

REGISTERED COMPANY NUMBER: 07697086 (England and Wales)

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018
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)

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FOR THE YEAR ENDED 31 AUGUST 2018

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

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Registered Company Number	07697086 (England and Wales)
Principal and Registered Office	London Road FAVERSHAM Kent ME13 8RZ
Members	
Mrs A Harris	
Mrs C Woodend resigned 28.09.2018	
Mrs P A Wright	
Mr G Wilby appointed 28.09.2018	
Trustees	
Mr J Kerin (chair) *	Resigned 22.03.2018
Mrs C Clarkstone (chair)	
Mrs C Woodend (Headteacher) *	Resigned 31.08.2018
Mr T J Martin *	
Mr G Wilby *	Resigned 07.12.2017
Mr P J Howes	Resigned 21.09.2018
Prof C J Bennett	
Mrs P E Mayoh *	Reappointed 21.09.17
Mrs M F Rehal	
Mr R W Clarke (staff trustee) *	
Mrs J Landsberg	
Mrs W Gregory (staff trustee)	
Mrs S Keeling (staff trustee)	
Mrs D Cory	
Mr M Dark *	Appointed 07.12.2017 Resigned 20.09.2018
Mr P Hawkins *	Appointed 22.03.2018
Dr R H Speller	Appointed 01.09.2018
* Members of the Resources Committee	
Senior Management Team	
Mrs C Woodend	Headteacher (to 31.08.18)
Mr K Dickens	Deputy Headteacher
Dr R Speller	Deputy Headteacher (Headteacher from 01.09.18)
Mrs G Parsons	Assistant Headteacher
Mrs S Spring	Assistant Headteacher
Mr S Finlan	Assistant Headteacher
Mrs J Lucas	Assistant Headteacher
Mr P Stucken	Assistant Headteacher
Mr R Clarke	Assistant Headteacher
Mrs D Bainborough	Assistant Headteacher
Ms L Temple	Director of Inclusion
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 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. 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 1,121 in the school census in October 2018.

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 year and up to the date these accounts are approved, 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 2018

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 Academy's 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 seven Assistant Headteachers. The organisational structure cascades via Senior Leaders and Middle Managers that include 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 2018

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.

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	3.85

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1% - 50%	0
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	£5,427,476
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0%

Paid trade union activities

Time spent of trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0%
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THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018

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 and Management

Mrs Caroline Clarkstone was appointed as Chair of Governors following the resignation of Mr James Kerin.

A new headteacher, Dr Rowland Speller, was appointed for 1 September 2018, following the retirement from headship of the academy's successful headteacher of 12 years, Mrs Catrin Woodend.

Student numbers are increasing rapidly with the roll rising by 80 students with the new intake in September 2017 and 70 in September 2018.

The academy was approved as a World IB School. The academy was nominated along with 7 other schools nationally for the award of International School of the Year. The academy did not win the overall award, but to be nominated was a significant achievement.

The Priority Schools' Building Programme has progressed well and the academy hopes to achieve the extension to B Block within the next two years.

Quality of Teaching, Learning and Assessment

The new assessment model in lower school has been reviewed to ensure all staff are providing accurate projections and students' progress is monitored effectively and reported to parents.

The curriculum offer for all courses in KS5 has been reviewed to ensure the provision of sufficient depth and breadth.

The quality of homework set has been reviewed to ensure it is completed and marked consistently to support the home learning/independent study programme.

Contact has been established with primary feeder schools to begin to share good practice and fully embed moderation strategies in English and Mathematics aiming to close gaps in attainment.

Personal Development, Behaviour and Welfare & SMSC

The academy has developed more commercial community links for enhanced work experience.

The number of business mentors and apprenticeship opportunities has increased.

The number of community mentors to support the development of literacy, reading and handwriting intervention has increased so that more students can engage with the programme.

Plans have been developed to deliver a strategy to engage hard to reach parents so that they can support progress of students at home.

Resources

A Salix loan has been secured and has been fully utilised to replace all lighting across the campus. This has reduced the academy's carbon footprint and is set to save £16,000 per year on energy costs.

Curriculum and staffing levels have been reviewed to ensure efficient use of teaching staff.

All ICT software packages have been reviewed to ensure value for money by reducing redundancy and duplication.

Tariffs to all lettings and business units have been reviewed in line with local providers.

Income from sport and the fitness suite has been maximised by filling up redundant slots to generate more profit to support teaching and learning.

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.

THE ABBEY SCHOOL (FAVERSHAM)
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

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 1,090 students on roll during the 2018 year.

Key Stage 4

Progress 8 Score is estimated to be -0.27

Attainment 8 was 36.05 (Grade C)

18% achieved a strong pass in English and Mathematics

44% achieved a standard pass in English and Mathematics

11% achieved the English Baccalaureate

Key Stage 5

The average points score per academic entry is 21.03 (D)

The average points score per applied entry is 30.69 (Distinction -)

Attendance was 94.21%.

Going Concern

The Board of Trustees is confident that the academy trust has adequate resources to continue in operational existence for the foreseeable future. In the financial year 2018/19 the academy will receive a considerable uplift in funding as an additional 83 students were recorded on the Autumn Census 2017. With rising rolls planned to continue over the next 5 years, the board of trustees is confident that the financial future of the academy trust is secure.

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 2017 to 31 August 2018. The majority of the academy's income is obtained from the Education and Skills Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

The academy also received grants for fixed assets from the ESFA, 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 restricted fixed assets fund. 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 £7,269,700 (2017: £7,111,089) was covered by recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and the pension deficit) was £117,479 (2017: -£22,006).

At 31 August 2018 the net book value of fixed assets was £13,825,196 (2017: £14,421,973) and movements in tangible fixed assets are shown in note 16 to the financial statements.

Key Financial Performance Indicators:

	2018	2017
Educational wages per pupil enrolled	£4,979	£5,062
Total wages ex sports centre as a percentage of GAG funding	103%	102%
Total wages ex sports centre as a percentage of total revenue grants	88%	83%

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 £158,320. The academy currently has free reserves of £56,581(2017: £nil) after accounting for £125,000 (2017: £125,000) which has been designated for the 3G pitch sinking fund. The restricted general funds are £27,140 (2017: £ (33,758) (before accounting for the pension liability). Restricted general funds, excluding the pension reserve plus unrestricted funds were £208,721 at the year-end (2017: £91,242). The trust continues to work towards its target level of reserves.

