

**The Canterbury Academy**  
**(A company limited by guarantee)**

**Trustees' report and financial statements**

**For the year ended 31 August 2013**

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**The Canterbury Academy**  
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**Reference and administrative details of the academy, its trustees and advisers**  
**For the year ended 31 August 2013**

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**Trustees**

Ms. D. Wells, Chair of Trustees<sup>1</sup>  
Mrs. J. Keay, Vice Chair<sup>1</sup>  
Mrs. J. Parsons, Chair of Finance and Buildings<sup>1</sup>  
Mr. P. Karnavas, Principal and Accounting Officer<sup>1</sup>  
Mrs. J. Butcher  
Mrs. R. Collins (resigned 15 April 2013)  
Mrs. R. Cox, Staff Trustee (appointed 3 September 2013)  
Mr. A. Doyle  
Mr. R. Field, Responsible Officer  
Mrs. J. Greener, Parent Trustee  
Mr. M. Harris, Staff Trustee (appointed 3 September 2013)  
Mrs. J. Larkinson  
Mr. C. May, Staff Trustee (resigned 6 June 2013)  
Mr. R. Menzies, Parent Trustee (appointed 3 September 2013)  
Mr. A. Milton  
Mr. C. Packham, Staff Trustee (resigned 20 May 2013)  
Ms. H. Phillips, Parent Trustee (resigned 4 June 2013)  
Mrs. S. Ward

<sup>1</sup> Members of the Finance and Buildings Committee

**Company registered number** 07345430

**Principal and registered office** Knight Avenue  
Canterbury  
Kent  
CT2 8QA

**Clerk to the Board of Trustees** Mrs. D. Scott

**Senior management team**

Mr. P. Karnavas, Principal  
Mr. D. Platts, Senior Vice Principal  
Mrs. B. Farrell, Head of School Primary  
Mr. J. Watson, Head of School Secondary  
Mrs. C. Buxton, Head of EEC

**Independent auditors** UHY Kent LLP t/a UHY Hacker Young  
Chartered Accountants and  
Statutory Auditors  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

**Bankers** The Royal Bank of Scotland  
14 Rose Lane  
Canterbury  
Kent  
CT1 2ST

**Solicitors** Furley Page  
39 St Margarets Street  
Canterbury  
Kent  
CT1 2TX

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## **The Canterbury Academy**

### **(A company limited by guarantee)**

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#### **Trustees' report**

#### **For the year ended 31 August 2013**

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The trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the year to 31 August 2013.

### **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 Canterbury Academy are also the directors of the academy trust company for the purposes of company law. The academy trust is known as The Canterbury Academy.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### **Members' liability**

Each member of the academy trust 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.

#### **Trustees' Indemnities**

The academy trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

Details of the insurance cover are provided in note 13 to the financial statements.

#### **Principal Activities**

The principal activity of The Canterbury Academy is to provide a state education to boys and girls of different abilities between the ages of 4 and 19. The Canterbury Academy has 4 areas of excellence that it continually seeks to improve: excellence in sport (as a specialist sports college); excellence in performing arts; excellence in practical learning; and excellence in academic study. Funding is obtained from the Department for Education (DfE) through the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes.

#### **Method of Recruitment and Appointment or Election of Trustees**

The members may appoint up to 15 trustees, which includes no more than 3 employees, 1 of which will be the Principal, and a minimum of 2 Parent Trustees. Parent Trustees are appointed following an election. Parent Trustees must be a parent of a registered pupil at one of the academies at the time of election. In addition to this, the trustees may appoint up to 3 co-opted trustees. The Board of Trustees has established an induction pack which is sent to all new trustees with their appointment letter. The training and induction provided for new trustees will depend on their existing experience. Where necessary, induction will include training in charity, educational, legal and financial matters. All trustees are provided with the information needed (including policies, minutes, budgets etc) to undertake their role.

The Chair of the Board of Trustees either meets or has a telephone conversation with all newly appointed trustees to discuss their general roles, responsibilities and sub-committee membership. Trustees are required to attend one of each of the sub-committee meetings before negotiating with the Chair and Principal which would be the most appropriate committee for them to join. The Vice Chair acts as a mentor to all new trustees at their first few meetings and where possible accompanies a new Trustee on their first monitoring visit in school. The induction process includes a tour of the school and meeting with the senior leadership team.

There are 15 trustees in total (5 members, 5 appointed by the members, 3 members of staff and 2 parents).

#### **Organisational Structure**

The Board of Trustees, the majority of whom are non-executive, comprises of those persons appointed under the Articles of Association. The Board meets at least six times a year and has several committees, including Finance & Buildings, Curriculum, Student & Staff, Audit & Risk and the Policy committee. All of these Committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

Trustees delegate specific responsibilities to committees, the activities of which are reported to and discussed at full Governing Body Meetings. Day to day management of the academy trust is undertaken by the Executive Principal, supported by the Senior Management Team.

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## **The Canterbury Academy**

### **(A company limited by guarantee)**

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#### **Trustees' report (continued)**

#### **For the year ended 31 August 2013**

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#### **Risk Management**

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to academic performance/finances/child welfare. The trustees have implemented a number of systems to assess risks that the Academy faces, and have developed policies and procedures to mitigate those risks. 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 Statement on Internal Control.

The risk management process has been codified in a risk register implemented by the Senior Management Team and overseen by trustees.

#### **Connected Organisations, including Related Party Relationships**

The Academy has relationships with several connected organisations located on the campus, as follows:

