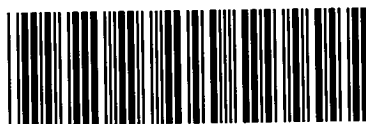


The Canterbury Academy
(A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 August 2014

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The Canterbury Academy
(A company limited by guarantee)

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The Canterbury Academy
(A company limited by guarantee)

Reference and administrative details of the academy, its trustees and advisers
For the year ended 31 August 2014

Members	Ms. D. Wells Mrs. J. Keay Mr. R Field Mrs. J. Larkinson Mr. A. Milton ²
Trustees	Ms. D. Wells, Chair of Trustees ¹ Mrs. J. Keay, Vice Chair ¹ Mrs. J. Parsons, Chair of Finance and Buildings ¹ Mr. P. Karnavas, Executive Principal and Accounting Officer ¹ Mrs. J. Butcher (resigned 6 October 2014) Mrs. R. Cox, Staff Trustee (appointed 3 September 2013) Mr. A. Doyle ² Mr. R Field, Responsible Officer Mrs. J. Greener, Parent Trustee (resigned 3 November 2014) Mr. N. Guthrie (appointed 2 December 2014) Mr. M. Harris, Staff Trustee (appointed 3 September 2013) Mrs. J. Larkinson Mr. R. Menzies, Parent Trustee (appointed 3 September 2013) Mr. A. Milton Mrs. S. Ward ² ¹ Members of the Finance and Buildings Committee during the year ² Members of the Audit Committee during the year
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 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

The Canterbury Academy (A company limited by guarantee)

Trustees' report For the year ended 31 August 2014

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 2014.

The trust operates an academy for students aged 4 – 19 in the Canterbury area. The Canterbury Primary School has a pupil capacity of 210 and had 212 on roll at the census point on 15th May 2014. Funding has been approved to rebuild the primary school as a two form entry; the planned opening is September 2015. The Canterbury High School has a PAN of 180 in each year group. The school also has a commissioned provision for a SEN Speech and Language unit of 30 students. The school roll was 1284 at the school census point on 15th May 2014. Due to increased popularity of the school the Directors agreed to exceed PAN for the academic year 2014/15. KCC allocated 230 places to Year 7 students.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and is 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 trustees of the charitable company for the purposes of company law. The charitable company is known as The Canterbury Academy. The Canterbury Academy comprises The Canterbury Primary School and The Canterbury High School.

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

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 12 to the financial statements.

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 student 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. When 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 for them to join. The Vice Chair acts as a mentor to all new trustees at their first few meetings and when 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 14 trustees in total (5 members, 5 appointed by the members, 2 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 is undertaken by the Executive Principal, supported by the Senior Management Team. The Executive Principal is also the Accounting Officer.

The Canterbury Academy (A company limited by guarantee)

Trustees' report (continued) For the year ended 31 August 2014

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 in 2012 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; this class is now in Year 10.
- Since September 2012 The Canterbury High School has worked in partnership with Simon Langton Grammar School for Boys promoting academic excellence, through its grammar band, which has now grown into both Year 7 and 8, and as of September 2014, Year 9 also.
- In September 2013 The Canterbury High School was one of 6 partnerships working with The Marlowe Theatre and The Royal Shakespeare Company. The Canterbury High School now has partnerships with 7 cluster schools in the region – Bapchild and Tonge, Invicta Grammar, Duke of York, Ethelbert Road, Canterbury Road, Luddenham and Orchard School. The academy held a launch event for the programme on 19th September 2014 and will hold other events throughout the next two years.
- The Canterbury Academy was awarded the Youth Commission, which includes the running of Riverside Centre contract in 2012/13 for a 3 year period.
- The Canterbury Academy took on management responsibility for the 14 – 16 ACP PRU based at Riverside, Grosvenor House and Wincheap in April 2012 and improved the provision to remove it from special measures in November 2013. The academy continues to provide KS4 provision for students permanently removed from school, commissioned by the Canterbury Inclusion Service.
- The Canterbury Academy has an Enterprise & Employability College on site, which began operation in September 2013. It offers practical learning to students in a range of industry sectors, including a commercial hair salon, construction suite and a range of catering outlets. The centre also houses Ambition House, which nurtures young people with entrepreneurial talents, particularly in the digital media sector. It also houses Lingo Lingo and Tuition Extra. The academy has set up a trading arm (Buckle Under Limited, company number 09189564) to enable commercial developments which will increase the range of experiences and opportunities available to the students and enter into relationships which will be financially beneficial to the academy.
- 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, under new management, had a £2 million refurbishment during 2012/13.
- The Canterbury Academy has sporting links with Gillingham Football Club, Kent Crusaders, Aire Trampolining, Canterbury Rugby Club, AFD Limited, Canterbury Gym Club, Top Flight Sports, Kent Squash, Boughton Golf Club and Marathon Sports.
- Appeti Tennis has a 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, with 4 students this academic year and a further 3 students joining the school in 2014/15.
- Cascade Dance is on site and it helps with performing arts through dance in the High School, 6th Form and the community, including running after school classes during term time. In its Elite dance company (part of the Canterbury Institute for Performing Arts) it took part in numerous performances and competitions nationally, culminating in a performance at the Commonwealth Games Dance Festival in Glasgow in July.
- 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 called 'Education Cuts' offering hair and beauty treatments at competitive rates and is open to the public. It also has a barber.

The Canterbury Academy (A company limited by guarantee)

Trustees' report (continued) For the year ended 31 August 2014

- Since January 2013 The Canterbury High School 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.
- Commencing January 2014 and in collaboration with the Centre for Innovation in Mathematics Teaching at Plymouth University, John Heffernan has been delivering a Mathematics Subject Knowledge Enhancement programme at CHS. The aim of the programme is to develop the mathematics subject knowledge and pedagogy of non-specialist teachers of mathematics and teachers planning to teach mathematics so that they are capable and confident of teaching mathematics up to GCSE Higher level. 14 teachers from a number of local schools are taking part in this programme.
- 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 students in their schools. It consists of 33 primary, secondary, special schools and 1 college. Since the introduction of the primary sports premium, the partnership has been providing a primary PE specialist outreach teacher to 6 schools to help aid and improve the quality of PE teaching within their schools.
- At the end of the 2013/14 academic year the Parents' Forum agreed to set up a PTA which would have charitable status. As a consequence the old CPS PTA has been disbanded.

