmus fund and £1,557 to charity fund.

Designated funds

Funds of £100,000 have been designated to the 3G sports pitch maintenance. A further £25,000 has been designated to sports hall repairs.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted General Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.16 Total Funds £
Tangible fixed assets	-	-	15,049,174	15,049,174
Current assets	125,000	100,588	-	225,588
Current liabilities	-	(133,879)	-	(133,879)
Pension scheme liability	-	(3,799,000)	-	(3,799,000)
	<u>125,000</u>	<u>(3,832,291)</u>	<u>15,049,174</u>	<u>11,341,883</u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2016 the academy had annual commitments under non cancellable operating leases as follows:

	31.08.16 £	31.08.15 £
Other		
Amounts due within one year	7,967	35,983
Amounts due between one and five years	5,211	3,969
Amounts due after five years	640	-
	<u>13,818</u>	<u>39,952</u>

The land and buildings are leased for one peppercorn per annum.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

23. 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.

24. 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 the end of the financial period.

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%.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION AND SIMILAR OBLIGATIONS – Continued

Valuation of the Teachers' Pension Scheme – continued

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS 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 £478,940 (2015: £415,389).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in Financial Reporting Standard (FRS 102) 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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £227,000 (2015: £250,000), of which employer's contributions totalled £176,000 (2015: £194,000) and employees' contributions totalled £51,000 (2015: £56,000). The agreed contribution rates for future years are 19.8 per cent for employers and between 5.5 per cent and 12.5 per cent for employees.

The LGPS obligation relates to the employees of the academy trust, who were employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme since that date. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.08.16	31.08.15
Discount rate	2.20%	4.00%
Price increases	2.30%	2.70%
Future salary increases	4.10%	4.50%
Future pension increases	2.30%	2.70%
Commutation of pensions to lump sums	50.0%	50.0%

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

	31.08.16	31.08.15
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION AND SIMILAR OBLIGATIONS – Continued

Local Government Pension Scheme - continued

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:

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	6,405,000	6,551,000	6,700,000
Projected service cost	364,000	372,000	381,000
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	6,576,000	6,551,000	6,526,000
Projected service cost	372,000	372,000	372,000
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	6,675,000	6,551,000	6,430,000
Projected service cost	380,000	372,000	364,000
Adjustment to life expectancy assumptions	+0.1%	0.0%	-0.1%
Present value of total obligation	6,727,000	6,551,000	6,380,000
Projected service cost	381,000	372,000	363,000

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,861,000	1,527,000
Gilts	25,000	23,000
Other bonds	294,000	247,000
Property	386,000	302,000
Cash	66,000	58,000
Target return portfolio	<u>120,000</u>	<u>97,000</u>
Total market value of assets	2,752,000	2,254,000
Present value of scheme liabilities		
-Funded	<u>(6,551,000)</u>	<u>(4,158,000)</u>
Deficit in the scheme	<u>(3,799,000)</u>	<u>(1,904,000)</u>

For the year to 31 August 2016 the expected return on scheme assets was 6.0% per annum. The actual return on scheme assets was £332,000 (2015: £50,000).

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION AND SIMILAR OBLIGATIONS – Continued

The amounts recognised in the Statement of Financial Activities are as follows:

	Defined benefit pension plans	Defined benefit pension plans
	31.08.16	31.08.15
	£	£
Current service cost (net of employee contributions)	260,000	288,000
Past service cost	<u>52,000</u>	<u>-</u>
Total operating charge	<u><u>312,000</u></u>	<u><u>288,000</u></u>
Analysis of pension finance income/(costs):		
Net Interest on defined liability	75,000	72,000
Administration expenses	<u>2,000</u>	<u>1,000</u>
Pension finance costs	<u><u>77,000</u></u>	<u><u>73,000</u></u>

The actuarial 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 102 is a £1,518,000 loss (2015: £164,000 gain).

