

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
(a company limited by guarantee)

TRUSTEES' REPORT AND ACCOUNTS

YEAR ENDED 31 JANUARY 2012

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COMPANIES HOUSE

Company Limited by Guarantee
Company Registration Number 5017884 (England and Wales)
Charity Registration Number 1103352

**FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
LEGAL AND ADMINISTRATIVE INFORMATION**

Trustees

R De Haan CBE DL (chairman)

G Badman CBE

T Minter OBE DL

Secretary

R Fraser

Registered and Principal office

Strand House

125 Sandgate High Street

Folkestone CT20 3BZ

Solicitors

Withers LLP

16 Old Bailey

London EC4M 7EG

Bankers

National Westminster Bank plc

37 Old Dover Road

Canterbury CT1 3JB

Auditor

Buzzacott LLP

130 Wood Street

London EC2V 6DL

Investment manager

Sarasin & Partners LLP

Juxon House

100 St Paul's Churchyard

London EC4M 8BU

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES REPORT OF THE TRUSTEES

The Trustees of the Friends of the Folkestone and Marlowe Academies, who are also the directors of the company, present their audited financial statements for the year ended 31 January 2012. The trustees have adopted the provisions of Statement of Recommended Practice (Revised 2005) "Accounting and Reporting by Charities" in preparing this report and financial statements.

Constitution and Principal Objectives

The Friends of the Folkestone and Marlowe Academies, a company limited by guarantee and a registered charity, was established on 16 January 2004 (company number 5017884, charity number 1103352). The Friends of the Folkestone and Marlowe Academies is hereafter referred to as "the charity" in these audited financial statements. The charity's memorandum and articles of association are the primary governing documents. The trustees meet as often as is required to take decisions affecting the operation of the charity. As the charity has no staff, all decisions related to the operation of the charity are taken by the trustees.

The objects of the charity are to advance for the public benefit, education in the United Kingdom including support of the aims and objectives of the Folkestone and Marlowe Academies, the relief of unemployment, the provision of facilities in the interest of social welfare, for recreation and other leisure time occupation.

Trustees

Trustees are appointed by the recommendation of the existing trustees, subject to the approval of a member of the charity. New trustees, when appointed, will be provided with an information pack including the latest accounts and the Memorandum and Articles of Association and will be afforded the opportunity to undertake site visits to the premises of beneficiaries, such as Marlowe and Folkestone Academies. The following are the trustees of the charity.

R De Haan
G Badman
T Minter

T Minter retires by rotation at the Annual General Meeting. Being eligible, a resolution proposing his re-appointment will be submitted at the Annual General Meeting.

R De Haan is a member of the charity but holds no beneficial interest therein.

Although no specific trustee training programme exists, trustees continue to have considerable exposure to educational and charitable matters either through their principal occupation and/ or involvement in other charitable institutions.

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES REPORT OF THE TRUSTEES (CONTINUED)

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charity 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 £1, for the debts and liabilities contracted before he/she ceases to be a member.

Reserves Policy

The policy of the trustees is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the charity whilst ensuring that excessive funds are not accumulated. The trustees are satisfied that the charity's reserves are sufficient for its current purposes. The reserves as at 31 January 2012 amounted to £1,517,000 (2011: £1,587,000). All reserves are unrestricted. The trustees choose to maintain two separate funds in order to recognise the respective entitlements of Folkestone and Marlowe Academies.

Investment Policy

The trustees have appointed Sarasin & Partners LLP to manage the majority of the investment portfolio. Monies are invested in Sarasin's Alpha common investment funds which are designed specifically for charities. The investment objective is to provide growth in the portfolio over the medium to long term whilst maintaining low to moderate risk.

Grant Making Policy

The charity's policy is to make grants in support of education in the UK, the relief of unemployment, the provision of facilities in the interests of social welfare, for recreation and other leisure time occupation, with the object of improving conditions of life, in particular for the inhabitants of South East Kent. In particular, grants will be made in support of the aims, objects, activities and enterprises of the Marlowe and Folkestone Academies, both of which are registered charities.

Operating and Financial Review

R De Haan and the Marlowe Academy (of which R De Haan is a trustee) have continued to provide assistance in arranging the provision of accounting and administrative support to the charity for which no charge has been made.

Bursaries of £31,000 (2011: £39,500) were made in the year to students of the Marlowe Academy for assistance for those who were successful in their studies and were to start university and higher education or continue their studies into further years.

During the year, the charity also provided additional financial contributions to the Folkestone and Marlowe Academies by providing funds for music tuition, private Maths and English tutors and rewards for high student attainment.