OBJECTIVES, STRATEGIES AND ACTIVITIES

Objects and Aims

The principal object of the company 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 students 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.

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 an 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

In 2012/13 a new smarter school uniform was introduced, which included a blazer and tie. A new House System was introduced in February 2013 to instill 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 are run through the house system. During 2013/14 we raised more than £10K for local, national and international charities. Our house representatives supported all our work and attended rewards activities including an inspirational event called WE Day at Wembley Arena where they watched Ellie Goulding, Dizzee Rascal and Diversity and heard from Prince Harry, Malala Yousafzai and other amazing young people. We had more than 40 house representatives in 2013 - 14 who helped with interviews, tour guiding, events, fundraising and much more. In 2014/15 we hope to recruit more.

Banding Assessment/Langton Link

Since September 2012 students wishing to be admitted to the High School have to sit a banding assessment test which places 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. Parents have been very supportive of the Banding Assessment with 302 students sitting it in November 2013 (for entrance into the school September 2014). A number of parents also expressed an interest and were given the opportunity to sit it as well.

The Canterbury Academy (A company limited by guarantee)

Trustees' report (continued) For the year ended 31 August 2014

Extended Services

Non-school time activities continue to develop. Record numbers of children attended summer activities, with 350 – 400 registering. Activities were popular and feedback has been good. The academy is already receiving enquiries for October 2014 and beyond. Activities ran from 9am – 4pm, with early and late dropping off/ collection available from 8am – 6pm. Careers days for Year 11s and a fair for all years were held using various extended school partners. We are due to host a free children's youth summit in September 2014 for children from the academy and other schools. Transition weeks for Year 7s attracted nearly 80 children during the summer, with approximately 20/30 attending other activities.

Marketing and Advertising

The academy's advertising and marketing has successfully attracted increased numbers to the school compared with the previous academic year. The focus for the 2013/14 year has therefore moved to facility hire. A new virtual tour has been added to the website showing the accommodation and facilities available, a revised booking procedure has also been introduced, including the advertising and promotion of the Chefs' Restaurant, which is now open 2 lunchtimes per week and is available for private hire. The emphasis has been on attracting regular and long-term hire contracts to raise income for the academy. For example, we have successfully agreed a long term contract with an organisation who will hire various spaces on the premises every Sunday for the foreseeable future, based on a yearly contract. We have also confirmed a regular booking from a dance school, which will move from its existing premises to the academy from September and will work closely with our performing arts faculty. A partnership with Concorde International language school is also proving successful in attracting regular groups of foreign students to 'buddy' with our own students, giving both groups an opportunity to experience other cultures and languages, and providing an income at the same time.

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

- The Over 50's Club (a group of local residents, who have renamed themselves the 60+ Club from September 2014) meet at the academy every fortnight for a community lunch followed by a couple of hours of activity.
- Several 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, including Slimming World, Weight Watchers, Rosemary Conley and Rock Choir.
- The Canterbury Vineyard Christian Fellowship meets every Sunday in the hall and uses other spaces throughout the school. They have brought with them sound equipment which has added to our school resources in the main hall.
- Other organisations hire the facilities for various clubs, e.g. Kent School of Philosophy, Twinkling Starts, Cascade Youth and Next Generation Dance.
- Facilities are hired out for individual events regularly throughout the year by returning customers, such as The Canterbury Keralites, Mediaid, KCC, Bethel Christian Fellowship, CXK, and Pinetree Housing Co-op.

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.

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 does this by adapting the physical environment, by making support resources available and through training and career development.

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.

The Canterbury Academy (A company limited by guarantee)

Trustees' report (continued) For the year ended 31 August 2014

STRATEGIC REPORT

Achievement and Performance

(a) Examination Results

At the Canterbury Primary School in 2013/14 results have been positive across all the Key Stages. In the Foundation Stage pupils performed significantly above national averages for 2013 and we predict we will be above the 2014 averages. KS1 results showed improvement in some areas although writing was lower in 2013/14 despite numerous interventions and support. We anticipate that the results for KS1 will continue to be in line with Local Authority and National Average figures. At KS2 the results for attainment and progress all improved on 2012/13 results and will be above local and national average figures.

43% of students at The Canterbury High School achieved 5 A* - C GCSE's including English and maths. Although still above the DfE floor target, and after appeals are expected to be the second best set of results the school has ever posted, we are disappointed that they were not higher, despite being the first set of results released after the toughest educational reforms of our time.

In the 6th form the Average Point Score per student is 831.1 for Academic subjects (up 19% on 2012/13); 642.7 for vocational (up 16% on 2012/13) and 657.7 combined (up 15% on 2012/13). This means on average our students are achieving the equivalent of CCC at A Level. Average point score per entry is 213.7 for academic (down 3% on 2012/13), 200.1 for vocational (down 0.3% on 2012/13) and 201.4 combined (down 1% on 2012/13), which means that on average students have gone up by nearly half a grade. BTEC merit to distinction grades have increased from 70% to 78%. One of our students this year has been successful in gaining a place at Edinburgh University, with others progressing to Rada and Bird College. Another student has secured an apprenticeship with the Lawn Tennis Association.

In 2013, the PRU attained its best ever examination results and came out of special measures in November 2013. Results in 2014 showed significant increases in progress, with all students (except 1) having secure destinations.

(b) English & Art Achievements

In November 2013 one of our students, Chloe Taylor, published a book, 'Running', which went on sale as an e-book through Amazon. Not only did Chloe write the book but she also designed the front cover.

(c) Sporting Achievements

The 2014 Sports Awards Overall Sports Personality of the Year was awarded to Alice Trill (Year 13) for her outstanding achievements in hockey by celebrity guest Colin Jackson CBE.

Bayley Sargeant (Year 11) enjoyed a remarkable run of success in numerous archery competitions which culminated in her being selected to represent England at an event in July.