- The Academy has a private nursery and pre-school on the primary school site, with many of the children progressing through the Academy. A new mobile unit was acquired last year which has enabled the intake to expand.
- In September 2010 a class of year 7 children from St Nicholas Special School started to attend The Canterbury Academy daily and this arrangement continues to develop and improve.
- Since September 2012 The Canterbury High School has worked in partnership with Simon Langton Boys School promoting academic excellence, through its grammar band, which has now grown into both year 7 and, as of September 2013, year 8 also.
- During this academic year The Canterbury High School is one of 6 partnerships working with The Marlowe Theatre and The Royal Shakespeare Company and is now in discussions with the English Youth Ballet
- The Canterbury Academy was awarded the Canterbury Youth contract for a 3 year period.
- The Canterbury Academy has taken on management responsibility for the 14 – 16 ACP PRU based at Riverside, Grosvenor House and Wincheap since April 2012 and will continue to manage the facility until August 2014.
- The Canterbury Academy has developed an Enterprise & Employability College on site, which will operate from September 2013 and will offer practical learning to students in partnership through NuSteps Ltd, Denne, Carillion, KCC, UKC etc. The Centre also houses Silicon Aspire who nurtures young people with entrepreneurial talents. It also houses Nu Steps and Tuition Extra.
- Adult Education has been part of the campus since 2006 and works with the school to ensure that courses are available to suit the needs of the local community.
- There is a sports facility, 'Lifestyle fitness', which is under new management and has had £2 million investment into refurbishments this year.
- The Canterbury Academy has sporting links with Gillingham Football Club, Medway Crusaders, Aire Trampoline, Canterbury Rugby Club, Invicta Athletics, Canterbury Gym Club and Marathon Sports.
- Appeti Tennis manages the tennis dome on site and is still pursuing the possibility of expanding the facility with increased teaching space. A new Tennis School has been created.
- Cascade Dance is on site and they help with performing arts in the primary school, the secondary school and the community, including running after school classes during term time.
- Lingo Lingo is a private language school that works with students at the academy, as well as other primary schools in the area.
- The Canterbury Academy is part of East Kent Learning Alliance, with teaching school status led by Dane Court Grammar School.
- On site there is a beauty salon offering hair and beauty treatments at competitive rates. It also has a barber.

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## **The Canterbury Academy**

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#### **Trustees' report (continued)**

#### **For the year ended 31 August 2013**

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- Since January 2013 Canterbury High has worked with 3 feeder primary schools in Canterbury, Blean, St Stephen's Junior and The Canterbury Primary School, on a year 6 into year 7 transition project. The aim is to drive improvements in the teaching and learning of mathematics as students transfer from primary to secondary school. This has been done through better communications between the schools, sharing expertise, joint staff training and ensuring there is consistency in calculation policies.
- The Canterbury Academy is part of The Canterbury Sports Partnership; the partnership seeks to include, support and challenge all young people through PE and Sport and the School Games Programme. The partnership is a network of teachers and staff who care passionately about the sporting participation of pupils in their schools. It consists of 33 primary, secondary, special schools and 1 college. Since the introduction of the primary sports premium, the partnership is providing a primary PE specialist outreach teacher to 5 schools to help aid and improve the quality of PE teaching within their schools.

#### **Objects and Aims**

The principal object of the academy trust is to advance education. The Canterbury Academy is a school for all the talents offering a comprehensive education and a wealth of opportunity.

It achieves this object by providing a state education, free of charge, to pupils aged 4 to 19.

The Canterbury Academy's moral purpose is to improve the life chances of children and help in the community. The vision is of a high attaining and achieving academy with fully extended provision at the centre of our community and widely recognised as an example of leading practice. Young people will leave as positive, confident individuals proud of what they have achieved, prepared to be lifelong learners and ready to play an active and constructive part in society. The Canterbury Academy believes that 'all children walk with genius' and that every child is good at something; it offers to its students as much as possible, as often as possible and for as many as possible. The Canterbury High School offers a genuine alternative to a fully selective grammar school.

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

##### **Teaching and learning**

The academy has focused relentlessly on driving up standards of teaching through focusing on the students learning and progress within lessons. Staff have been supported through being given greater training opportunities and the introduction of a new appraisal system with professional conversations about quality assurance of the teaching in faculties. The standard of lessons has continued to improve throughout the year.

##### **New uniform/House system**

2012/13 has seen the introduction of a new school uniform, which is liked by students and parents. A new House System was introduced in February 2013 to instil a concept of identity and healthy competition, so that all talents can be recognised and all achievements rewarded; it has also helped students to take responsibility for the success of their house. The new system has had a positive effect on the students, who feel that it has helped to bring the community together. The students would welcome more competitions and have asked to be consulted in relation to school rules and punishment etc. Charity days will be run through the house system. This year The Canterbury Academy has supported a Ugandan charity.

##### **Langton Link**

New Year 7 students who started in September 2012 were the first group to be admitted to the school having sat a banding assessment test which placed them into ability bands. The academically able students have studied a curriculum in English, Maths and Science which is equivalent to that studied at the Simon Langton Boys School. Both schools use the same schemes of work and resources to support their teaching and learning and staff attend joint training sessions.

##### **Extended Services**

Non-school time activities are developing in terms of provision and numbers – activities ran every day of the summer holiday and included the option to attend from 8am-6pm to enable parents to work if needed. Staffing is developing to allow this to run effectively and planning is starting to be scheduled yearly rather than termly as previously. Extended Schools partners have supported several days in school, most notably the Futures Day held for year 11s in January where external groups helped students learn more about potential pathways post-16. We were recognised by ContinYou and used as a case study for a national publication distributed to schools and LAs. Friday 5th July was Experience/Sports day at the Canterbury Academy and was well attended by the local community.

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## **The Canterbury Academy**

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#### **Trustees' report (continued)**

#### **For the year ended 31 August 2013**

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#### **Marketing and advertising**

The Academy has appointed a Trustee of Corporate Services who has the overall responsibility for marketing and advertising. During this year a new website has been launched and is continually being updated. Moodle, a virtual learning environment enabling staff, students and trustees to access the school network from anywhere outside of school via the internet, has been set up and is working very successfully and is continually being developed. In the summer term the Academy purchased an advertising package through Heart FM radio that will run for a year advising the local community that we are a fully comprehensive school offering the four pillars of excellence and the facilities that are on site through our partner organisations.

#### **Public Benefit**

The Canterbury Academy is an Academy Converter catering for children aged 4 to 19 and strives to promote and support the advancement of education within the Canterbury area. The school provides an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sport. For example:

- The Academy offers its students a range of activities before school, at lunchtime and after school every day of the school week. There is also a Youth Club on site that offers Canterbury High students breakfast and lunch clubs and then is open to young people from across the community after school. There are also Saturday activities and holiday play schemes which are open to children from all schools in the local area.
- At the Canterbury Academy we are pleased to be able to offer our children a range of music lessons with professional music teachers at a reduced cost.
- The Canterbury Academy is the hub school for Kent Children's University which runs on a Saturday morning aimed at children aged 7 – 14 where the children have the opportunity to attend countless accredited activities. A graduation ceremony is held annually in July to celebrate their achievements.
- Students at The Canterbury Academy can access a range of engagement programmes for example Anger Manager, Healthy Body & Gym, Self Esteem, Bereavement and Loss, Fit Pack, Survival Experience, Drugs and Alcohol, Understanding Bullying, Attendance, Chalkhill Farm and Let's Kick some Butts.