Restricted funds (excluding restricted fixed asset funds) at 31 August 2018 show a deficit of £2,206,860 (2017: £2,695,758) this is after accounting for the deficit on the local government pension scheme. The deficit on the scheme as at 31 August 2018 was £2,234,000 (2017: £2,662,000). 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 2019.

Total funds at 31 August 2018 are £11,750,917 (2017: £11,851,215).

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.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT (continued)

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.

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.

FUNDRAISING

The Academy's fundraising was limited to a Year 7 Sponsored Walk, which raised £922 and school fund donations from parents, which raised £2,627. All funds raised are allocated to a school improvement fund which supports developments in teaching and learning. The Academy does not use commercial fundraisers. Any complaints regarding our fundraising activities will be dealt with in accordance with Charity Commission guidance.

PLANS FOR FUTURE PERIODS

ACADEMY IMPROVEMENT PRIORITIES 2018/2019

Outcomes for Children and Learners

Year 13 Targets

Average points score per academic entry above 28.00 (C)
Average points score per applied entry above 30 (Distinction)

Year 11 Targets

Progress 8 score above +0.00
25% grade 5 and above in English and Mathematics
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 94.5%

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

PLANS FOR FUTURE PERIODS (continued)

Develop Leadership and Management

Implement rigorous systems that are used to inform department self-evaluation and identify future areas for development.

Establish distributed leadership to ensure high expectations, high quality leadership and high standards.

Revise long term planning documents within departments to reflect the changing priorities and areas of development following the results in summer 2018.

Improve Teaching, Learning and Assessment

Improve the quality and effectiveness of questioning, marking and feedback to ensure that it has a direct impact upon the outcomes of students.

Improve the teaching and provision for identified groups, particularly those eligible for the Pupil Premium, SEN Support, disadvantaged boys and those with high prior attainment.

Broaden the teaching for more able students across the school through enriching the curriculum and developing additional extra-curricular provision.

Use the DfE sponsored 'Achievement for All' project as a catalyst for implementing new and innovative strategies to close the disadvantage gap.

Improve students' literacy and numeracy.

Develop students' attitudes and resilience to learning.

Increase attendance at extra-curricular sessions, after-school support plus other revision and intervention lessons.

Enhance 16-19 Outcomes

Work collaboratively with Queen Elizabeth Grammar School to increase student retention within the town at post-16 level.

Increase the number of students participating successfully in both the International Baccalaureate Careers Programme (IBCP) and the Dover Athletic Football Academy (DAFA).

Increase the number of students progressing to Russell Group universities and Level 4 apprenticeships.

The work on student 'mind-set' and 'resilience' that has already been undertaken will be reviewed in order the next steps necessary to develop the programme can be identified and implemented.

Expand the range of opportunities for sixth form students to work with employers and other stakeholders within the local community.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

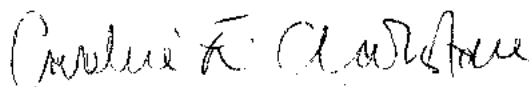
The trustees hold no funds as custodian trustee.

AUDITOR

In so far as the Trustees are aware:

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

Report of the Trustees, incorporating a Strategic Report, was approved by order of the Board of Trustees as the company directors, on 6 December 2018 and signed on its behalf by:



Mrs C Clarkstone
Chair of Trustees

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

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

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 Clarkstone (Chair from 22.03.18)	4	4
Mrs C Woodend (Headteacher until 31.08.2018)	4	4
Mr G Wilby (Resigned 07.12.2017)	1	2
Mr P J Howes (Resigned 21.09.2018)	3	4
Mr T J Martin	4	4
Mrs P E Mayoh (Re-appointed 21.09.2017)	3	4
Prof C J Bennett	3	4
Ms M F Rehal	2	4
Mr R Clarke (Staff Trustee)	4	4
Mr J Kerin	2	3
Mrs J Landsberg	2	4
Mrs W Gregory (Staff Trustee)	2	4
Mrs D Cory	1	4
Mrs S Keeling (Staff Trustee)	3	4
Mr P Hawkins (Appointed 22.03.2018)	2	2
Mr M Dark (Appointed 07.12.2017, Resigned 20.09.2018)	2	3
Dr R Speller (Appointed 01.09.2018)	0	0

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.

During the year the Board of Governors reviewed the following:

- The Statutory Accounts to 31 August 2017
- The Budget for the year to August 2018
- The 3 Year Forecast to August 2020
- Insurance renewal
- Pension deficit
- Statutory Policies
- The Risk Register
- The Quarterly External Compliance Reports

In addition, the Board of Governors scrutinised and challenged the following:

- The Monthly Management Accounts, monitoring actual income and expenditure against projections and questioning variances.
- New Pay Policy for teachers
- Pay awards for support staff
- Tenders and all expenditure over £8,000
- Enrichment Activities for Students for approval
- Projections for EFSA regarding actual numbers funding against lagged.

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

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

Governance (continued)

Despite recruitment difficulties, the Board of Governors remains experienced with a wide range of skills that are used effectively in the governance of the academy. The Board has actively recruited governors with financial and legal backgrounds as they identified this as an area they wished to improve upon. Particular challenges that have arisen for the Board of Governors this year include the resignation of the Chair after a short time in post and the resignation of a longstanding headteacher and the recruitment of a replacement. The other significant issue was the projected in-year deficit in 2017/18. The longer term financial position is secure based on rising student numbers. The academy negotiated actual numbers funding for 2017/18 with the ESFA and this has addressed the short-term issue.

Financial data has been presented in a consistent manner for a number of years, so governors are able to access the data easily and make comparisons with previous periods, identifying variances when they occur. Governors are confident that they have a good understanding of the academy's financial position in the short and long term and are able to make effective decisions based on this.