Lauren Coulthard (Year 8) has been selected to attend a Talent Inspiration Programme event in Manchester due to her performances in athletics and karate.

Clara Gill-Pratt (Year 7) was part of the South East regional swimming team for numerous different swimming classifications for her age group.

Eddie Mount (Year 13), Alex Mount (Year 11) and Josh Butcher (Year 10) represented England at the World Championships for roller hockey which took place in Colombia in October.

Alex Mount (Year 11) captained the England roller hockey team at the European Championships in Portugal.

Jordan Annakie (Year 13) has been selected to represent Jamaica at rugby league at U18 level.

The Appeti Tennis School students have all made good progress this year. Oliver Richards (Year 7) has improved his ranking in Kent from 10th to 7th. Since September he has reached 12 tournament finals and won 8 of them. Ciaran Brewer (Year 7) has reached 6 finals and won 5 of them including the 10U county Leaderboard. Rosie Hewett (Year 7) has reached 5 finals since September and won 4 of them and Marta Poriete (Year 7) has reached 4 finals this year.

Bradley Goldsack (Year 7) and Ryan Davies (Year 12) both represented Kent at cricket this summer. Bradley played for the county Under 12 side whilst Ryan has been selected regularly for the county 2nd XI.

Ben King (Year 8) represented Kent Under 13 Rugby team.

Joe Halford (Year 12) represented Kent Schools Football Under 19 team and played in the national final at Coventry City.

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Trustees' report (continued) **For the year ended 31 August 2014**

Billy Mason (Year 12), Sam Lawford (Year 10), Bradley Stevenson (Year 10) and Sam Menzies (Year 8) all represented Kent Schools Football. Both Bradley Stevenson and Sam Lawford have been taken on by the Gillingham Academy. Jimmy Witt (Year 7) was selected by Gillingham for their school of excellence.

Louie Adams (Year 8), Alex Hunt (Year 8), Cameron Proctor (Year 10), Dan Omole (Year 10) and Dave Omole (Year 11) were all selected for South East Regional Basketball development camps.

Tyler Russell (Year 13) was voted Player of the Week in the Elite Academies Basketball League.

The Year 10 basketball team reached the final 16 of the National Cup Competition.

Teams from Year 8, 10 and 11 reached the Kent School's Basketball finals but all three ended up losing their respective finals.

The Year 8 basketball team won the district competition.

A couple of the football teams reached district cup finals without winning any of them. The Year 8 team lost 6-7 to Simon Langton and the Year 9 team lost 2-3 to QES. The Year 8 team also reached the semi-finals of the Kent Cup before losing narrowly to Maidstone Grammar School.

The Year 7 cricket team got through to the district final by beating QES and Kent College School before losing to Simon Langton.

A combined Year 7 & 8 cricket team came 3rd in a county Super 8's Competition.

Leon Taylor (Year 10), Matt Taylor (Year 7), Liam Osgood White (Year 7) & Owen Griffith (Year 8) represented the school at a national gymnastics competition in Stoke and performed well.

The Year 7/8 boys' tennis team qualified for the Kent School Games finals for the first ever time and won a bronze medal.

The Year 7 boys' tennis doubles team reached the semi-final of the Kent Schools' Tournament.

The Year 7/8 girls' netball team came 3rd at the Kent Emerging School Netball Tournament.

The Year 7 boys' athletics team finished third in the District Athletics Festival.

The Year 8 boys' hockey team came second in a Kent School Games Emerging School's Competition.

The Year 8 boys' rugby team came third in a competition organised for schools developing rugby.

(d) Performing Arts achievements

Charlie George (former CHS Performing Arts student) was featured heavily on the first episode of the X Factor 2015, and he and his group have made it through to the next stage.

Callum Clarke (Y13 Acting) secured a featured role in the BBC3 series for Remembrance Day, playing a British soldier in WWI.

Year 13 students from the Acting and Musical Theatre Programmes performed a showcase for industry agents at The Crazy Coqs cabaret venue in Soho (London) in July, and some of the students have been contacted by agents and casting directors about possible representation and auditions.

The summer show, Les Miserables, was a resounding success, with both nights selling out at the Gulbenkian Theatre, and gained spontaneous standing ovations both nights. With a cast, crew and orchestra exclusively made up of over 80 CHS students, the show was of professional standard.

Year 12 Acting Programme student John Otteston was cast in a lead role for an episode of Casualty to be broadcast this coming season on BBC. John was also featured in a national advert for TicTacs in the lead role.

Year 12/13 Music Programme band 'The Hey-Wires' performed throughout the year, sometimes earning as much as £200 per performance. They were selected as finalists for the Kent School Games Cultural Celebration in Tunbridge Wells, as were Aaliyah Ginn and Aaron Whitehead (Year 13 Musical Theatre) and Alexia Hill (Year 7 singer).

Year 13 Musical Theatre students appeared in several feature films this year: Aaron Whitehead appeared in a WWII drama with Brad Pitt, and Emily McLachlan appeared in Disney's Into the Woods with Johnny Depp and Meryl Streep.

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Trustees' report (continued) **For the year ended 31 August 2014**

The Voice UK came to the academy over Easter to audition students on-site for their next series. Of these, Ed Mount (Year 13) was contacted about further auditions in London.

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 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SOFA").

During the year ended 31 August 2014, the excess of expenditure over income, before actuarial movements on defined benefit pension schemes, was £627k. The actuarial gain on the Local Government Pension Scheme (LGPS) of £159k, part of a reduction in the LGPS liability of £37k, resulted in an overall net reduction in funds of £468k. The balancing movement on the LGPS liability, a charge of £122k, relates to other pension costs which are charged as an expense for the year within restricted educational costs.

This overall reduction in funds does include a non-cash depreciation charge of £664k, of which £619k relates to the school buildings.

The net outgoing resources before transfers (deficit) on restricted and unrestricted funds, as shown on the SOFA, amounted to £40k, of which £122k relates to the LGPS charges referred to earlier. Without these charges the net income on revenue funds would have been £82k, and the trustees feel this is a more meaningful operational result. Capital grants of £77k were also received in the year, and the trust has then invested £175k of revenue funds in capital items, shown as a transfer between funds on the SOFA, leaving the net expenditure of £627k, or net income of £159k before depreciation and LGPS charges.