Wherever possible the school also aims to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities. For example:

- The Over 50's Club (a group of local residents) meet at The Academy every fortnight for a community lunch followed by a couple of hours of activity.
- A few local housing estate groups in the community use the Academy as a venue for their residents meetings. The London Road Estate Group, The Pinetree Housing Co-op and Franklyn Road Co-op.
- Several community groups hire our facilities on a weekly basis and they include Slimming World, Weight Watchers, Rosemary Conley, Rock Choir.
- The Kent Japanese Association hire our facility every Saturday during term time to tutor Japanese children in the area.
- Kent School of Philosophy hire our rooms twice a week during term time to run philosophy classes.
- The Canterbury Keralites hire our Hall twice a year for their cultural/religious events.

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the academy trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

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**The Canterbury Academy**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2013**

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**Achievements and Performance**

**Examination results**

The Academy has enjoyed another very successful year, which is highlighted in the excellent examination results.

At The Canterbury Primary School this year the assessment for Early years has changed. Students are now assessed in 17 area and score 1 for emerging, 2 for expected and 3 for exceeding. 32 is the benchmark. There are 30 pupils in the class 83.3% achieved 32 points, (25 students). KS1 results were generally in line with the Local Authority and National Average figures. At KS2 results were above targets set in all areas.

The Canterbury High School is only one of 20 schools in the Kent area to have made a 10% or more improvement in obtaining 5 x A\* - C GCSE's including Maths and English, increasing from 44% last year to 55% this year. The school also increased from 91% last year for 5 GCSE A\* - C grades to 96% this year.

In the 6th form the Average Point Score per student is 572.9 (last year was 533.6). This means on average our students are achieving the equivalent of CDD at A level. Average point score per entry is 202.9 (last year 192.2) this means that on average students has gone up by nearly half a grade. BTEC merit to distinction grades have increased from 61% to 70%. One of our students this year has been successful in gaining a place at a Russell Group university; others have gained a place at the London School of Musical Theatre, the Reynolds School of Performing Arts and Italia Conti. Another student has received an internship at Fabulous magazine. Student union members this year organised a community quiz.

At the Pupil Referral Unit at each section and monitoring visit by Ofsted it has been judged to be making reasonable progress and is expected to come out of special measures after attaining its best ever examination results.

**Sporting achievements**

Basketball boys :	Kent Cup winners = Year 7, 9 and 11. District Cup winners = Year 7, 8, 9. National Finals U16 Boys Basketball. One student has been selected for England under 17's Basketball team.
Rugby	Year 7 = 3rd Emerging Schools Festival. Year 8 = 3rd Emerging Schools Festival. One student has been selected for Canterbury Rugby Club first team squad.
Football	Year 11 Kent Cup. Year 7 Kent Cup semi finalists. Year 11 Futsal Kent School Games winners.
Gymnastics	U14 Boys National Finals individual and team, for sports acrobatics, floor and vault, tumbling. 18th in the country of each event. U11, U14 and U16 regional finalists.
Tennis	U14 boys Kent Cup U14 and U16 = 4th Kent School Games. Table tennis Kent School Games Finalists = 4th. Beach Volleyball 2nd Kent School Games team = Volleyball finals on Margate Beach.
Badminton	U13 and U15 2nd in Kent School Games.
Athletics	Year 7 Boys won District Sports Hall Athletics. Year 7 boys team 3rd overall in Kent School Games.
Handball	U16 boys came 4th in Kent School Games.
Netball	Year 7 won District Plate Tournament. Year 8 2nd in District Plate Tournament. First time attendance to County Tournament.

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## **The Canterbury Academy**

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#### **Trustees' report (continued)**

#### **For the year ended 31 August 2013**

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#### **Going Concern**

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

#### **Key Financial Performance Indicators**

Financial Performance of the academy trust is overseen by the Finance & Buildings Committee. Financial Budgets, Cash Flow Forecasts including Debtor/Creditor management, and Capital Expenditure are all monitored to ensure sound financial planning.

#### **Financial Review**

Most of the academy trust's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2013, total income amounted to £9.94m. Total expenditure in the year before actuarial losses on the Local Government Pension Scheme was £9.95m, however this included depreciation of fixed assets, a non-cash flow movement, of £618k. Therefore whilst net outgoing resources for the year before actuarial losses was £15k, net income from operating activities before the depreciation charge was £603k. The overall reduction in net funds, including the actuarial losses, was £105k.

At 31 August 2013, the net book value of fixed assets was £18.48m and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the schools.

This year's accounts do include a prior year adjustment of £226k as explained in note 20.

#### **Financial and Risk Management Objectives and Policies**

Trustees keep spendable reserves under constant review to ensure that they have sufficient income to run the academy trust on an efficient basis without affecting the quality of teaching and learning.

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

Trustees have considered the principal risks and uncertainties that the Academy may be exposed to. Policies and controls have been designed so that these risks and uncertainties can be quickly identified, allowing the academy to respond swiftly in order to eliminate them.

#### **Reserves Policy**

The trustees have not yet formalised a specific policy on reserves, beyond the requirement that reserve levels are regularly monitored by trustees and management to ensure that sufficient reserves are maintained to meet anticipated future needs while avoiding long term accumulation of excessive sums.

#### **Financial Position**

The academy trust balances at 31 August 2013 of £16.87m comprising £18.48m of restricted fixed asset funds, £46k of other restricted funds, £525k of unrestricted funds, and a pension reserve deficit of £2.37m.

The deficit on the Local Government Pension Scheme reserve does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due have been fixed for the three years ending 1 April 2014.

#### **Investment Policy**

There are no investments held beyond cash deposits retained with major UK clearing banks. Speculative investments are not permitted.

#### **Disabled Employees**

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

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**The Canterbury Academy**  
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**Trustees' report (continued)**  
**For the year ended 31 August 2013**

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**Equal Opportunities**

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The academy trust 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 Canterbury Academy has an Equality and Diversity Policy that is reviewed on an annual basis. The Equality Act 2010 introduced a single Public Sector Equality Duty. This required academies to prepare and publish equality objectives. A copy of our statement and policy are available through the school website [www.canterbury.kent.sch.uk](http://www.canterbury.kent.sch.uk).