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES REPORT OF THE TRUSTEES (CONTINUED)

Operating and Financial Review (Continued)

As a one off conditional grant, the charity provided funds to Academy FM Thanet, a local community radio station and registered charity. Academy FM Thanet is based at the Marlowe Academy in Ramsgate and advances the aims of the Marlowe Academy by involving its students (and others) in local radio and community projects. R De Haan is a trustee of Academy FM Thanet. The grant is conditional upon the presentation of a sustainable business plan and fund-raising model for the foreseeable future. Since the award, Academy FM Thanet continues to raise external funds and maintain income ahead of expenditure.

The portfolio suffered from investment losses of £72,000 in the period compared to gains of £118,000 in 2011. The £72,000 reduction represents a fall of 6.6%. This result is somewhat disappointing when compared to falls in the major stock market indices. For example, the FTSE 100 index fell by 4.7% and the MSCI Index fell by 4% over the same period.

The charity has a wholly owned subsidiary, FFMA Trading Limited t/a "The Marlowe Innovation Centre". The subsidiary operates an "Innovation Centre" from premises on the site of the Marlowe Academy. The objective is to attract young, innovative businesses to the Marlowe site and to build a close working relationship between the school and those businesses, with the aim of assisting in the education of Marlowe students and creating employment opportunities in the area. Cash surpluses generated will be paid to the Friends of the Folkestone and Marlowe Academies.

With regard to The Marlowe Innovation Centre's performance in the year, there has been a good occupancy rate in office lettings, with the centre at greater than 90% occupancy since July 2009 with no office un-let for a period greater than a month. There has been a slower turnaround of vacant light industrial work spaces in the first six months of the period but they have been fully occupied in the latter half of the year. There has been improved growth in board room bookings and moderate growth in virtual tenants. There has been a reduction in the provision of services, in particular catering of board room bookings. Moderate progress has been made toward achieving the aims of the company and the directors anticipate further progress in the next twelve months.

The trustees will continue to work closely with the Folkestone and Marlowe Academies with a view to considering the ways in which the charity can assist the schools in achieving their own charitable objectives.

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES REPORT OF THE TRUSTEES (CONTINUED)

Public Benefit Statement

The purpose of the charity is to support the aims and objectives of the Marlowe and Folkestone Academies; themselves registered charities, in advancing the education and aspirations of the students and communities they serve. The primary way in which this has been accomplished has been via the granting of bursaries to those students extending their education to universities or colleges. To date, the award of bursaries for Marlowe students is given once a place in further or higher education has been secured and these awards continue for each year the student can demonstrate their continued commitment to their educational programme. The trustees have considered the impact of the public benefit requirement including the guidance issued by the Charity Commission.

Risk Management

The trustees have examined the major strategic, business and operational risks which the charity faces and have put in place systems, policies, procedures and controls in order to manage and mitigate these risks. Where appropriate, the trustees will act only after taking appropriate professional advice.

Statement of Trustees' Responsibilities

The trustees (who are also directors of Friends of the Folkestone and Marlowe Academies for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity 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 in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

**FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
REPORT OF THE TRUSTEES (CONTINUED)**

Statement of Trustees' Responsibilities (continued)

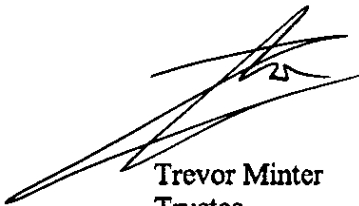
The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditors are unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The report of the trustees was approved by the trustees on 27th November 2012 and signed on their behalf by:



Trevor Minter
Trustee

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES

Independent auditor's report to the members of Friends of the Folkestone and Marlowe Academies

We have audited the financial statements of Friends of the Folkestone and Marlowe Academies for the year ended 31 January 2012 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of trustees and auditor

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Annual Report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company'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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 January 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Buzzacott LLP

Katharine Patel, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

29 November 2012

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
STATEMENT OF FINANCIAL ACTIVITIES (Including Income & Expenditure Account)
YEAR ENDED 31 JANUARY 2012