Within restricted revenue fund the trust did report a significant in-year deficit on the General Annual Grant (GAG) fund, which tracks the core grant funding and related expenditure. Around 77% of the trust's income passes through this fund. A deficit of £413k on the GAG fund was covered by a transfer from unrestricted funds. The trust is in a position where it generates a significant amount of 'other' unrestricted income, leading to net incoming resources of £388k on the unrestricted fund before transfers. The trustees recognise that the in-year GAG deficit is not sustainable, and plans are in place to reduce costs.

At 31 August 2014, the net book value of fixed assets was £18.1m and movements in tangible fixed assets are shown in note 14 to the financial statements. During the year the assets were used exclusively for providing education and the associated support services to the pupils of the academy trust. Capital expenditure in the year included some new portakabin classrooms, development of a student reception, improvements to the PE changing rooms, together with various ICT and general equipment items.

Financial position

The academy trust held fund balances at 31 August 2014 of £16.2m.

These funds included restricted fixed asset funds of £18.1m, restricted revenue funds of £48k, unrestricted funds of £430k and a pension fund liability of £2.3m.

After transfers the pension scheme reserve is the only fund in deficit at the year end. This deficit does not mean that an immediate liability crystallises; it results in a cash flow effect in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the academy trust because of recognising the deficit. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the academy trust have been fixed for the three years from 1 April 2014.

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 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 and Risk Management Objectives and Policies

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

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.

The Canterbury Academy (A company limited by guarantee)

Trustees' report (continued) For the year ended 31 August 2014

Investment Policy

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

Principal Risks and Uncertainties

The 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.

Risk Management

The trustees have assessed the major risks to which the academy 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.

PLANS FOR FUTURE PERIODS

The principal task facing the company is to maintain and further improve educational standards achieved by the schools. In 2014/15 our focus will be to improve attainment, improve progress and close the gap; it will also be to improve the achievement of our academically able students (especially but not exclusively those in The Langton band), to continue to exceed floor targets set and continue to improve the quality of teaching.

The Academy Improvement sets clear objectives for the coming year. These are:

1. The Canterbury Primary School will become outstanding.
2. The Canterbury High School will become outstanding.
3. The Canterbury High School 6th form will radically transform and be outstanding in its own right as well as part of The Canterbury High School.
4. The EEC will continue to develop and deliver practical and entrepreneurial education and opportunities for the learners and community of The Canterbury Academy and be recognised as an outstanding provider
5. The Canterbury Academy will deliver outstanding alternative curriculum and engagement provision for learners of the area as a commissioned service to improve the life chances of the children who face significant challenges.
6. The Canterbury Academy will continue to deliver extended service to the learners and community of the area which improves the life chances of children and which helps in the community.
7. The Canterbury Academy will develop (Class R to Year 14) the 4 pillars of excellence to provide a genuine comprehensive option for the children and community of East Kent.
8. The quality of teaching will be never less than good across all parts of the academy.
9. The Canterbury Academy will continue to seek opportunities to meet its mission and moral purpose
10. The Canterbury Academy will develop outstanding customer service.
11. The Canterbury Academy will develop its capacity to deal effectively with the financial demands of academy status, including seeking commercial opportunities to generate revenue and seek to achieve efficiencies in expenditure.
12. The Canterbury Academy, as a multi academy trust, will seek opportunities to grow subject to due diligence and compatibility with ethos and vision.
13. The Canterbury Academy will seek to improve/increase its physical resource.
14. The Canterbury Academy will resolve outstanding legacy issues to enable better progress in the future.
15. The Canterbury Academy will continue to evolve to cope with its own particular structure, entrepreneurialism and plan for expected changes to senior staffing as a result of retirement.

With regard to point 13 the academy has been identified as part of The PSBP which means that The Canterbury Primary School will be rebuilt as a two form entry school for 420 pupils. Works will start in September 2014 and the hope is the new school will be ready for September 2015. The academy also received funding from the ACMF to re-clad the front of The Canterbury High School. Other works have been to create better 'open plan' toilet facilities, create more classroom space, create a staff/6th form café lounge, bring in more PE changing rooms and create a new Child Development Unit. There are plans to extend the dining hall, to create more open plan toilets, to increase classroom capacity further, to replace the terrapin and to re-develop the front of the school by adding a three storey building.

The Canterbury Academy
(A company limited by guarantee)

Trustees' report (continued)
For the year ended 31 August 2014

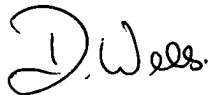
AUDITORS

During 2012/13 the trustees appointed new accountants UHY Hacker Young. Both the trustees and the Leadership Team had been very impressed with the service they had provided and were happy to re-appoint them for the academic year 2013/14 at the AGM held in February 2014.

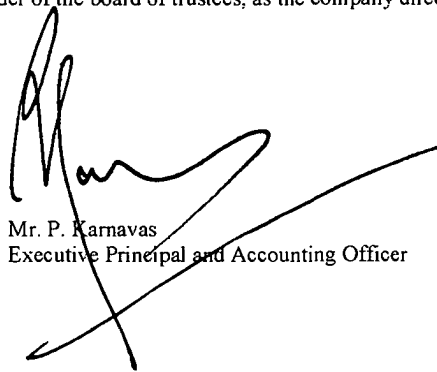
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 2 December 2014 and signed on the board's behalf by:



Ms. D. Wells
Chair of Trustees



Mr. P. Karnavas
Executive Principal and Accounting Officer

The Canterbury Academy (A company limited by guarantee)

Governance Statement

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	8	10
Mrs. J. Keay, Vice Chair	10	10
Mrs. J. Parsons, Chair of Finance and Buildings	7	10
Mr. P. Karnavas, Principal & Accounting Officer	10	10
Mrs. J. Butcher	4	10
Mrs. R. Cox, Staff Trustee	10	10
Mr. A. Doyle	4	10
Mr. R Field, Responsible Officer	9	10
Mrs. J. Greener, Parent Trustee	7	10
Mr. M. Harris, Staff Trustee	10	10
Mrs. J. Larkinson	9	10
Mr. R. Menzies, Parent Trustee	5	10
Mr. A. Milton	7	10
Mrs. S. Ward	8	10

The Canterbury Academy was formed in October 2010 and eight of its trustees' terms of office expire on 6th October 2014. During the start of the academic year 2014/15 trustees were approached in relation to renewing their terms of office and the estimated date they may wish to stand down in the future. A number of enquiries were received over the summer break in relation to becoming a trustee, but there is currently only one vacancy. The member group are meeting on a regular basis to discuss succession planning for both the senior leadership team and the board of trustees to ensure smooth transition as senior staff or trustees retire.