**Plans for Future Periods**

The principal task facing the company is to maintain and further improve the excellent educational standards achieved by the schools this year. This year our focus will be to improve the achievement of our Academically Able students, to continue to exceed floor targets set and continue to improve teaching.

During the summer holidays 2013 a number of classrooms were painted, had carpets cleaned or replaced and blinds fitted. A central office space was created in the Terrapin. Hair and Beauty were relocated to the EEC and an Academy café is being created for use by 6th formers. A Bistro will be created in the old conference room of Lifestyle Fitness. Wi-Fi will also be installed.

The DFE have secured money to rebuild the Primary School making it a two form entry. Building work is estimated to start during this academic year.

At the High School during the winter term there are plans to create a new reception area and a 6th form study room. Retractable seating will be installed in the Lecture Theatre and Black Hole.

**Auditor**

In so far as the trustees are aware:

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

The Board of Trustees agreed at their AGM in 2012 to go out to tender for the appointment of an external auditor for the academic year 2012/13. Four quotes were obtained (including the accountants we used for the academic year 2011/12 accounts). UHY were the preferred option as they work with three other academies in the area and also quoted the cheapest price. They were appointed in March 2013.

Approved by order of the board of trustees on

and signed on its behalf by:

.....  
Ms. D. Wells  
Chair of Trustees

.....  
Mr. P. Karnavas  
Principal and Accounting Officer

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## The Canterbury Academy (A company limited by guarantee)

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### Governance Statement

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#### Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 Canterbury Academy 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 on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 10 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ms. D. Wells, Chair of Trustees	9	10
Mrs. J. Keay, Vice Chair	9	10
Mrs. J. Parsons, Chair of Finance and Buildings	9	10
Mr. P. Karnavas, Principal and Accounting Officer	8	10
Mrs. J. Butcher	5	10
Mrs. R. Collins	4	7
Mr. A. Doyle	5	10
Mr. R. Field, Responsible Officer	7	10
Mrs. J. Greener, Parent Trustee	6	10
Mrs. J. Larkinson	10	10
Mr. C. May, Staff Trustee	8	8
Mr. A. Milton	8	10
Mr. C. Packham, Staff Trustee	2	7
Ms. H. Phillips, Parent Trustee	1	9
Mrs. S. Ward	10	10

The Finance and Buildings Committee is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees and enable them to fulfil their responsibilities for ensuring sound management of the Academy's finances and resources, including proper planning, monitoring and probity. The finance department had new financial software installed during the summer of 2012, which allows management accounts to be produced and reported to trustees on a monthly basis.

Financial projects this year have included: the installation of new windows to the Frank Hooker building of the High School; improvements to the fire alarm system at the primary school, linking it to the High School; the instillation of retractable seating in the Lecture Theatre at the EEC and in Performing Arts 'Black Hole'; refurbishing the Hair and Beauty Salon in the EEC, called 'Educational cuts' which is now open to the public. The EEC also benefited from a new roadway leading to the building and a new mezzanine floor, youth club and new training kitchen; during the summer holidays all the IT equipment was either replaced or refreshed, including computers, printers and laptops. In addition to this Body & Mind Fitness gym changed ownership during the year. The new owners, Competition Line, have carried out extensive refurbishment and improvements to the facilities and landscaping of the grounds. The gym opened on the 15th July 2013 with a launch weekend on 27th & 28th July 2013 and is called 'Lifestyle Fitness'.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs. J. Parsons, Chair of finance and buildings	3	3
Mrs. J. Keay, Vice Chair	2	3
Ms. D. Wells, Chair	3	3
Mr. P. Karnavas, Principal and Accounting Officer	3	3

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## **The Canterbury Academy (A company limited by guarantee)**

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### **Governance Statement (continued)**

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The Audit and Risk Committee is also sub-committee of the main Board of Trustees. It is an advisory body with no executive powers, but it is authorised by the Board to investigate any activity within its terms of reference.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr. A. Milton	2	2
Mr. A. Doyle	2	2
Mrs. S. Ward	1	2

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Canterbury Academy for the year 1 September 2012 to 31 August 2013 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 ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Richard Field, a trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

### **Review of Effectiveness**

As Accounting Officer, the Principal 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 Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**Governance Statement (continued)**

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The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the and 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 and signed on their behalf, by:

.....  
Ms. D. Wells  
Chair of Trustees

.....  
Mr. P. Karnavas  
Accounting Officer

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**Statement on Regularity, Propriety and Compliance**

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As Accounting Officer of The Canterbury Academy I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2012).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

.....  
Mr. P. Karnavas, Principal  
Accounting Officer

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**Trustees' responsibilities statement**  
**For the year ended 31 August 2013**

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The trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust 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 academy trust 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 academy trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the academy trust'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 and signed on its behalf by:

.....  
Ms. D. Wells  
Chair of Trustees

Date:

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## **The Canterbury Academy** **(A company limited by guarantee)**

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### **Independent auditors' report to the members of The Canterbury Academy**

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We have audited the financial statements of The Canterbury Academy for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2013 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 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**Independent auditors' report to the members of The Canterbury Academy**

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

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

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

Allan Hickie BSc FCA (Senior statutory auditor)  
for and on behalf of  
**UHY Kent LLP**  
Chartered Accountants and  
Statutory Auditors  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ  
Date:

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**Independent reporting accountants' assurance report on regularity to The Canterbury Academy and the Education Funding Agency**

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In accordance with the terms of our engagement letter dated 27 March 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Canterbury Academy during the year 1 September 2012 to 31 August 2013 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 Canterbury Academy and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Canterbury Academy and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Canterbury Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Canterbury Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Canterbury Academy's funding agreement with the Secretary of State for Education dated 1 October 2010, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes 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 2013. 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 1 September 2012 to 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of The Canterbury Academy for the year ended 31 August 2013 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**Independent reporting accountants' assurance report on regularity to The Canterbury Academy and the Education Funding Agency (continued)**

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**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 year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Allan Hickie BSc FCA (Senior statutory auditor)  
for and on behalf of  
**UHY Kent LLP**  
Chartered Accountants and  
Statutory Auditors  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

Date:

