

Company Registration No 07345430 (England and Wales)

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2012

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THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Directors (Trustees)

D Wells (Chair) *
J Keay (Vice Chair) *
J Larkinson
A Milton
R Field (Responsible Officer)
P Karnavas (Principal & Accounting officer) *
J Butcher
R Collins
A Doyle
M Jennings
J Parsons *
H Phillip
J Greener
C Packham *
C May
S Ward

Senior management team

P Karnavas	(Principal) *
D Platts	(Senior Vice Principal - Finance & Buildings) *
N Mattin	(Senior Vice Principal - Curriculum)

Company number

07345430

Registered office

Knight Avenue
Canterbury
Kent
CT2 8QA

Auditors

Baxter & Co
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Bankers

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

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION**

Solicitors

Furley Page
39 St Margarets Street
Canterbury
Kent
CT1 2TX

THE CANTERBURY ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

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THE CANTERBURY ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS REPORT

FOR THE YEAR ENDED 31 AUGUST 2012

The Directors (Trustees) present their report and accounts for the period ended 31 August 2012

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005, and the Annual Accounts Direction 2011/12 issued by the EFA

Structure, Governance and Management

The Charitable Company is a company limited by guarantee incorporated on 13 08 10, and the predecessor school converted to academy status on 07 10 10

The Trustees, who are also the directors for the purpose of company law, and who served during the period were

D Wells (Chair) *

J Keay (Vice Chair) *

J Larkinson

A Milton

R Field (Responsible Officer)

P Karnavas (Principal & Accounting officer) *

J Butcher

R Collins

A Doyle

M Jennings

J Parsons *

H Phillip

J Greener

C Packham *

C May

M Sargeant

(Resigned 1 November 2011)

S Ward

(Appointed 20 April 2012)

Constitution & Members' Liability

The Canterbury Academy is registered under the Companies Act 2006, as a company limited by guarantee without a share capital. Each member of the company undertakes to contribute to the assets of the company in the event of the company being wound up while they are a member, or within one year after they cease to be a member. The liability of the members is limited to £10 each for the debts and liabilities contracted before they ceased to be a member. The Academy is an exempt charity. The company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Directors act as the trustees for the charitable activities of The Canterbury Academy and are also the directors of the company for the purposes of company law.

Details of the Directors who served throughout the period are included above.

THE CANTERBURY ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

Principal Activities

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

Method of Recruitment and Appointment or Election of Governors

The members may appoint up to 15 directors, which includes no more than 3 employees, 1 of which will be the Principal, and a minimum of 2 parent directors. Parent directors are appointed following an election. Parent Directors must be a parent of a registered pupil at one of the academies at the time of election. In addition to this the Directors may appoint up to 3 co-opted Directors.

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new Directors will depend on their existing experience. Where necessary, induction will include training in charity and educational, legal and financial matters. All Directors are provided with the information needed (including policies, minutes, budgets etc) to undertake their role. The Chair of the Board of Directors either meets or has a telephone conversation with all newly appointed Directors to discuss their general roles, responsibilities and sub-committee membership. Directors are required to attend one of each of the sub-committee meetings before negotiating with the Chair and Principal which one would be the most appropriate for them to join. The Vice Chair acts as a mentor to all new Directors at their first few meetings and where possible accompanies a new Director on their first monitoring visit in school. The induction process includes a tour of the school and meeting with the senior leadership team.

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

Organisational Structure

The Board of Directors, the majority of whom are non-executive, comprises 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, and the Policy committee. All of these Committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

Directors 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 Principal, supported by the Senior Management Team.

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2012

Risk Management

The Directors have assessed the major risks to which the Academy is exposed, in particular those relating to academic performance/finances/child welfare. The Directors 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 Directors.

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 earlier this year which has enabled the intake to expand.

There is a sports facility and discussions are taking place with a new management company who would like to invest £500K into refurbishing the gym at Body & Mind.

Appeti Tennis, who are still pursuing the possibility of expanding the tennis facility with increased teaching space.

Lingo Lingo, a private language school that works with students at the academy, as well as other primary schools in the area.

Cascade Dance are on site and they help with performing arts in the primary school, the secondary school and the community.