The Board of Governors believe that the data they receive from the leadership team is honest and accurate and are confident that they have a very good understanding of where the academy is meeting its objectives and what aspects need improvement.

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. Attendance at meetings in the period under review is shown below.

Trustee on Resources Committee	Meetings Attended	Out of a Possible
Mrs C Woodend (Resigned 31.08.2018)	1	3
Mr G Wilby (Resigned 07.12.2017)	1	3
Mr T J Martin	3	3
Mrs P E Mayoh (Re-appointed 21.09.2017)	3	3
Mr J Kerin (resigned 22.03.2018)	1	2
Mr R Clarke (Staff Trustees)	2	3
Mr P Hawkins (Appointed 22.03.2018)	1	1
Mr M Dark (Appointed 07.12.2017, Resigned 20.09.2018)	1	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, lettings, 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 STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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. The next review of governance is expected to take place in November/December 2018.

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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year, with the following activities as examples:

- Tenders from energy suppliers have been considered and new contracts agreed.
- The academy has fully utilised a SALIX loan to tender for and provide the installation of replacement lighting across the campus to reduce the academy's carbon footprint and save approximately £16,000 per annum on electrical energy.
- The pricing structure and cost effectiveness of all facility lettings and sports have been reviewed once again.
- Purchasing of ICT licences has been reviewed to reduce redundancy and duplication of the academy's ICT software provision.

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 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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 ESFA 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 ESFA'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 6 December 2018 and signed on its behalf by:


Mrs C Clarkstone
Chair of Trustees


Dr R Speller
Accounting Officer

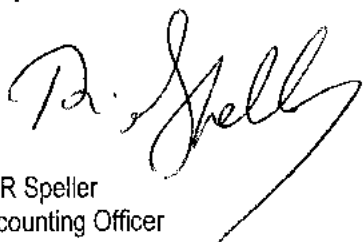
THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2018

As Accounting Officer of The Abbey School (Faversham) I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding received by the academy trust, 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 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of all 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 2017.

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 ESFA.



Dr R Speller
Accounting Officer

Dated: 6 December 2018

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 published by the Education and Skills 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 2017 to 2018
- 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 charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the Education and Skills 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 6 December 2018 and signed on its behalf by:



Mrs C Clarkstone
Chair of Trustees

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

Opinion

We have audited the financial statements of The Abbey School (Faversham) (the 'academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018, 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the academy trust'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 academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



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: 6 December 2018

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

In accordance with the terms of our engagement letter dated 26 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 year ended 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Abbey School (Faversham) and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Abbey School (Faversham) and the ESFA, 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 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. 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 year ended 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the internal reviewer during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- 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.

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

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 2017 to 31 August 2018 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: 6 December 2018

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

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT AND A STATEMENT OF OTHER
COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.18 Total Funds £	31.08.17 Total Funds £
Income from:						
Donations and Capital Grants	2	3,161	-	22,219	25,380	26,141
Charitable activities:						
Funding for the Academy trust's educational operations	3	-	6,059,752	-	6,059,752	5,870,118
Income from sports centre	4	168,098	-	-	168,098	143,714
Other Trading Activities	5	84,912	124,030	-	208,942	199,739
Investments	6	231	-	-	231	1,709
Total		256,402	6,183,782	22,219	6,462,403	6,241,421
Expenditure on:						
Raising funds	8	11,937	104,779	-	116,716	103,963
Charitable activities:						
Academy trust educational operations	9	-	6,358,707	645,777	7,004,484	6,833,393
Sports centre	10	148,501	-	-	148,501	173,733
Total	7	160,438	6,463,486	645,777	7,269,701	7,111,089
Net income / (expenditure)		95,964	(279,704)	(623,558)	(807,298)	(869,668)
Transfers between funds	21	(39,383)	61,602	(22,219)	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	25	-	707,000	-	707,000	1,379,000
Net movement in funds		56,581	488,898	(645,777)	(100,298)	509,332
Reconciliation of funds						
Total funds brought forward		125,000	(2,695,758)	14,421,973	11,851,215	11,341,883
Total funds carried forward		181,581	(2,206,860)	13,776,196	11,750,917	11,851,215

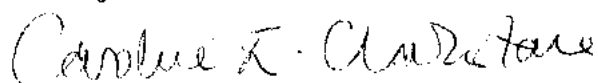
All of the academy's activities derive from continuing operations during the above two financial periods. A separate Statement of Changes in Equity is not required as all gains and losses are included in the Statement of Financial Activities.

THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)
 Company Registered Number: 07697086

BALANCE SHEET
AS AT 31 AUGUST 2018

		31.08.18 £	31.08.18 £	31.08.17 £	31.08.17 £
	Notes				
FIXED ASSETS					
Tangible assets	16		13,825,196		14,421,973
CURRENT ASSETS					
Debtors: amounts falling due within one year	17	183,573		167,178	
Cash at bank and in hand		<u>112,189</u>		<u>21,033</u>	
		295,762		188,211	
CREDITORS					
Amounts falling due within one year	18	<u>(94,085)</u>		<u>(96,969)</u>	
NET CURRENT ASSETS			<u>201,677</u>		<u>91,242</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,026,873		14,513,215
CREDITORS					
Amounts falling due after one year	19		(41,956)		-
NET ASSETS EXCLUDING PENSION LIABILITY			<u>13,984,917</u>		<u>14,513,215</u>
Pension scheme liability	25		<u>(2,234,000)</u>		<u>(2,662,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>11,750,917</u>		<u>11,851,215</u>
FUNDS OF THE ACADEMY:					
RESTRICTED FUNDS					
Fixed asset funds	21	13,776,196		14,421,973	
General funds	21	27,140		(33,758)	
Pension fund	21	<u>(2,234,000)</u>		<u>(2,662,000)</u>	
TOTAL RESTRICTED FUNDS			11,569,336		11,726,215
UNRESTRICTED FUNDS					
General funds	21	56,581		-	
Designated funds		<u>125,000</u>		<u>125,000</u>	
TOTAL UNRESTRICTED FUNDS			<u>181,581</u>		<u>125,000</u>
TOTAL FUNDS			<u>11,750,917</u>		<u>11,851,215</u>