		2012	2012	2012	2012	2011
		Folkestone	Marlowe	Fixed Asset	Total	Total
	Note	Unrestricted	Unrestricted	Unrestricted	Unrestricted	Unrestricted
		Funds	Funds	Funds	Funds	Funds
		£'000	£'000	£'000	£'000	£'000
Incoming resources						
<i>Incoming resources from generating funds</i>						
Bank interest	4	-	-	-	-	1
Rental income	12	-	45	-	45	45
Investment income	10	3	36	-	39	25
Total incoming resources		<u>3</u>	<u>81</u>	<u>-</u>	<u>84</u>	<u>71</u>
Resources expended						
<i>Cost of generating funds</i>						
Charitable activities	5	3	67	9	79	49
Governance costs	6	-	3	-	3	5
Total resources expended		<u>3</u>	<u>70</u>	<u>9</u>	<u>82</u>	<u>54</u>
Net incoming resources before other recognised gains and losses		-	11	(9)	2	17
Other recognised gains and losses						
Investment (losses) / gains	10	(6)	(66)	-	(72)	118
Net movement in funds	3	<u>(6)</u>	<u>(55)</u>	<u>(9)</u>	<u>(70)</u>	<u>135</u>
Balance at 1 February 2011		124	1,008	455	1,587	1,452
Balance at 31 January 2012		<u>118</u>	<u>953</u>	<u>446</u>	<u>1,517</u>	<u>1,587</u>

All of the charity's operations were derived from continuing activities during the above two financial years

The charity has no recognised gains and losses other than those shown above and therefore no separate statement of recognised gains and losses has been presented.

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
BALANCE SHEET
31 JANUARY 2012

	Note	31 January 2012 £'000	31 January 2011 £'000
Fixed Assets			
Tangible fixed assets	8	446	455
Investment in subsidiary undertaking	9	-	-
		<u>446</u>	<u>455</u>
Current assets			
Investments	10	1,037	1,070
Debtors - due from subsidiary undertaking		26	34
Loans to subsidiary undertaking	12	25	25
Cash at bank and in hand		21	50
		<u>1,109</u>	<u>1,179</u>
Creditors: amounts falling due within one year	11	<u>38</u>	<u>47</u>
Net current assets		1,071	1,132
Total net assets		<u>1,517</u>	<u>1,587</u>
Funds			
Unrestricted fund - Marlowe Academy		953	1,008
Unrestricted fund - Folkestone Academy		118	124
Unrestricted fund - Fixed Asset Funds		446	455
		<u>1,517</u>	<u>1,587</u>

The financial statements were approved and authorised for issue by the Trustees on
27th November 2012 and were signed on their behalf by:



Trevor Minter
Trustee
Friends of the Folkestone and Marlowe Academies
Company Registration Number (England and Wales). 5017884

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2012

	Notes	2012 £'000	2011 £'000
Cash inflow from operating activities			
Receipts:			
Rental receipts		53	29
Payments:			
Charitable activities		(76)	(6)
Governance costs		(6)	-
Net cash inflow from operating activities		<u>(29)</u>	<u>23</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		-	-
Purchase of current asset investments		<u>(39)</u>	<u>(215)</u>
		(68)	(192)
Returns on investments and servicing of finance			
Dividends received		39	25
Decrease in cash in year	(a)	<u>(29)</u>	<u>(167)</u>

(a) Analysis of changes in cash

	At 31 January 2011 £'000	Cash Flows £'000	At 31 January 2012 £'000
Cash at bank and in hand	<u>50</u>	<u>(29)</u>	<u>21</u>

**FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2012**

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities ('Charities SORP 2005') and the Companies Act 2006.

Group Accounting

The charity has not chosen to prepare consolidated accounts including its subsidiary undertaking on the basis that the gross income, after consolidation adjustments of the group in the accounting period is no more than the threshold for a statutory charity audit.

Grants Receivable

Grants receivable are included in the accounts on an accruals basis.

Grants Payable

Grants payable are included in the accounts on an accruals basis.

Investment Income and Interest Receivable

Investment income and interest receivable are included in the statement of financial activities on an accruals basis.

Resources Expended

Resources expended are accounted for on an accruals basis as a liability is incurred.

Unrestricted Funds

All funds are unrestricted, however the charity chooses to split all transactions in the year between the two academies (Folkestone and Marlowe) and present the reserves carried forward as two separate designated funds, ring-fenced for the Academies' use. Where transactions cannot be specifically allocated to an Academy, a percentage based on the weighted average of net assets will be applied.

Governance Costs

Governance costs comprise of expenditure incurred in the general running of the charity and compliance with constitutional and statutory requirements.

Tangible fixed assets

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 are depreciated over their useful economic lives on a basis consistent with the depreciation policy. The related grants are credited to an unrestricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet.

Assets with a useful economic life of more than 50 years are reviewed annually for impairment in accordance with FRS 11. Assets costing less than £1,000 are written off in the year of acquisition. All other assets are capitalised.

**FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2012**

1 Accounting policies (continued)

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rate used for Leasehold buildings was 2%

2 Taxation

The Friends of the Folkestone and Marlowe Academies is a registered charity and as such its income and gains are exempt from income tax and corporation tax to the extent that they are applied to its charitable activities under the provisions of the Income and Corporation Taxes Act 1988.