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. Management accounts are produced and reported to trustees on a monthly basis.

Financial projects this year have included:

- Replacing and refreshing all the IT equipment at the High School
- Retractable seating installed in the Lecture Theatre at the EEC
- Student reception being relocated
- Mobile units being purchased and used as PE changing rooms
- Two additional classrooms at the EEC
- New reprographics equipment purchased at the end of 2013/14, and installed in a new room ready for September 2014

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs. J. Parsons, Chair of finance and buildings	4	4
Mrs. J. Keay, Vice Chair	4	4
Ms. D. Wells, Chair	4	4
Mr. P. Karnavas, Principal and Accounting Officer	4	4

The Canterbury Academy (A company limited by guarantee)

Governance Statement (continued)

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	3
Mr. A. Doyle	3	3
Mrs. S. Ward	3	3

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 2013 to 31 August 2014 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 2013 to 31 August 2014 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 Finance and Buildings Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- 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.

Responsible Officer Report for the 2013/14 Financial Year on internal controls.

The school is responsible for all aspects of its financial management and should demonstrate public accountability and value for money within its education provision. To help discharge the responsibilities of the Governing Body, the role of the Responsible Officer provides assurance on financial issues and systems of internal control.

Although the Responsible Officer is not directly accountable for the financial management of the school, the role provides an independent check on the financial activities and the day to day design, implementation and operation of financial systems.

The Canterbury Academy
(A company limited by guarantee)

Governance Statement (continued)

During the 2013/2014 Financial Year the Responsible Officer made 3 visits, November, June & August, in order to carry out the Financial Management Internal Control Assessments, and focussed on the following:

- Financial Governance
- Completion of the Financial Management Internal Control Assessment in conjunction with the School Finance Manager and Vice Principal responsible for Finance and Personnel

Validation included:

- Financial Governance Responsibilities
- Resource Management
- Purchasing and Value for Money
- Budget Monitoring
- Security of Physical Assets
- Information Security
- Payroll
- Income
- Petty Cash
- Bank Account and Monthly Reconciliation

The Responsible Officer's findings are reported back to the Audit Committee and any recommendations are discussed and acted on.

Through the year the visits have verified that the academies have good internal controls in place with only some minor improvements being recommended.

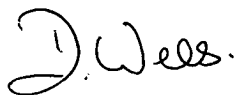
Review of Effectiveness

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:

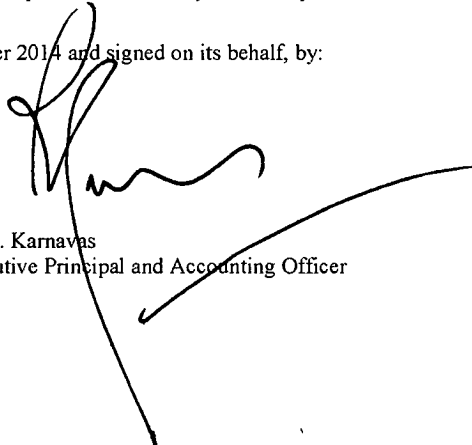
- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 2 December 2014 and signed on its behalf, by:



Ms. D. Wells
Chair of Trustees



Mr. P. Karnavas
Executive Principal and Accounting Officer

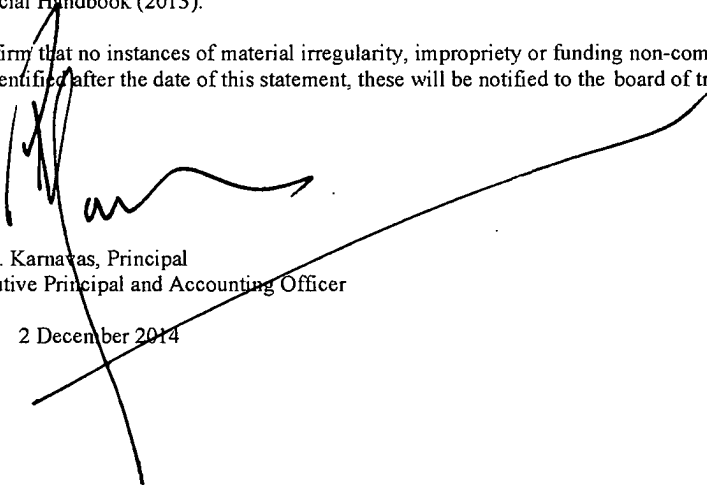
The Canterbury Academy
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

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 (2013).

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 (2013).

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



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

Date: 2 December 2014

The Canterbury Academy
(A company limited by guarantee)

Trustees' responsibilities statement
For the year ended 31 August 2014

The trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic 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:

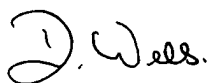
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 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: 2 December 2014

The Canterbury Academy (A company limited by guarantee)

Independent auditors' report to the Board of trustees of The Canterbury Academy

We have audited the financial statements of The Canterbury Academy for the year ended 31 August 2014 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 to 2014 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2014 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 to 2014 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, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Canterbury Academy
(A company limited by guarantee)

Independent auditors' report to the Board of trustees of The Canterbury Academy

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
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 11 December 2014

The Canterbury Academy (A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 2013 to 31 August 2014 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 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 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 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 2013, 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 to 2014. 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 2013 to 31 August 2014 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 to 2014 issued by 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 2014 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

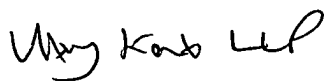
- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

The Canterbury Academy
(A company limited by guarantee)

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

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 2013 to 31 August 2014 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
for and on behalf of

UHY Kent LLP
Chartered Accountants
Statutory Auditors

Date: 11 December 2014.