The financial statements on pages 21 to 51 were approved by the Trustees, and authorised for issue on 6 December 2018 and signed on their behalf by:



Mrs C Clarkstone - 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 2018

	Notes	31.8.18 £	31.8.17 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	1	19,206	(66,812)
Cash flows from investing activities	2	22,950	23,748
Cash flows from financing activities	2	49,000	-
Change in cash and cash equivalents in the reporting period		<u>91,156</u>	<u>(43,064)</u>
Cash and cash equivalents at 1 September 2017		<u>21,033</u>	<u>64,097</u>
Cash and cash equivalents at 31 August 2018	3	<u>112,189</u>	<u>21,033</u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES		
	31.8.18	31.8.17
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(807,298)	(869,668)
Adjustments for:		
Depreciation (note 7)	596,777	627,201
Capital grants from DfE/ESFA (note 2)	(22,019)	(22,039)
Capital donation (note 2)	(500)	-
Interest received (note 6)	(231)	(1,709)
Defined benefit pension scheme cost less contributions (note 25)	210,000	159,000
Defined benefit pension scheme finance cost (note 25)	67,000	81,000
Defined benefit pension scheme admin cost (note 25)	2,000	2,000
(Increase) in debtors	(16,396)	(5,687)
(Decrease) in creditors	<u>(9,928)</u>	<u>(36,910)</u>
Net cash provided (used in) operating activities	<u>19,206</u>	<u>(66,812)</u>
2. CASH FLOWS FROM FINANCING ACTIVITIES		
	31.8.18	31.8.17
	£	£
Salix loan	<u>49,000</u>	-
Net cash provided by financing activities	<u>49,000</u>	-
CASH FLOWS FROM INVESTING ACTIVITIES		
	31.8.18	31.8.17
	£	£
Dividends, interest and rents from investments (note 6)	231	1,709
Capital grants from DfE/ESFA (note 2)	22,219	22,039
Capital donation (note 2)	<u>500</u>	-
Net cash provided by investing activities	<u>22,950</u>	<u>23,748</u>
3. Analysis of cash and cash equivalents		
	31.8.18	31.8.17
	£	£
Cash in hand and at bank	112,189	21,033
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	<u>112,189</u>	<u>21,033</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

Basis of 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 (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The Abbey School (Faversham) meets the definition of a public benefit entity under FRS 102.

Going concern

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

In the financial year 2018/19 the academy will receive a considerable uplift in funding as an additional 83 students were recorded on the Autumn Census 2018. With rising rolls planned to continue over the next 5 years, the board of trustees is confident that the financial future of the academy trust is secure and for this reason the Trustees continue to adopt the going concern concept in preparing the accounts.

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 2018

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.

Leasehold property donated

The land and buildings from which the academy operates are leased from Kent County Council for a period of 125 years. Rentals payable in respect of this lease are one peppercorn per annum. Under the terms of the lease the risks and rewards of ownership have been substantially transferred to The Abbey School (Faversham) and accordingly to reflect its use, the value of the property has been included in fixed assets with an appropriate credit to voluntary income within the Statement of Financial Activities in the year it was donated.

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.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA 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 2018

1. ACCOUNTING POLICIES – continued

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank – is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or other financial instrument.

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 and Skills Funding Agency and Kent County Council. Designated funds comprise 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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 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.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES – continued

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

Critical areas of judgement

The trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds	Restricted Funds	31.08.18 Total Funds	31.08.17 Total Funds
	£	£	£	£
Capital Grants	500	22,219	22,719	22,039
Other donations	2,661	-	2,661	4,102
	<u>3,161</u>	<u>22,219</u>	<u>25,380</u>	<u>26,141</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	31.08.18 Total Funds	31.08.17 Total Funds
	£	£	£	£
DFE/ESFA REVENUE GRANTS				
General Annual Grant (GAG)	-	5,277,346	5,277,346	5,091,307
Other DFE/ESFA Grants	-	381,835	381,835	371,112
	-	<u>5,659,181</u>	<u>5,659,181</u>	<u>5,462,419</u>
OTHER GOVERNMENT GRANTS				
Local authority grants	-	341,642	341,642	389,290
	-	<u>6,000,823</u>	<u>6,000,823</u>	<u>5,851,709</u>
OTHER INCOME				
Other income	-	58,929	58,929	18,409
	-	<u>58,929</u>	<u>58,929</u>	<u>18,409</u>
	-	<u>6,059,752</u>	<u>6,059,752</u>	<u>5,870,118</u>

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

4. INCOME FROM SPORTS CENTRE

	Unrestricted Funds £	Restricted Funds £	31.08.18 Total Funds £	31.08.17 Total Funds £
Income from sports centre	<u>168,098</u>	<u>-</u>	<u>168,098</u>	<u>143,714</u>
	<u>168,098</u>	<u>-</u>	<u>168,098</u>	<u>143,714</u>

5. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	31.08.18 Total Funds £	31.08.17 Total Funds £
Fundraising events	4,178	81,383	85,561	35,606
School trip income	-	28,149	28,149	60,934
Facilities and services	71,205	-	71,205	79,730
Other income	<u>9,529</u>	<u>14,498</u>	<u>24,027</u>	<u>23,469</u>
	<u>84,912</u>	<u>124,030</u>	<u>208,942</u>	<u>199,739</u>

6. INVESTMENTS

	Unrestricted Funds £	Restricted Funds £	31.08.18 Total Funds £	31.08.17 Total Funds £
Deposit account interest	<u>231</u>	<u>-</u>	<u>231</u>	<u>1,709</u>
	<u>231</u>	<u>-</u>	<u>231</u>	<u>1,709</u>