3 Net Movement in Funds

Net movement in funds is stated after charging.	2012	2011
	£'000	£'000
Depreciation	9	9
Statutory audit services		
current year	2	2
prior year underprovision	1	2
Other services (prior year)	-	1
	<u>3</u>	<u>5</u>

4 Bank Interest

	2012	2011
	£'000	£'000
Bank interest received	-	1

5 Charitable Activities

	2012	2011
	£'000	£'000
Bursaries - University assistance	31	40
Bursaries - Attainment awards	11	-
Bursaries - Tutors for Music, English & Maths	8	-
Grant - Academy FM Thanet	20	-
Depreciation	9	9
	<u>79</u>	<u>49</u>

FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2012

6 Governance Costs

	2012	2011
	£'000	£'000
Audit services	3	4
Accountancy services	-	1
	<u>3</u>	<u>5</u>

7 Staff Costs

No staff were employed during the year and no trustee received remuneration or expenses.

8 Tangible fixed assets

	Land & Buildings £'000	Total £'000
Cost		
At 1 February 2011	469	469
Additions	-	-
At 31 January 2012	<u>469</u>	<u>469</u>
Depreciation		
At 1 February 2011	14	14
Charge	9	9
At 31 January 2012	<u>23</u>	<u>23</u>
Net Book Values		
At 31 January 2012	<u>446</u>	<u>446</u>
At 1 February 2011	<u>455</u>	<u>455</u>

The above land and buildings relate to the Marlowe Innovation Centre. The building in which the Innovation Centre is based is leased from Kent County Council at a peppercorn rent over a lease of 75 years from July 2009. No value has been placed on the land or buildings in the financial statements due to the restrictive covenants attaching to the asset. The building was constructed with the assistance of a donation from the Roger De Haan Charitable Trust and this amount has been capitalised.

**FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2012**

9 Investment in subsidiary undertaking

	2012	2011
	£'000	£'000
FFMA (Trading) Limited	-	-

The investment comprises 1 ordinary share of £1 which is 100% of the issued share capital of the company. The company, which is registered in England, is the trading arm of the charity. The company's loss for the year ended 31 January 2012 was £6,789 (2011: £14,276) and the year end reserves stood at a deficit of £45,086 (2011: £38,928)

10 Investments (market value)

	2012	2011
	£'000	£'000
At Cost:		
Opening balance	875	660
Additions	39	219
Equalisation	-	(4)
Total investments at cost	914	875

At Market Value:		
Listed Investments	1,037	1,070
Cash held on Deposit	-	-
Total investments at market value	1,037	1,070

Movements in investments at market value

Market value as at 1 February 2011	1,070	737
Additions less equalisation	39	215
Investment (losses) / gains	(72)	118
Total investments at market value	1,037	1,070

The investments are held in Sarasin Chiswell's Alpha Common Investment Fund for Endowments, which is a listed fund. Income received on the investment portfolio during the year comprised of bank interest amounting to £19 (2011: £157) and dividend income of £38,263 (2011: £25,184).

**FRIENDS OF THE FOLKESTONE AND MARLOWE ACADEMIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2012**

11 Creditors-amounts falling due within one year

	2012	2011
	£'000	£'000
Bursaries	33	40
Audit fee	5	7
	<u>38</u>	<u>47</u>

12 Transactions with Related Parties

Employees of the Marlowe Academy (of which R De Haan is a trustee) continue to provide administrative and accounting support to the charity for which no charge is made. This amount has not been recognised as a gift in kind as this is viewed as immaterial.

The charity has advanced a £25,000 loan to FFMA (Trading) Limited, its wholly owned subsidiary undertaking. The loan was repayable over the 3 year period ending 20 August 2011 and carried an annual interest rate of the Bank of England base rate plus 1.5%. On 20 October 2011, the Trustees agreed to extend this loan to 31 December 2012 and on 26 November 2012 it was further agreed to extend the repayment date to 31 December 2013.

The charity provided a grant to Academy FM Thanet amounting to £20,000 in the year. Academy FM Thanet is a local community radio station and registered charity of which R De Haan is a trustee. This was a conditional grant based on the implementation of a sustainable business plan for the radio station over the forthcoming years.

During July 2009, the charity entered into a lease with its subsidiary in respect of its premises located at the Marlowe Innovation Centre. The lease commenced on 16 September 2009 and has a first year term at an annual rate of £45,000. At the year end, £26,250 (2011: £33,750) was due from FFMA (Trading) Limited to the Friends of the Folkestone and Marlowe Academies.