The Canterbury Academy
(A company limited by guarantee)

Statement of financial activities
(incorporating income and expenditure account and statement of total recognised gains and losses)
For the year ended 31 August 2014

	Note	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	2	141	127	-	268	352
Activities for generating funds	3	845	-	-	845	790
Investment income	4	11	-	-	11	13
Incoming resources from charitable activities	5	113	8,951	77	9,141	8,782
Total incoming resources		1,110	9,078	77	10,265	9,937
Resources expended						
Costs of activities for generating funds	6	158	63	-	221	169
Academy trust's educational operations	8	564	9,426	664	10,654	9,763
Governance costs	9	-	17	-	17	20
Total resources expended	7	722	9,506	664	10,892	9,952
Net incoming / (outgoing) resources before transfers		388	(428)	(587)	(627)	(15)
Transfers between Funds	18	(483)	308	175	-	-
Net expenditure for the year		(95)	(120)	(412)	(627)	(15)
Actuarial gains and losses on defined benefit pension schemes		-	159	-	159	(88)
Net movement in funds for the year		(95)	39	(412)	(468)	(103)
Total funds at 1 September 2013		525	(2,319)	18,480	16,686	16,789
Total funds at 31 August 2014	18	430	(2,280)	18,068	16,218	16,686

All activities relate to continuing operations.

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

The notes on pages 23 to 40 form part of these financial statements.

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

Balance sheet
As at 31 August 2014

	Note	£000	2014 £000	2013 £000
Fixed assets				
Tangible assets	14		18,068	18,480
Current assets				
Stocks	15	-		11
Debtors	16	493		318
Cash at bank and in hand		460		725
		953		1,054
Creditors: amounts falling due within one year	17	(475)		(483)
Net current assets			478	571
Total assets less current liabilities			18,546	19,051
Pension scheme liability	24		(2,328)	(2,365)
Net assets including pension scheme liability			16,218	16,686
Funds of the academy				
Restricted funds :				
Restricted revenue funds	18	48		46
Restricted fixed asset funds	18	18,068		18,480
Restricted funds excluding pension liability		18,116		18,526
Pension reserve		(2,328)		(2,365)
Total restricted funds			15,788	16,161
Unrestricted funds	18		430	525
Total funds			16,218	16,686

The financial statements were approved by the trustees, and authorised for issue, on 2 December 2014 and are signed on their behalf, by:


 Ms. D. Wells
 Chair of Trustees

The notes on pages 23 to 40 form part of these financial statements.

The Canterbury Academy
(A company limited by guarantee)

Cash flow statement
For the year ended 31 August 2014

	Note	2014 £000	2013 £000
Net cash flow from operating activities	20	(101)	595
Returns on investments and servicing of finance	21	11	13
Capital expenditure and financial investment	21	(175)	(410)
(Decrease)/Increase in cash in the year		(265)	198

Reconciliation of net cash flow to movement in net funds
For the year ended 31 August 2014

	2014 £000	2013 £000
(Decrease)/Increase in cash in the year	(265)	198
Movement in net funds in the year	(265)	198
Net funds at 1 September 2013	725	527
Net funds at 31 August 2014	460	725

The notes on pages 23 to 40 form part of these financial statements.

The Canterbury Academy (A company limited by guarantee)

Notes to the financial statements For the year ended 31 August 2014

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 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

On 28 August 2014 the academy established a 100% owned subsidiary undertaking, Bubble Under Limited, company number 09189564. The subsidiary did not trade in the short period before the year end and had no Balance Sheet assets, and hence the trustees have elected to take advantage of the exemptions under section 405 of the Companies Act 2006 not to prepare consolidated financial statements on the grounds that the subsidiary is immaterial to the financial statements.

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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the 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.

The Canterbury Academy (A company limited by guarantee)

Notes to the financial statements For the year ended 31 August 2014

1. Accounting policies (continued)

1.4 Resources expended

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% - 5% 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.

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Notes to the financial statements For the year ended 31 August 2014

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 24, 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

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Donations	20	5	25	39
Similar incoming resources	121	122	243	313
	<u>141</u>	<u>127</u>	<u>268</u>	<u>352</u>

3. Activities for generating funds

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Lettings	109	-	109	131
Income from facilities	532	-	532	463
Catering	88	-	88	93
School trips	79	-	79	78
Uniform income	37	-	37	25
	<u>845</u>	<u>-</u>	<u>845</u>	<u>790</u>

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Notes to the financial statements
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4. Investment income

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Bank interest	11	-	11	13

5. Funding for Academy's educational operations

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
DfE/EFA capital grants				
Devolved Formula Capital Grant	-	31	31	30
Academies Capital Maintenance Fund	-	46	46	296
	-	77	77	326
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	7,874	7,874	7,770
Other DfE/EFA grants	-	524	524	382
	-	8,398	8,398	8,152
Other funding				
Local authority SEN funding	-	132	132	199
Other government grants	113	421	534	105
	113	553	666	304
	113	9,028	9,141	8,782

6. Costs of activities for generating funds

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Lettings	9	-	9	11
Catering	13	8	21	13
School trips	103	53	156	120
Uniform	33	2	35	25
	158	63	221	169

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7. Resources expended

	Staff costs	Non Pay Expenditure		Total	Total
	2014	Premises	Other costs	2014	2013
	£000	2014	2014	£000	£000
		£000	£000		
Costs of activities for generating funds	-	-	221	221	169
Academy trust's educational activities:					
Direct costs	6,087	588	972	7,647	7,130
Support costs	1,620	689	698	3,007	2,633
	7,707	1,277	1,670	10,654	9,763
Governance	-	-	17	17	20
	7,707	1,277	1,908	10,892	9,952

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Notes to the financial statements
For the year ended 31 August 2014