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

7. EXPENDITURE

	Staff Costs	Premises Costs	Other Costs	31.08.18 Total	31.08.17 Total
	£	£	£	£	£
Expenditure on raising funds	-	-	116,716	116,716	103,963
<i>Academy's educational operations</i>					
Direct costs	4,658,626	537,100	387,662	5,583,388	5,582,482
Allocated support costs	744,208	338,282	338,606	1,421,096	1,250,911
<i>Academy's sports centre operations</i>					
Direct costs	85,111	-	23,358	108,469	123,215
Allocated support costs	21,992	11,254	6,786	40,032	50,518
	<u>5,509,937</u>	<u>886,636</u>	<u>873,128</u>	<u>7,269,701</u>	<u>7,111,089</u>
Incoming/outgoing resources for the year include:				31.08.18	31.08.17
				£	£
Operating lease rentals				2,405	2,405
Auditors' remuneration				6,000	6,000
Auditors' remuneration for non-audit work				4,688	4,925
Depreciation – owned assets				<u>596,777</u>	<u>627,201</u>

Included within expenditure are the following transactions:

	Total £	Amount £	Individual items above £5,000 Reason
Compensation payments	19,900	5,000	Settlement
		9,500	Compromise
		5,400	Compromise
Gifts made by the trust	2,209	-	

8. RAISING FUNDS

	Unrestricted General Funds	Restricted General Funds	31.08.18 Total Funds	31.08.17 Total Funds
	£	£	£	£
Direct costs				
Educational visits	-	85,979	85,979	61,275
Staff related activities	11,937	-	11,937	9,850
Pupil related activities	-	18,800	18,800	11,174
Educational resources	-	-	-	21,664
	<u>11,937</u>	<u>104,779</u>	<u>116,716</u>	<u>103,963</u>
Allocated support costs				
Support staff costs	-	-	-	-
	<u>11,937</u>	<u>104,779</u>	<u>116,716</u>	<u>103,963</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

9. CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	31.08.18 Total Funds	31.08.17 Total Funds
	£	£	£	£	£
Direct costs					
Teaching and educational support staff costs	-	4,658,626	-	4,658,626	4,575,222
Technology costs	-	86,376	-	86,376	114,149
Depreciation	-	-	537,100	537,100	566,363
Educational supplies	-	112,392	-	112,392	118,823
Examination fees	-	105,702	-	105,702	90,920
Staff development	-	42,019	-	42,019	46,075
Educational consultancy	-	25,417	-	25,417	70,843
Other direct costs	-	15,756	-	15,756	87
	-	5,046,288	537,100	5,583,388	5,582,482
Allocated support costs					
Support staff costs	-	744,208	-	744,208	627,996
Maintenance of premises and equipment	-	131,866	49,000	180,866	81,788
Cleaning	-	5,230	-	5,230	6,724
Rent and rates	-	64,349	-	64,349	53,318
Insurance	-	36,655	-	36,655	42,283
Energy costs	-	87,837	-	87,837	92,034
Security and transport	-	5,568	-	5,568	4,449
Catering	-	41,381	-	41,381	48,720
Bank interest and charges	-	41	-	41	310
Depreciation	-	-	59,677	59,677	60,838
Technology Costs	-	1,664	-	1,664	860
Other Support Costs	-	113,932	-	113,932	126,831
Other finance Costs	-	69,000	-	69,000	83,000
Governance Costs	-	10,688	-	10,688	21,760
	-	1,312,419	108,677	1,421,096	1,250,911
	-	6,358,707	645,777	7,004,484	6,833,393

For further analysis of governance costs see Note 11.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

10. CHARITABLE ACTIVITIES – SPORTS CENTRE

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	31.08.18 Total Funds £	31.08.17 Total Funds £
Direct costs					
Sports centre salaries	85,111	-	-	85,111	95,046
Other sports centre expenditure	23,358	-	-	23,358	28,169
	<u>108,469</u>	<u>-</u>	<u>-</u>	<u>108,469</u>	<u>123,215</u>
Allocated support costs					
Support staff costs	21,992	-	-	21,992	26,166
Maintenance of premises and equipment	4,774	-	-	4,774	3,658
Cleaning	215	-	-	215	280
Rent and rates	2,649	-	-	2,649	2,222
Insurance	1,509	-	-	1,509	1,762
Energy costs	3,616	-	-	3,616	3,835
Bank interest and charges	2	-	-	2	13
Other support costs	4,784	-	-	4,784	6,682
Technology costs	68	-	-	68	5,900
Governance costs	423	-	-	423	-
	<u>40,032</u>	<u>-</u>	<u>-</u>	<u>40,032</u>	<u>50,518</u>
	<u>148,501</u>	<u>-</u>	<u>-</u>	<u>148,501</u>	<u>173,733</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

11. GOVERNANCE COSTS

	31.08.18	31.08.17
	£	£
Auditors' remuneration		
Audit of financial statements	6,000	6,000
Auditors' remuneration – Non audit services	1,500	1,500
Accounts return	750	750
EOYC audit	275	275
Responsible Officer system checks	2,163	2,400
Professional Fees	<u>-</u>	<u>10,835</u>
	<u>10,688</u>	<u>21,760</u>

12. STAFF COSTS

a. Staff costs

Staff costs during the period were:

	31.08.18	31.08.17
	£	£
Wages and salaries	4,148,919	4,087,262
Social security costs	405,807	385,039
Pension costs	<u>870,750</u>	<u>790,117</u>
	5,425,476	5,262,418
Supply teacher costs	64,561	41,462
Staff related activities	-	9,850
Staff restructuring costs (see b. below)	<u>19,900</u>	<u>20,550</u>
	<u>5,509,937</u>	<u>5,334,280</u>

b. Non statutory / non-contractual staff severance payments

Included in staff restructuring costs are 3 non-contractual severance payment totalling £19,900 (2017: £20,550). The individual amounts are disclosed in note 7.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

12. STAFF COSTS - continued

c. Staff numbers

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

Charitable activities	31.08.18		31.08.17	
	Head count	FTE	Head count	FTE
Teachers and educational support	117	98	114	98
Administration and support	46	26	48	26
Management	10	7	9	6
Sports centre staff	7	4	7	4
	<u>180</u>	<u>135</u>	<u>178</u>	<u>134</u>

d. Higher paid staff

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

	31.08.18	31.08.17
£60,001 – £70,000	1	1
£70,001 – £80,000	1	1
£120,001 – £130,000	<u>1</u>	<u>1</u>

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2018, pension contributions for these staff amounted to £44,981 (2017: £43,402).