**The Canterbury Academy**  
**(A company limited by guarantee)**

**Statement of financial activities**  
**(incorporating income and expenditure account and statement of recognised gains and losses)**  
**For the year ended 31 August 2013**

	Note	Unrestricted funds 2013 £000	Restricted funds 2013 £000	Restricted fixed asset funds 2013 £000	Total funds 2013 £000	<i>As restated</i> <i>Total</i> <i>funds</i> <i>2012</i> <i>£000</i>
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income	2	352	-	-	352	485
Activities for generating funds	3	790	-	-	790	356
Investment income	4	13	-	-	13	15
Incoming resources from charitable activities:						
Educational activities	5	-	8,456	326	8,782	7,898
<b>Total incoming resources</b>		<b>1,155</b>	<b>8,456</b>	<b>326</b>	<b>9,937</b>	<b>8,754</b>
<b>Resources expended</b>						
Costs of activities for generating funds	6	326	-	-	326	178
Academy trust's educational operations	8	-	8,988	618	9,606	9,120
Governance costs	9	-	20	-	20	86
<b>Total resources expended</b>	7	<b>326</b>	<b>9,008</b>	<b>618</b>	<b>9,952</b>	<b>9,384</b>
<b>Net incoming resources / (resources expended) before transfers</b>		<b>829</b>	<b>(552)</b>	<b>(292)</b>	<b>(15)</b>	<b>(630)</b>
Transfers between Funds	19	(576)	166	410	-	-
<b>Net expenditure for the year</b>		<b>253</b>	<b>(386)</b>	<b>118</b>	<b>(15)</b>	<b>(630)</b>
Actuarial gains and losses on defined benefit pension schemes		-	(88)	-	(88)	(630)
<b>Net movement in funds for the year</b>		<b>253</b>	<b>(474)</b>	<b>118</b>	<b>(103)</b>	<b>(1,260)</b>
<i>Total funds at 1 September 2012</i>		<i>272</i>	<i>(1,845)</i>	<i>18,362</i>	<i>16,789</i>	<i>18,275</i>
Prior year adjustment (Note 20)		-	-	-	-	(226)
<b>Total funds at 31 August 2013</b>	19	<b>525</b>	<b>(2,319)</b>	<b>18,480</b>	<b>16,686</b>	<b>16,789</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 21 to 38 form part of these financial statements.

**The Canterbury Academy**  
**(A company limited by guarantee)**  
Registered number: 07345430

**Balance sheet**  
**As at 31 August 2013**

	Note	£000	2013 £000	£000	<i>As restated 2012 £000</i>
<b>Fixed assets</b>					
Tangible assets	15		18,480		18,362
<b>Current assets</b>					
Stocks	16	11		23	
Debtors	17	318		482	
Cash at bank and in hand		725		527	
		<u>1,054</u>		<u>1,032</u>	
<b>Creditors:</b> amounts falling due within one year	18	(483)		(393)	
<b>Net current assets</b>			<u>571</u>		<u>639</u>
<b>Total assets less current liabilities</b>			<u>19,051</u>		<u>19,001</u>
Pension scheme liability	26		(2,365)		(2,212)
<b>Net assets including pension scheme liabilities</b>			<u><u>16,686</u></u>		<u><u>16,789</u></u>
<b>Funds of the academy</b>					
Restricted funds :					
Restricted revenue funds	19	46		367	
Restricted fixed asset funds	19	18,480		18,362	
Restricted funds excluding pension liability		<u>18,526</u>		<u>18,729</u>	
Pension reserve		(2,365)		(2,212)	
Total restricted funds			<u>16,161</u>		<u>16,517</u>
Unrestricted funds	19		<u>525</u>		<u>272</u>
<b>Total funds</b>			<u><u>16,686</u></u>		<u><u>16,789</u></u>

The financial statements were approved by the trustees, and authorised for issue, on their behalf, by:

and are signed

.....  
Ms. D. Wells  
Chair of Trustees

The notes on pages 21 to 38 form part of these financial statements.

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**Cash flow statement**  
**For the year ended 31 August 2013**

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	<b>Note</b>	<b>2013</b> <b>£000</b>	<i>As restated</i> <i>2012</i> <i>£000</i>
Net cash flow from operating activities	22	595	(189)
Returns on investments and servicing of finance	23	13	15
Capital expenditure and financial investment	23	(410)	(55)
<b>Increase/(Decrease) in cash in the year</b>		<u>198</u>	<u>(229)</u>

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**Reconciliation of net cash flow to movement in net funds**  
**For the year ended 31 August 2013**

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	<b>2013</b> <b>£000</b>	<i>As restated</i> <i>2012</i> <i>£000</i>
Increase/(Decrease) in cash in the year	<u>198</u>	<u>(229)</u>
<b>Movement in net funds in the year</b>	198	(229)
Net funds at 1 September 2012 (as restated)	<u>527</u>	<u>756</u>
<b>Net funds at 31 August 2013</b>	<u><u>725</u></u>	<u><u>527</u></u>

The notes on pages 21 to 38 form part of these financial statements.

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**Notes to the financial statements**  
**For the year ended 31 August 2013**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 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 Department for Education 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 Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

**1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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 the academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**Notes to the financial statements**  
**For the year ended 31 August 2013**

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**1. Accounting policies (continued)**

**1.4 Resources expended**

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

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

**1.5 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 academy 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.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £5,000 are capitalised.

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 are 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.

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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Land & buildings on conversion	-	0.65% - 10% straight line
Land & buildings post conversion	-	2% straight line
Furniture & equipment	-	10% straight line
Computer equipment	-	20% straight line

**1.7 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.8 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.

**The Canterbury Academy**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2013**

**1. Accounting policies (continued)**

**1.9 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 26, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

**2. Voluntary Income**

	<b>Unrestricted funds 2013 £000</b>	<b>Restricted funds 2013 £000</b>	<b>Total funds 2013 £000</b>	<i>Total funds 2012 £000</i>
Donations	40	-	40	-
Other Income	312	-	312	485
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary Income	352	-	352	485
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**3. Activities for generating funds**

	<b>Unrestricted funds 2013 £000</b>	<b>Restricted funds 2013 £000</b>	<b>Total funds 2013 £000</b>	<i>Total funds 2012 £000</i>
Lettings	131	-	131	97
Income from facilities	463	-	463	124
Catering	93	-	93	135
School trips	78	-	78	-
Uniform income	25	-	25	-
	<hr/>	<hr/>	<hr/>	<hr/>
	790	-	790	356
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**The Canterbury Academy**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2013**