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

	Defined benefit pension plans	Defined benefit pension plans
	31.08.16	31.08.15
	£	£
Opening defined benefit obligation	4,158,000	3,790,000
Current service cost	260,000	288,000
Contributions by scheme participants	51,000	56,000
Interest cost	168,000	154,000
Actuarial losses/(gains)	1,921,000	(102,000)
Estimated benefits paid net of transfers in	(59,000)	(28,000)
Past service costs, including curtailments	<u>52,000</u>	<u>-</u>
	<u><u>6,551,000</u></u>	<u><u>4,158,000</u></u>

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION AND SIMILAR OBLIGATIONS – Continued

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

	Defined benefit pension plans 31.08.16 £	Defined benefit pension plans 31.08.15 £
Opening fair value of scheme assets	2,254,000	1,982,000
Interest on plan assets	93,000	82,000
Contributions by employer including unfunded	176,000	194,000
Contributions by scheme participants and other employers	51,000	56,000
Benefits paid net of transfers in	(59,000)	(28,000)
Remeasurements (assets)	239,000	(31,000)
Administrative expenses	<u>(2,000)</u>	<u>(1,000)</u>
	<u>2,752,000</u>	<u>2,254,000</u>

The estimated value of employer contributions for the year ending 31 August 2017 is £176,000 (2016: £193,000).

Amounts for the current and previous three periods are as follows:

	31.08.16 £	31.08.15 £	31.08.14 £	31.08.13 £
Defined benefit pension plans				
Defined benefit obligation	(6,551,000)	(4,158,000)	(3,790,000)	(3,399,000)
Fair value of scheme assets	2,752,000	2,254,000	1,982,000	1,240,000
Deficit	(3,799,000)	(1,904,000)	(1,808,000)	(2,159,000)
Experience adjustments on scheme assets	-	(75,000)	425,000	101,000
Experience adjustments on scheme liabilities	-	-	350,000	-

25. RELATED PARTY DISCLOSURES

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

There were no related party transactions in the period other than those disclosed in note 14.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

26. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £32,756 and disbursed £10,207 from the fund. An amount of £35,985 is included in other creditors relating to undistributed funds that are repayable to EFA which includes £13,436 brought forward from previous period.

27. TRANSITION TO FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014.

a) Changes in accounting policies:

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenses by £44,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

No other changes in accounting policies have been made in preparing these financial statements. The existing accounting policies are sufficient to provide financial statements which conform overall to the requirements of the new financial reporting framework.

b) Reconciliation of total charitable company funds:

There have been no adjustments to previously reported total funds at the date of transition to SORP (FRS 102).

c) Reconciliation of comparative period net income / (expenditure):

Adjustments to previously reported net income / (expenditure) in the comparative period were as follows:

	£
Net income / (expenditure) for the year ended 31 August 2015 under SORP (2005)	(798,455)
Change in disclosure of defined benefit pension re-measurements	(44,000)
Net income / (expenditure) for the year ended 31 August 2015 under SORP (FRS 102)	<u>(842,455)</u>

THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

28. COMPARATIVE PERIOD STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.15 Total Funds £
Income from:					
Donations and capital grants	3	10,000	349	21,246	31,595
Charitable activities:					
Funding for the academy trust's educational operations	6	-	6,142,198	-	6,142,198
Income from sports centre	7	150,334	-	-	150,334
Other trading activities	4	54,868	105,255	-	160,123
Investment income	5	4,934	-	-	4,934
Total		<u>220,136</u>	<u>6,247,802</u>	<u>21,246</u>	<u>6,489,184</u>
Expenditure on:					
Raising funds	9	15,627	102,316	-	117,943
Charitable activities:					
Academy trust educational operations	11	-	6,549,321	505,507	7,054,828
Sports centre	10	<u>158,868</u>	<u>-</u>	<u>-</u>	<u>158,868</u>
Total	8	<u>174,495</u>	<u>6,651,637</u>	<u>505,507</u>	<u>7,331,639</u>
Net income / (expenditure)		45,641	(403,835)	(484,261)	(842,455)
Transfers between funds	20	(9,345)	30,591	(21,246)	-
Other recognised (losses)/gains					
Actuarial (losses)/gains on defined benefit pension schemes	24	-	71,000	-	71,000
Net movement in funds		36,296	(302,244)	(505,507)	(771,455)
Reconciliation of funds					
Total funds brought forward		<u>152,752</u>	<u>(1,547,537)</u>	<u>16,060,188</u>	<u>14,665,403</u>
Total funds carried forward		<u>189,048</u>	<u>(1,849,781)</u>	<u>15,554,681</u>	<u>13,893,948</u>