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 £815,894 (2017: £676,536)

13. 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) resigned 31.08.2018:

Remuneration £125,000 – £130,000, (2017: £120,000 - £125,000)

Employer's pension contributions £20,000- £25,000, (2017: £15,000 - £20,000)

Mr R Clarke (staff trustee):

Remuneration £50,000 - £55,000, (2017: £50,000 - £55,000)

Employer's pension contributions £5,000 - £10,000, (2017: £5,000 - £10,000)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

13. TRUSTEES' REMUNERATION AND EXPENSES – Continued

Mrs C Blythe (staff trustee) resigned 22/09/16:

Remuneration £nil, (2017: £15,000 - £12,000)

Employer's pension contributions £nil (2017: £nil - £5,000)

Mrs W Gregory (staff trustee) appointed 05/12/2016:

Remuneration £10,000 - £15,000, (2017: £10,000 - £15,000)

Employer's pension contributions £nil, (2017: £nil)

Mrs S Keeling (staff trustee) appointed 29/06/2017:

Remuneration £nil - £5,000, (2017:£nil - £5,000)

Employer's pension contributions £nil (2017: £nil)

During the year ended 31 August 2018, travel and subsistence expenses of £493 were reimbursed to 2 Trustees (year ended 2017: 2 Trustees £722).

Mr P J Howe's (staff trustee) spouse, S Frorath earned a total salary in the period of £45,000 - £50,000 (2017: £45,000 - £50,000)

Mr M Darks' (trustee) daughter, B Tillotson earned a total salary in the period of £15,000 - £20,000 (2017:n/a).

14. 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 £178 (2017: £183).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

15. COMPARATIVE PERIOD STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.17 Total Funds £
Income from:					
Donations and Capital Grants	2	4,602	-	21,539	26,141
Charitable activities:					
Funding for the Academy trust's educational operations	3	-	5,870,118	-	5,870,118
Income from sports centre	4	143,714	-	-	143,714
Other Trading Activities	5	94,629	105,110	-	199,739
Investments	6	1,709	-	-	1,709
Total		244,654	5,975,228	21,539	6,241,421
Expenditure on:					
Raising funds	8	9,850	94,113	-	103,963
Charitable activities:					
Academy trust educational operations	9	-	6,206,192	627,201	6,833,393
Sports centre	10	173,733	-	-	173,733
Total	7	183,583	6,300,305	627,201	7,111,089
Net income / (expenditure)		61,071	(325,077)	(605,662)	(869,668)
Transfers between funds	21	(61,071)	82,610	(21,539)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	25	-	1,379,000	-	1,379,000
Net movement in funds		-	1,136,533	(627,201)	509,332
Reconciliation of funds					
Total funds brought forward		125,000	(3,832,291)	15,049,174	11,341,883
Total funds carried forward		125,000	(2,695,758)	14,421,973	11,851,215

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

16. TANGIBLE FIXED ASSETS

	Leasehold property £	3G artificial pitch £	Land £	Improvements to property £	Totals £
COST					
At 1 September 2017 and 31 August 2018	<u>10,474,692</u>	<u>671,733</u>	<u>5,159,400</u>	<u>1,118,044</u>	<u>17,423,869</u>
DEPRECIATION					
At 1 September 2017	2,437,233	167,940	247,650	149,073	3,001,896
Charge for year	<u>477,194</u>	<u>33,587</u>	<u>41,275</u>	<u>44,721</u>	<u>596,777</u>
At 31 August 2018	<u>2,914,427</u>	<u>201,527</u>	<u>288,925</u>	<u>193,794</u>	<u>3,598,673</u>
NET BOOK VALUE					
At 31 August 2018	<u>7,560,265</u>	<u>470,206</u>	<u>4,870,475</u>	<u>924,250</u>	<u>13,825,196</u>
At 31 August 2017	<u>8,037,459</u>	<u>503,793</u>	<u>4,911,750</u>	<u>968,971</u>	<u>14,421,973</u>

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.18	31.8.17
	£	£
Trade debtors	4,985	5,898
VAT	59,277	36,388
Other debtors	678	-
Prepayments and accrued income	<u>118,633</u>	<u>124,892</u>
	<u>183,573</u>	<u>167,178</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.18	31.8.17
	£	£
Loan	7,044	-
Trade creditors	9,021	21,471
Other creditors	20,794	22,403
Accruals and deferred income	<u>57,226</u>	<u>53,095</u>
	<u>94,085</u>	<u>96,969</u>

19. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

A loan of £49,000 from the Salix Energy Efficiency Fund was provided in the year. A further instalment of 49,556 is expected after the year end. The loan is repayable over 8 years in 16 bi-annual repayments and is interest free.

	31.8.18	31.8.17
	£	£
Loan 1-2 years	14,088	-
Loan 2-5 years	<u>27,868</u>	<u>-</u>
	<u>41,956</u>	<u>-</u>

THE ABBEY SCHOOL (FAVERSHAM)
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

20. DEFERRED INCOME

	31.8.18	31.8.17
	£	£
Deferred Income at 1 September 2016	27,907	22,090
Resources deferred in the period	22,920	27,907
Amounts released from previous periods	<u>(27,907)</u>	<u>(22,090)</u>
	<u>22,920</u>	<u>27,907</u>

£22,863 (2017: £22,212) is in respect of ESFA funding for rates received in advance, £57 (2017: £nil) is in respect of trips and £nil is in respect of payments in advance re lets and travel cards (2017: £5,695).