**4. Investment income**

	<b>Unrestricted funds 2013 £000</b>	<b>Restricted funds 2013 £000</b>	<b>Total funds 2013 £000</b>	<i>Total funds 2012 £000</i>
Bank interest	13	-	13	15

**5. Funding for Academy's educational operations**

	<b>Unrestricted funds 2013 £000</b>	<b>Restricted funds 2013 £000</b>	<b>Total funds 2013 £000</b>	<i>Total funds 2012 £000</i>
<b>DfE/EFA capital grants</b>				
Devolved Formula Capital Grant	-	30	30	29
Academies Capital Maintenance Fund	-	296	296	-
	-	326	326	29
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	7,770	7,770	7,405
Other DfE/EFA grants	-	382	382	162
	-	8,152	8,152	7,567
<b>Other funding</b>				
SEN funding	-	199	199	-
Other government grants	-	105	105	302
	-	304	304	302
	-	8,782	8,782	7,898

**6. Costs of activities for generating funds**

	<b>Unrestricted funds 2013 £000</b>	<b>Restricted funds 2013 £000</b>	<b>Total funds 2013 £000</b>	<i>Total funds 2012 £000</i>
Lettings	11	-	11	-
Catering	170	-	170	159
School trips	120	-	120	19
Uniform	25	-	25	-
	326	-	326	178

**The Canterbury Academy**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2013**

**7. Analysis of resources expended by expenditure type**

	<b>Staff costs</b>	<b>Premises</b>	<b>Other costs</b>	<b>Total</b>	<i>Total</i>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<i>£000</i>
Costs of activities for generating funds	-	-	326	326	<i>178</i>
<b>Academy trust's educational activities:</b>					
Direct costs	5,671	582	877	7,130	<i>6,940</i>
Support costs	1,253	607	616	2,476	<i>2,180</i>
	<u>6,924</u>	<u>1,189</u>	<u>1,493</u>	<u>9,606</u>	<i><u>9,120</u></i>
<b>Governance</b>	-	-	20	20	<i>86</i>
	<u>6,924</u>	<u>1,189</u>	<u>1,839</u>	<u>9,952</u>	<i><u>9,384</u></i>

**The Canterbury Academy**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2013**

**8. Charitable activities - academy trust's educational activities**

	<b>Unrestricted funds 2013 £000</b>	<b>Restricted funds 2013 £000</b>	<b>Total funds 2013 £000</b>	<i>As restated Total funds 2012 £000</i>
<b>Direct costs</b>				
Wages and salaries	-	4,686	4,686	4,356
National insurance	-	358	358	313
Pension cost	-	627	627	558
Depreciation	-	602	602	620
Educational supplies	-	60	60	554
Examination fees	-	159	159	177
Staff development	-	25	25	20
Educational consultancy	-	539	539	251
Other direct costs	-	74	74	19
	<u>-</u>	<u>7,130</u>	<u>7,130</u>	<u>6,868</u>
<b>Support costs</b>				
Wages and salaries	-	1,040	1,040	1,060
National insurance	-	60	60	78
Pension cost	-	153	153	76
Depreciation	-	16	16	79
Defined benefit pension scheme finance costs	-	64	64	72
Technology costs	-	152	152	27
Recruitment and support	-	29	29	-
Maintenance of premises and equipment	-	216	216	136
Cleaning	-	32	32	8
Rates	-	84	84	93
Heat and light	-	173	173	150
Insurance	-	57	57	65
Security and transport	-	15	15	-
Catering	-	14	14	188
Bank interest and charges	-	1	1	-
Other support costs	-	370	370	220
	<u>-</u>	<u>2,476</u>	<u>2,476</u>	<u>2,252</u>
	<u>-</u>	<u>9,606</u>	<u>9,606</u>	<u>9,120</u>

**9. Governance costs**

	<b>Unrestricted funds 2013 £000</b>	<b>Restricted funds 2013 £000</b>	<b>Total funds 2013 £000</b>	<i>Total funds 2012 £000</i>
Auditors' remuneration	-	8	8	8
Auditors' non audit costs	-	12	12	4
Legal and professional fees	-	-	-	74
	<u>-</u>	<u>20</u>	<u>20</u>	<u>86</u>

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**10. Net incoming resources / (resources expended)**

This is stated after charging:

	<b>2013</b>	<i>As restated</i>
	<b>£000</b>	<i>2012</i>
		<i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the academy trust	618	699
Auditors' remuneration	8	8
Auditors' remuneration - non-audit	12	4
Operating leases - other	20	16
Operator agreement - buildings	82	-
	<u>          </u>	<u>          </u>

**11. Other finance income**

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
Expected return on pension scheme assets	88	77
Interest on pension scheme liabilities	(152)	(149)
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
	(64)	(72)
	<u>          </u>	<u>          </u>

**12. Trustees' remuneration and expenses**

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments from the academy in respect of their role as trustees. The value of trustees' remuneration fell within the following bands:

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
Mr. P. Karnavas, Principal and Accounting Officer	105-110	105-110
Mr. C. Packham, Staff Trustee	35-40	30-35
Mr. C. May, Staff Trustee	25-30	30-35

During the year, no trustees received any benefits in kind (2012 - £NIL).

During the year, no trustees received any reimbursement of expenses (2012 - £NIL).

**13. 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 and the cost for the year ended 31 August 2013 was £1,108 (2012 - £1,033).

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

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**Notes to the financial statements**  
**For the year ended 31 August 2013**

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**14. Staff costs**

Staff costs were as follows:

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
Wages and salaries	5,706	5,416
Social security costs	418	391
Pension costs	780	634
	<hr/>	<hr/>
	6,904	6,441
Supply teacher costs	-	48
Compensation payments	20	-
	<hr/>	<hr/>
	<b>6,924</b>	<b>6,489</b>
	<hr/> <hr/>	<hr/> <hr/>

Included in compensation payments above is one payment of £14,000 and one payment of £6,000.