8. Charitable activities - academy trust's educational activities

	Total funds 2014 £000	Total funds 2013 £000
Direct costs - educational operations		
Wages and salaries	5,048	4,686
National insurance	376	358
Pension cost	663	627
Depreciation	631	602
Educational supplies	68	60
Examination fees	157	159
Staff development	38	25
Educational consultancy	584	539
Other direct costs	82	74
	7,647	7,130
Support costs - educational operations		
Wages and salaries	1,240	1,040
National insurance	70	60
Pension cost	310	217
Depreciation	33	16
Technology costs	105	152
Recruitment and support	49	29
Maintenance of premises and equipment	303	216
Cleaning	30	32
Rates	89	84
Heat and light	163	173
Insurance	60	57
Security and transport	13	15
Catering	201	171
Bank interest and charges	3	1
Other support costs	338	370
	3,007	2,633
	10,654	9,763

9. Governance costs

	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Auditors' remuneration	8	8	8
Auditors' non audit costs	9	9	12
	17	17	20

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Notes to the financial statements
For the year ended 31 August 2014

10. Net incoming / (outgoing) resources

This is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the academy trust	664	618
Auditors' remuneration	8	8
Auditors' remuneration - non-audit	9	12
Operating lease rentals:		
- plant and machinery	21	20
- other operating agreements	110	82
	<u>110</u>	<u>82</u>

11. 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, including employer's pension contributions, fell within the following bands:

	2014 £000	2013 £000
Mr. P. Karnavas, Principal and Accounting Officer	135-140	125-130
Mrs. R. Cox, Staff Trustee	40-45	<i>not a trustee</i>
Mr. M. Harris, Staff Trustee	45-50	<i>not a trustee</i>

During the year, no trustees received any benefits in kind (2013 - £NIL).

During the year, no trustees received any reimbursement of expenses (2013 - £NIL).

12. 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 2014 was £391 (2013 - £1,108). 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 2014

13. Staff

a. Staff costs

Staff costs were as follows:

	2014	2013
	£000	£000
Wages and salaries	6,227	5,706
Social security costs	446	418
Pension costs	973	844
	<u>7,646</u>	<u>6,968</u>
Supply teacher costs	56	-
Staff restructuring costs	5	20
	<u>7,707</u>	<u>6,988</u>

b. Staff numbers

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
Teachers	101	110
Administration and support	109	87
Management	10	12
	<u>220</u>	<u>209</u>

c. Higher paid staff

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

	2014	2013
	No.	No.
In the band £ 60,001 - £ 70,000	2	0
In the band £ 80,001 - £ 90,000	0	1
In the band £ 100,001 - £ 110,000	0	1
In the band £ 110,001 - £ 120,000	1	0
	<u>3</u>	<u>2</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £35,562 (2013 - £27,685).

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For the year ended 31 August 2014

14. Tangible fixed assets

	Land & buildings £000	Furniture & equipment £000	Computer equipment £000	Total £000
Cost				
At 1 September 2013	19,726	67	165	19,958
Additions	145	62	45	252
At 31 August 2014	19,871	129	210	20,210
Depreciation				
At 1 September 2013	1,471	1	6	1,478
Charge for the year	619	8	37	664
At 31 August 2014	2,090	9	43	2,142
Net book value				
At 31 August 2014	17,781	120	167	18,068
At 31 August 2013	18,255	66	159	18,480

Included in land and buildings is freehold land at valuation of £1,443,770 (2013 - £1,443,770), which is not depreciated.

15. Stocks

	2014 £000	2013 £000
Finished goods and goods for resale	-	11

16. Debtors

	2014 £000	2013 £000
Trade debtors	190	20
Other debtors	53	120
Prepayments and accrued income	250	178
	493	318

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Notes to the financial statements
For the year ended 31 August 2014

17. Creditors:
Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	180	189
Other taxation and social security	134	127
Other creditors	111	97
Accruals and deferred income	50	70
	<u>475</u>	<u>483</u>
		£000
Deferred income		
Deferred income at 1 September 2013		9
Resources deferred during the year		15
Amounts released from previous years		(9)
		<u>15</u>
Deferred income at 31 August 2014		<u>15</u>

The deferred income above relates to income received in advance for school trips, music lessons and bus passes for the 2014/15 academic year.

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Notes to the financial statements
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18. Statement of funds

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
Unrestricted Funds	525	1,110	(722)	(483)	-	430
Restricted funds						
General Annual Grant (GAG)	-	7,874	(8,287)	413	-	-
Other DfE/EFA Grants	11	524	(487)	-	-	48
Other government grants	-	553	(553)	-	-	-
Other restricted income	35	127	(57)	(105)	-	-
Pension reserve	(2,365)	-	(122)	-	159	(2,328)
	(2,319)	9,078	(9,506)	308	159	(2,280)
Restricted fixed asset funds						
Restricted Fixed Asset Funds	18,480	77	(664)	175	-	18,068
Total restricted funds	16,161	9,155	(10,170)	483	159	15,788
Total of funds	16,686	10,265	(10,892)	-	159	16,218

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 £413k 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 balance of £35k brought forward on the other income fund as at 31 August represents a sinking fund for the replacement of the athletics track. This has been expended during the year.

(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. A transfer of £175k during the year covers the capital expenditure incurred in excess of the capital grant funding received.

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 2014.

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.