21. FUNDS

	Balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	(66,049)	5,277,346	(5,272,899)	61,602	-
School voluntary fund	25,300	103,968	(104,685)	-	24,583
Other DfE/ESFA grants	-	381,835	(381,835)	-	-
Other grants	1,600	360,281	(359,324)	-	2,557
Other restricted	5,391	60,352	(65,743)	-	-
Pension reserve	<u>(2,662,000)</u>	-	<u>(279,000)</u>	<u>707,000</u>	<u>(2,234,000)</u>
	<u>(2,695,758)</u>	<u>6,183,782</u>	<u>(6,463,486)</u>	<u>768,602</u>	<u>(2,206,860)</u>
Restricted fixed asset funds					
Transfer of Property	8,037,460	-	(477,193)	-	7,560,267
Transfer of Land	4,911,750	-	(41,275)	-	4,870,475
3G Pitch	503,792	-	(33,587)	-	470,205
Capital Funding	968,927	-	(44,722)	-	924,205
Devolved Capital	44	22,219	-	(22,219)	44
Salix loan expenditure	-	-	(49,000)	-	(49,000)
	<u>14,421,973</u>	<u>22,219</u>	<u>(645,777)</u>	<u>(22,219)</u>	<u>13,776,196</u>
Total restricted funds	<u>11,726,215</u>	<u>6,206,001</u>	<u>(7,109,263)</u>	<u>746,383</u>	<u>11,569,336</u>
Unrestricted funds					
Unrestricted funds	-	256,402	(160,438)	(39,383)	56,581
Designated funds					
Sports maintenance fund	125,000	-	-	-	125,000
Sports hall repairs fund	-	-	-	-	-
	<u>125,000</u>	<u>256,402</u>	<u>(160,438)</u>	<u>(39,383)</u>	<u>181,581</u>
Total funds	<u>11,851,215</u>	<u>6,462,403</u>	<u>(7,269,701)</u>	<u>707,000</u>	<u>11,750,917</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

21. FUNDS – continued

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 not subject to a limit on the amount of GAG that it could carry forward on 31 August 2018.

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. An amount of £2,557 is carried forward at the year-end in respect of London Array funding.

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 £22,219 was made out of restricted fixed assets funds to the GAG fund to cover maintenance costs. A transfer of £39,383 was made from unrestricted funds to cover the deficit in GAG.

School voluntary fund

School voluntary funds include balances of £632 to 6th form prom fund, £396 to year 11 prom fund, £24,136 to Erasmus fund and £1,000 re PTFA donations. The £1,000 is held in unrestricted general funds and the School voluntary fund has a balance of £24,583. The difference of £581 between funds held and those required to satisfy commitments will be dealt with by a transfer in the next accounting period.

Designated funds

Funds of £125,000 have been designated to the 3G sports pitch maintenance.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

21. FUNDS – continued

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	(154,670)	5,058,480	(5,052,469)	82,610	(66,049)
School voluntary fund	32,587	90,705	(97,992)	-	25,300
Other DfE/ESFA grants	33,237	94,089	(127,326)	-	-
Other grants	10,428	680,077	(688,905)	-	1,600
Other restricted	45,127	51,877	(91,613)	-	5,391
Pension reserve	<u>(3,799,000)</u>	<u>-</u>	<u>(242,000)</u>	<u>1,379,000</u>	<u>(2,662,000)</u>
	<u>(3,832,291)</u>	<u>5,975,228</u>	<u>(6,300,305)</u>	<u>1,461,610</u>	<u>(2,695,758)</u>
Restricted fixed asset funds					
Transfer of Property	8,545,077	-	(507,617)	-	8,037,460
Transfer of Land	4,953,025	-	(41,275)	-	4,911,750
3G Pitch	537,379	-	(33,587)	-	503,792
Capital Funding	1,013,649	-	(44,722)	-	968,927
Devolved Capital	<u>44</u>	<u>21,539</u>	<u>-</u>	<u>(21,539)</u>	<u>44</u>
	<u>15,049,174</u>	<u>21,539</u>	<u>(627,201)</u>	<u>(21,539)</u>	<u>14,421,973</u>
Total restricted funds	<u>11,216,883</u>	<u>5,996,767</u>	<u>(6,927,506)</u>	<u>1,440,071</u>	<u>11,726,215</u>
Unrestricted funds					
Unrestricted funds	-	240,052	(183,583)	(56,469)	-
Donations	-	4,602	-	(4,602)	-
Designated funds					
Sports maintenance fund	100,000	-	-	25,000	125,000
Sports hall repairs fund	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
	<u>125,000</u>	<u>244,654</u>	<u>(183,583)</u>	<u>(61,071)</u>	<u>125,000</u>
Total funds	<u>11,341,883</u>	<u>6,241,421</u>	<u>(7,111,089)</u>	<u>1,379,000</u>	<u>11,851,215</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

21. FUNDS – continued

A current 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	(154,670)	10,335,826	(10,325,368)	144,212	-
School voluntary fund	32,587	194,673	(202,677)	-	24,583
Other DfE/ESFA grants	33,237	475,924	(509,161)	-	-
Other government grants	10,428	1,040,358	(1,048,229)	-	2,557
Other grants	45,127	112,229	(157,356)	-	-
Pension reserve	(3,799,000)	-	(521,000)	2,086,000	(2,234,000)
	<u>(3,832,291)</u>	<u>12,159,010</u>	<u>(12,763,791)</u>	<u>2,230,212</u>	<u>(2,206,860)</u>
Restricted fixed asset funds					
Transfer of Property	8,545,077	-	(984,810)	-	7,560,267
Transfer of Land	4,953,025	-	(82,550)	-	4,870,475
3G Pitch	537,379	-	(67,174)	-	470,205
Capital Funding	1,013,649	-	(89,444)	-	924,205
Devolved Capital	44	43,758	-	(43,758)	44
Capital expenditure from GAG	-	-	(49,000)	-	(49,000)
	<u>15,049,174</u>	<u>43,758</u>	<u>(1,272,988)</u>	<u>(43,758)</u>	<u>13,776,196</u>
Total restricted funds	<u>11,216,883</u>	<u>12,202,768</u>	<u>(14,036,769)</u>	<u>2,186,454</u>	<u>11,569,336</u>
Unrestricted funds					
Unrestricted funds	-	501,056	(344,021)	(100,454)	56,581
Donations	-	-	-	-	-
Designated funds					
Sports maintenance fund	100,000	-	-	25,000	125,000
Sports hall repairs fund	25,000	-	-	(25,000)	-
	<u>125,000</u>	<u>501,056</u>	<u>(344,021)</u>	<u>(100,454)</u>	<u>181,581</u>
Total funds	<u>11,341,883</u>	<u>12,703,824</u>	<u>(14,380,790)</u>	<u>2,086,000</u>	<u>11,750,917</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted General Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.18 Total Funds £	31.08.17 Total Funds £
Tangible fixed assets	-	-	13,825,196	13,825,196	14,421,973
Current assets	181,581	114,181	-	295,762	188,211
Liabilities	-	(87,041)	(49,000)	(136,041)	(96,969)
Pension scheme liability	-	(2,234,000)	-	(2,234,000)	(2,662,000)
	<u>181,581</u>	<u>(2,206,860)</u>	<u>13,776,196</u>	<u>11,750,917</u>	<u>11,851,215</u>