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

	<b>2013</b>	<i>2012</i>
	<b>No.</b>	<i>No.</i>
Teachers	110	99
Administration and support	87	91
Management	12	12
	<hr/>	<hr/>
	209	202
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2013</b>	<i>2012</i>
	<b>No.</b>	<i>No.</i>
In the band £ 70,001 - £ 80,000	0	1
In the band £ 80,001 - £ 90,000	1	1
In the band £ 100,001 - £ 110,000	1	1
	<hr/>	<hr/>
	2	3
	<hr/> <hr/>	<hr/> <hr/>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £27,685 (2012 - £37,878).

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**15. Tangible fixed assets**

	<b>Land &amp; buildings £000</b>	<b>Furniture &amp; equipment £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost</b>				
At 1 September 2012 (as previously stated)	19,137	-	5	19,142
Prior year adjustment (see note 20)	79	-	-	79
At 1 September 2012 (as restated)	19,216	-	5	19,221
Additions	509	67	160	736
At 31 August 2013	19,725	67	165	19,957
<b>Depreciation</b>				
At 1 September 2012 (as previously stated)	553	-	1	554
Prior year adjustment (see note 20)	305	-	-	305
At 1 September 2012 (as restated)	858	-	1	859
Charge for the year	612	1	5	618
At 31 August 2013	1,470	1	6	1,477
<b>Net book value</b>				
At 31 August 2013	18,255	66	159	18,480
<i>At 31 August 2012 (as restated)</i>	<i>18,358</i>	<i>-</i>	<i>4</i>	<i>18,362</i>

Included in land and buildings is freehold land at valuation of £1,443,770 (2012 - £1,443,770), which is not depreciated.

**16. Stocks**

	<b>2013 £000</b>	<b>2012 £000</b>
Finished goods and goods for resale	11	23

**17. Debtors**

	<b>2013 £000</b>	<b>2012 £000</b>
Trade debtors	20	-
Other debtors	120	409
Prepayments and accrued income	178	73
	318	482

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**Notes to the financial statements**  
**For the year ended 31 August 2013**

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**18. Creditors:**  
**Amounts falling due within one year**

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
Trade creditors	189	-
Other taxation and social security	127	129
Other creditors	97	194
Accruals and deferred income	70	70
	<hr/>	<hr/>
	483	393
	<hr/> <hr/>	<hr/> <hr/>
		<b>£000</b>
<b>Deferred income</b>		
Deferred income at 1 September 2012		70
Resources deferred during the year		9
Amounts released from previous years		(70)
		<hr/>
Deferred income at 31 August 2013		9
		<hr/> <hr/>

The deferred income above relates to income received in advance for school trips, music lessons and other educational activities for 2013/2014 academic year.

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**Notes to the financial statements**  
**For the year ended 31 August 2013**

**19. Statement of funds**

	<b>Brought Forward <i>As restated</i> £000</b>	<b>Incoming resources £000</b>	<b>Resources Expended £000</b>	<b>Transfers in/out £000</b>	<b>Gains/ (Losses) £000</b>	<b>Carried Forward £000</b>
<b>Unrestricted funds</b>						
Unrestricted Funds	272	1,155	(326)	(576)	-	525
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	7,770	(8,195)	425	-	-
Other DfE/EFA Grants	-	382	(371)	-	-	11
Other government grants	73	304	(377)	-	-	-
Other income	294	-	-	(259)	-	35
Pension reserve	(2,212)	-	(65)	-	(88)	(2,365)
	<u>(1,845)</u>	<u>8,456</u>	<u>(9,008)</u>	<u>166</u>	<u>(88)</u>	<u>(2,319)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	18,362	326	(618)	410	-	18,480
Total restricted funds	<u>16,517</u>	<u>8,782</u>	<u>(9,626)</u>	<u>576</u>	<u>(88)</u>	<u>16,161</u>
Total of funds	<u><u>16,789</u></u>	<u><u>9,937</u></u>	<u><u>(9,952)</u></u>	<u><u>-</u></u>	<u><u>(88)</u></u>	<u><u>16,686</u></u>

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

i) General Annual Grant ("GAG") must be used for the normal running costs of the academy trust. A transfer of £425k has been made into the GAG fund from the general unrestricted fund to cover the deficit for the year.

(ii) The other DfE/EFA grants fund is used to track non-GAG grant money received from the DfE/EFA and connected bodies, and included Pupil Premium.

(iii) The other government grants fund is used to track grants provided by government departments and includes the Schools Standard Funds.

iv) The other restricted income fund brought forward included unspent balances on the extended school fund and Voluntary Fund, which are under the control of the academy trust. The trustees have concluded that these funds should be unrestricted and so a transfer of £259k has been made to the general unrestricted fund during the year. The balance of £35k on the other income fund as at 31 August represents a sinking fund for the replacement of the athletics track.

(v) The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

(vi) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held.

The net transfer of £576k out of the general unrestricted fund comprises the £425k transfer to GAG, as above, £410k transferred to the restricted fixed asset fund, for capital purchases in the year made out of unrestricted revenue funds, less the transfer of £259k from the other income restricted fund.

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 at 31 August 2013.

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**Notes to the financial statements**  
**For the year ended 31 August 2013**

**19. Statement of funds (continued)**

Since the academy trust comprises two individual schools the trust is a multi-academy trust, and is required to disclose certain information showing the allocation of funds between individual academies and certain expenditure incurred by each academy during the year. However, whilst legally the two schools are separate entities, they operate from one combined site and share significant costs. The time and cost involved in obtaining the relevant disclosures is deemed to be out of proportion to the benefit of doing so.

**20. Prior year adjustment**

The prior period adjustment is in respect of an understatement of depreciation (£305,000) and an error resulting in the non-capitalisation of qualifying fixed assets with regards to land & buildings (£79,000). This led to an overstatement of the 2012 fixed asset fund and the net book value of tangible fixed assets in the Balance Sheet. The comparative figures have been restated in these accounts and the effect of the prior year adjustment is that the fixed asset fund as at 1 September 2012 has been decreased by £226,000 to £18,362,000.