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Notes to the financial statements
For the year ended 31 August 2014

19. Analysis of net assets between funds

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Tangible fixed assets	-	-	18,068	18,068	18,480
Current assets	430	523	-	953	1,054
Creditors due within one year	-	(475)	-	(475)	(483)
Provisions for liabilities and charges	-	(2,328)	-	(2,328)	(2,365)
	<u>430</u>	<u>(2,280)</u>	<u>18,068</u>	<u>16,218</u>	<u>16,686</u>

20. Net cash flow from operations

	2014 £000	2013 £000
Net incoming resources before revaluations	(627)	(15)
Returns on investments and servicing of finance	(11)	(13)
Depreciation of tangible fixed assets	664	618
Capital grants from DfE	(77)	(326)
Decrease in stocks	11	12
(Increase)/decrease in debtors	(175)	164
(Decrease)/increase in creditors	(8)	90
FRS pension cost less contributions payable	37	1
FRS 17 pension finance cost	85	64
Net cash (outflow)/inflow from operations	<u>(101)</u>	<u>595</u>

21. Analysis of cash flows for headings netted in cash flow statement

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	<u>11</u>	<u>13</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(252)	(736)
Capital grants from DfE	<u>77</u>	<u>326</u>
Net cash outflow capital expenditure	<u>(175)</u>	<u>(410)</u>

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Notes to the financial statements For the year ended 31 August 2014

22. Analysis of changes in net funds

	1 September 2013 £000	Cash flow £000	Other non-cash changes £000	31 August 2014 £000
Cash at bank and in hand:	725	(265)	-	460
Net funds	725	(265)	-	460

23. Contingent assets

The EFA have incurred costs in respect of a new building which will be transferred to the academy trust upon completion, expected in the year ended 31 August 2015.

24. 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 2013.

Contributions amounting to £109,874 were payable to the scheme at 31 August 2014 (2013 - £96,893) 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) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual 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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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Notes to the financial statements For the year ended 31 August 2014

24. Pension commitments (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 up to three and a half years 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 have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

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 2014 was £411,000, of which employer's contributions totalled £323,000 and employees' contributions totalled £88,000. 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.

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24. Pension commitments (continued)

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

	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £000	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £000
Equities	6.70	1,847	6.60	1,520
Bonds	3.60	319	4.40	253
Property	5.90	276	4.60	169
Gilts	3.00	33	3.50	-
Cash	2.90	115	0.50	84
Target Return Portfolio	5.90	117	5.00	84
Total market value of assets		<u>2,707</u>		<u>2,110</u>
Present value of scheme liabilities		<u>(5,035)</u>		<u>(4,475)</u>
Deficit in the scheme		<u><u>(2,328)</u></u>		<u><u>(2,365)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2014 £000	2013 £000
Present value of funded obligations	(5,035)	(4,475)
Fair value of scheme assets	<u>2,707</u>	<u>2,110</u>
Net liability	<u><u>(2,328)</u></u>	<u><u>(2,365)</u></u>

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

	2014 £000	2013 £000
Current service cost	(360)	(277)
Interest on obligation	(220)	(152)
Expected return on scheme assets	<u>135</u>	<u>88</u>
Total	<u><u>(445)</u></u>	<u><u>(341)</u></u>
Actual return on scheme assets	<u><u>240</u></u>	<u><u>256</u></u>

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24. Pension commitments (continued)

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

	2014	2013
	£000	£000
Opening defined benefit obligation	4,475	3,731
Current service cost	360	277
Interest cost	220	152
Contributions by scheme participants	88	72
Actuarial (Gains)/losses	(92)	254
Benefits paid	(16)	(11)
	<u>5,035</u>	<u>4,475</u>

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

	2014	2013
	£000	£000
Opening fair value of scheme assets	2,110	1,519
Expected return on assets	135	88
Actuarial gains and (losses)	67	166
Contributions by employer	323	276
Contributions by employees	88	72
Benefits paid	(16)	(11)
	<u>2,707</u>	<u>2,110</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was a loss of £387,000 (2013 - a loss of £546,000).

The academy expects to contribute £269,000 to its Defined benefit pension scheme in 2015.

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

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.70 %
Rate of increase in salaries	4.50 %	5.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %

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24. Pension commitments (continued)

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

	2014	2013
Retiring today		
Males	22.7	20.1
Females	25.1	24.1
Retiring in 20 years		
Males	24.9	22.1
Females	27.4	26.0

	£	£	£
Adjustment to discount rate:	+0.1%	0.0%	-0.1%
- Present value of total obligation	4,922	5,035	5,150
- Projected service cost	388	397	406
Adjustment to mortality age rating assumption:	+1 Year	None	-1 Year
- Present value of total obligation	4,862	5,035	5,209
- Projected service cost	383	397	411

The four year history of experience adjustments for the current and previous three periods are as follows:

Defined benefit pension schemes

	2014 £000	2013 £000	2012 £000	2011 £000
Defined benefit obligation	(5,035)	(4,475)	(3,731)	(2,621)
Scheme assets	2,707	2,110	1,519	1,048
Deficit	(2,328)	(2,365)	(2,212)	(1,573)
Experience adjustments on scheme liabilities	523	-	-	-
Experience adjustments on scheme assets	67	166	62	(38)

25. Operating lease commitments

At 31 August 2014 the academy had annual commitments under non-cancellable operating leases as follows:

	2014 £000	2013 £000
Expiry date:		
Within 1 year	21	18
Between 2 and 5 years	84	26
After more than 5 years	-	-

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26. Other financial commitments

The academy is committed to an operator agreement for its sports building of 20 years from 1 December 2012. The operator agreement is a cost to the academy of £110,000 for the first ten years and £100,000 for the remaining ten years.

27. 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 trustee 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.

The following related party transactions occurred during the year:

East Kent Learning Alliance Ltd (company number 08328173)

East Kent Learning Alliance Ltd (EKLA) is a teaching school alliance of East Kent schools, which include The Canterbury Academy. EKLA is structured as a company by the guarantee of its members. Mr. P. Karnavas, a trustee and the Accounting Officer, is a director of EKLA, and The Canterbury Academy are one of the members having provided a guarantee of up to £10.

During the year income of £43,185 was received from EKLA and expenditure of £27,714 was incurred. At the 31 August 2014 EKLA owed the academy trust £1,697.

Appeti Tennis Limited (company number 04673995)

Mr. A. Doyle, a trustee, is a director in Appeti Tennis Limited, a professional tennis teaching academy. During the year sales invoices of £20,000 were due to the academy trust, and purchases of £40,679 were made from Appeti Tennis Limited by the trust. Mr. Doyle also holds an indirect non-controlling interest in the shares of Appeti Tennis Limited via another company he owns shares in. All transactions entered into during the year were at arms length and, from 7 November 2013, on a not-for-profit basis.

At the 31 August 2014 Appeti Tennis Limited owed the academy trust £24,000.

28. 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.