Comparative information in respect of the preceding period is as follows:

	Unrestricted General Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.17 Total Funds £
Tangible fixed assets	-	-	14,421,973	14,421,973
Current assets	125,000	63,211	-	188,211
Current liabilities	-	(96,969)	-	(96,969)
Pension scheme liability	-	(2,662,000)	-	(2,662,000)
	<u>125,000</u>	<u>(2,695,758)</u>	<u>14,421,973</u>	<u>11,851,215</u>

23. OPERATING LEASE COMMITMENTS

At 31 August 2018 the academy had annual commitments under non-cancellable operating leases as follows:

	31.08.18 £	31.08.17 £
Other		
Amounts due within one year	2,050	2,405
Amounts due between one and five years	1,559	3,543
Amounts due after five years	-	67
	<u>3,609</u>	<u>6,015</u>

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

24. MEMBERS LIABILITY

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

25. PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £nil (2017: £nil) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

25. PENSIONS AND SIMILAR OBLIGATIONS – CONTINUED

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2.0% 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £591,158 (2017: £453,875).

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 academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2018 was £253,000 (2017: £260,000), of which employer's contributions totalled £196,000 (2017: £209,000) and employees' contributions totalled £57,000 (2017: £51,000). The agreed contribution rates for future years are 20 percent for employers and between 5.5 percent and 12.5 percent 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.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

25. PENSION AND SIMILAR OBLIGATIONS – Continued

Local Government Pension Scheme - Continued

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

	31.08.18	31.08.17
Discount rate	2.65%	2.60%
Price increases	2.30%	2.70%
Future salary increases	3.80%	4.20%
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:

	31.08.18	31.08.17
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities, as provided by the actuary, are set out below:

Change in assumptions:	Increase in obligation at 31 August 2018 £	Increase in obligation at 31 August 2017 £
0.1% decrease in real discount rate	134,000	136,000
1 year increase in member life expectancy	201,000	203,000
0.1% increase in the salary increase rate	16,000	23,000
0.1% increase in the pension increase rate	119,000	113,000

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

25. PENSION AND SIMILAR OBLIGATIONS – continued

Local Government Pension Scheme - continued

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,561,000	2,400,000
Gilts	29,000	24,000
Other bonds	334,000	328,000
Property	465,000	418,000
Cash	115,000	108,000
Absolute return fund	<u>255,000</u>	<u>131,000</u>
Total market value of assets	3,759,000	3,409,000
Present value of scheme liabilities		
-Funded	<u>(5,993,000)</u>	<u>(6,071,000)</u>
Deficit in the scheme	<u>(2,234,000)</u>	<u>(2,662,000)</u>

For the year to 31 August 2018 the expected return on scheme assets was 4% per annum.
The actual return on scheme assets was £156,000 (2017: £472,000).

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

25. 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
	31.08.18	31.08.17
	£	£
Current service cost (net of employee contributions)	406,000	368,000
Past service cost	-	-
Total operating charge	406,000	368,000
Analysis of pension finance income/(costs):		
Net Interest on defined liability	67,000	81,000
Administration expenses	2,000	2,000
Pension finance costs	69,000	83,000

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 is a £524,000 gain (2017: £183,000 loss).

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

	Defined benefit pension plans	Defined benefit pension plans
	31.08.18	31.08.17
	£	£
Opening defined benefit obligation	6,071,000	6,551,000
Current service cost	406,000	368,000
Contributions by scheme participants	57,000	51,000
Interest cost	158,000	144,000
Actuarial losses/(gains)	(642,000)	(177,000)
Estimated benefits paid net of transfers in	(57,000)	(35,000)
Change in demographic assumptions	-	(56,000)
Experience loss/(gain) on defined benefit obligation	-	(775,000)
	5,993,000	6,071,000

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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
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25. 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 31.08.18 £	Defined benefit pension plans 31.08.17 £
Opening fair value of scheme assets	3,409,000	2,752,000
Interest on plan assets	91,000	63,000
Contributions by employer including unfunded	196,000	209,000
Contributions by scheme participants and other employers	57,000	51,000
Benefits paid net of transfers in	(57,000)	(35,000)
Re-measurements (assets)	65,000	409,000
Administrative expenses	(2,000)	(2,000)
Other actuarial gains/(losses)	-	(38,000)
	<u>3,759,000</u>	<u>3,409,000</u>

The estimated value of employer contributions for the year ending 31 August 2018 is £194,000 (2017: £175,000).

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

	31.08.18 £	31.08.17 £	31.08.16 £	31.08.15 £	31.08.14 £
Defined benefit pension plans					
Defined benefit obligation	(5,993,000)	(6,071,000)	(6,551,000)	(4,158,000)	(3,790,000)
Fair value of scheme assets	3,759,000	3,409,000	2,752,000	2,254,000	1,982,000
Deficit	(2,234,000)	(2,662,000)	(3,799,000)	(1,904,000)	(1,808,000)
Experience adjustments on scheme assets	-	-	-	(75,000)	425,000
Experience adjustments on scheme liabilities	-	-	-	-	350,000

26. 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 13.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2018

27. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. At the beginning of the accounting period there were Bursary funds brought forward of £22,403. The Academy also received a further £28,468 during the year. Disbursements during the year amounted to £30,078 which included admin fees of £1,423. An amount of £20,793 is included in other creditors relating to undistributed funds that are repayable to ESFA.