**Reconciliation of movement in restricted fixed asset fund**

	<b>2013</b>
	<b>£000</b>
At 1 September 2012 as previously stated	18,588
Prior period adjustment (see note 15)	(226)
	<hr/>
At 1 September 2012 restated	18,362
	<hr/> <hr/>

**21. Analysis of net assets between funds**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Restricted fixed asset funds</b>	<b>Total funds</b>	<i>As restated Total funds</i>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<i>£000</i>
Tangible fixed assets	-	-	18,480	18,480	<i>18,362</i>
Current assets	525	529	-	1,054	<i>1,032</i>
Creditors due within one year	-	(483)	-	(483)	<i>(393)</i>
Provisions for liabilities and charges	-	(2,365)	-	(2,365)	<i>(2,212)</i>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	525	(2,319)	18,480	16,686	<i>16,789</i>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**Notes to the financial statements**  
**For the year ended 31 August 2013**

**22. Net cash flow from operations**

	<b>2013</b>	<i>As restated</i>
	<b>£000</b>	<i>2012</i>
		<i>£000</i>
Net incoming resources before revaluations	(15)	(630)
Returns on investments and servicing of finance	(13)	(15)
Depreciation of tangible fixed assets	618	607
Capital grants from DfE	(326)	(29)
Decrease/(increase) in stocks	12	(12)
Decrease/(increase) in debtors	164	(56)
Increase/(decrease) in creditors	90	(63)
FRS pension cost less contributions payable	1	(63)
FRS 17 pension finance cost	64	72
	<u>595</u>	<u>(189)</u>

**23. Analysis of cash flows for headings netted in cash flow statement**

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
<b>Returns on investments and servicing of finance</b>		
Interest received	13	15
	<u>13</u>	<u>15</u>
	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(736)	(84)
Capital grants from DfE	326	29
	<u>(410)</u>	<u>(55)</u>

**24. Analysis of changes in net funds**

	<b>1 September</b>	<b>Cash flow</b>	<b>Other</b>	<b>31 August</b>
	<b>2012</b>		<b>non-cash</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>changes</b>	<b>£000</b>
			<b>£000</b>	
Cash at bank and in hand:	527	198	-	725
	<u>527</u>	<u>198</u>	<u>-</u>	<u>725</u>
<b>Net funds</b>	<u>527</u>	<u>198</u>	<u>-</u>	<u>725</u>

**25. Capital commitments**

At 31 August 2013 the academy had capital commitments as follows:

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
Contracted for but not provided in these financial statements	-	300
	<u>-</u>	<u>300</u>

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**Notes to the financial statements**  
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**26. Pension commitments**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £96,893 were payable to the scheme at 31 August 2013 (2012 - 93,186) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

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**26. Pension commitments (continued)**

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £348,000, of which employer's contributions totalled £276,000 and employees' contributions totalled £72,000. The agreed contribution rates for future years are 23.5% for employers and between 5.5% and 7.5% for employees.

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.

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

	<b>Expected return at 31 August 2013 %</b>	<b>Fair value at 31 August 2013 £000</b>	<i>Expected return at 31 August 2012 %</i>	<i>Fair value at 31 August 2012 £000</i>
Equities	6.60	1,520	5.90	1,063
Bonds	4.40	253	3.90	197
Property	4.60	169	3.90	152
Gilts	3.50	-	2.80	15
Cash	0.50	84	0.50	46
Target Return Portfolio	5.00	84	5.00	46
Total market value of assets		<u>2,110</u>		<u>1,519</u>
Present value of scheme liabilities		<u>(4,475)</u>		<u>(3,731)</u>
(Deficit)/surplus in the scheme		<u><u>(2,365)</u></u>		<u><u>(2,212)</u></u>

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**Notes to the financial statements**  
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**26. Pension commitments (continued)**

The amounts recognised in the Balance sheet are as follows:

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
Present value of funded obligations	(4,475)	(3,731)
Fair value of scheme assets	2,110	1,519
	<hr/>	<hr/>
Net liability	(2,365)	(2,212)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the Statement of financial activities are as follows:

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
Current service cost	(277)	(213)
Interest on obligation	(152)	(149)
Expected return on scheme assets	88	77
	<hr/>	<hr/>
Total	(341)	(285)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	256,000	137,000
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
Opening defined benefit obligation	3,731	2,621
Current service cost	277	213
Interest cost	152	149
Contributions by scheme participants	72	72
Actuarial Losses	254	692
Benefits paid	(11)	(16)
	<hr/>	<hr/>
Closing defined benefit obligation	4,475	3,731
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
Opening fair value of scheme assets	1,519	1,048
Expected return on assets	88	77
Actuarial gains and (losses)	166	62
Contributions by employer	276	276
Contributions by employees	72	72
Benefits paid	(11)	(16)
	<hr/>	<hr/>
	2,110	1,519
	<hr/> <hr/>	<hr/> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was a loss of £832,000 (2012 - loss of £286,000).

The academy expects to contribute £255,000 to its Defined benefit pension scheme in 2014.

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**Notes to the financial statements**  
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**26. Pension commitments (continued)**

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

	<b>2013</b>	<i>2012</i>
Discount rate for scheme liabilities	4.70 %	3.90 %
Rate of increase in salaries	5.10 %	4.10 %
Rate of increase for pensions in payment / inflation	2.90 %	1.90 %
Inflation assumption (CPI)	2.90 %	1.90 %

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

	<b>2013</b>	<i>2012</i>
Retiring today		
Males	20.1	20.0
Females	24.1	24.0
Retiring in 20 years		
Males	22.1	22.0
Females	26.0	25.9

Adjustment to discount rate:	£ +0.1%	£ 0.0%	£ -0.1%
- Present value of total obligation	4,349	4,475	4,605
- Projected service cost	287	298	308
Adjustment to mortality age rating assumption:	+1 Year	None	-1 Year
- Present value of total obligation	4,310	4,475	4,643
- Projected service cost	284	298	312

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
Defined benefit obligation	(4,475)	(3,731)
Scheme assets	2,110	1,519
Deficit	(2,365)	(2,212)
Experience adjustments on scheme assets	166	62

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**The Canterbury Academy**  
**(A company limited by guarantee)**

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**Notes to the financial statements**  
**For the year ended 31 August 2013**

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**27. Operating lease commitments**

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows:

	<b>2013</b>	<i>2012</i>
	<b>£000</b>	<i>£000</i>
<b>Expiry date:</b>		
Within 1 year	18	5
Between 2 and 5 years	26	13
After more than 5 years	-	-
	<u>          </u>	<u>          </u>

**28. Other financial commitments**

During the year the academy entered into a operator agreement for it's sports building of 20 years from 1 December 2012. The operator agreement is a cost to the acadmey of £110,000 for the first ten years and £100,000 for the remaining ten years.

**29. Related party transactions**

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 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.

**30. Controlling party**

The academy trust is run by the management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.