The Canterbury Academy is developing an Enterprise & Employability College on site.

The Canterbury Academy is likely to be awarded the Canterbury Youth contract for 3 years.

Adult Education have been part of the campus since 2006 and work with the school to ensure that courses are available to suit the needs of the local community.

The Canterbury Academy is part of East Kent Learning Alliance, which will be submitting an application for teaching school status led by Dane Court Grammar School.

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.

THE CANTERBURY ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

Objects, Aims and Public Benefit

The principal object of the company is to advance education. The Canterbury Academy is a school for all the talents offering a comprehensive education.

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

The Canterbury Academy's moral purpose is to improve the life chances of children and help in the community.

The vision is of a high attaining and achieving academy with fully extended provision at the centre of our community and widely recognised as an example of leading practice.

Young people will leave as positive, confident individuals proud of what they have achieved, prepared to be lifelong learners and ready to play an active and constructive part in society.

Achievements and Performance

Examination results for academic year 2011/12

The Academy has enjoyed its most successful year to date. Exam results were impressive. In the Early Years foundation stage 82.1% achieved 6+ points in the PSED & CLL. Key stage 1 students are expected to reach level 2 by the end of year 2, and this year 89.6% achieved reading at level 2+, and 37.9% at level 3+, in writing 72.4% achieved level 2+ and 13.7% level 3+, in maths 100% achieved Level 2+ and 24.1% level 3+. Key stage 2 students are expected to reach level 4 prior to transition to secondary school/ and this year in English 89% achieved level 4+ and 35% level 5+, in maths 58% achieved level 4+ and 35.7% level 5+. 89% achieved Level 4+ in maths and English, with 33% achieving a level 5+.

At the high school 91% achieved 5 or more GCSEs at A* - C in the Summer 2012 GCSE examinations, 44% achieved 5+ GCSEs at A* - C including maths and English. At A Level, 86.3% passed 2 or more A levels, with 34 students making university applications. Every student achieved the grades that they needed to get a place at University on their chosen course, many with unconditional offers.

Ofsted Inspection

Both schools were inspected by Ofsted this year, the High School in April and the primary school in May and we are pleased to report that both received a 'good' grading, which is the highest rating we could have hoped for under the new inspection framework.

Admissions/attendance

Student numbers have increased across the primary, secondary and 6th form phases. The new intake of students starting in September 2012 will be the first to gain entrance to the high school after completing the banding assessment in November 2011. Discussions took place during the year in relation to the secondary school moving towards a new formal uniform. This was positively supported by both students and parents and will come into effect from September 2012, along with a new house system.

A partnership with Simon Langton Boys School has helped us to attract more academically able students by paying a percentage of a deputy head's salary to enable him to spend two days a week at The Academy. Attendance has improved and there is now a consistent approach across the academy for dealing with issues of poor attendance. A late room has been introduced at the high school.

Specialism

Our sports specialism has gone from strength to strength as many of our individuals and teams have reached, and been successful in, regional and national finals. Many of our students were involved in the preparations for the Olympic Games.

THE CANTERBURY ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

Our second specialism, Performing Arts, has also had a very successful year, with the award of Artsmark Gold. The elite acting academy has recruited nearly 100 students into the 6th form and some of these actors and actresses have gained parts in films and TV commercials. Several school productions and concerts were organised throughout the year, which were well supported and attended, with the vibrant summer show 'Hairspray' being one of the best yet. A professional recording studio was also installed at The Academy this year.

Community events

Friday 13th July 2012 saw our 3rd community day, this year called an "Olympic Festival", and included athletes from the Nepalese teams and coaches from the Puerto Rican teams who were using the Academy's facilities to prepare for the Olympics.

Links with other schools

The Academy, in its role as a National Support School and the Principal, who is a National Leader of Education, continue to support and work in partnership with other schools and organisations. The Principal and members of the senior leadership team supported Malling School in raising their attainment, and they also achieved "good" during their recent Ofsted inspection. On 12th to 17th November 2011 4 members of staff went to Iraq on the second leg of a British Council funded project. At the end of the academic year we were commissioned by KCC to help get the Canterbury and Swale ACP out of special measures. Members of the academy have been seconded to help with the planning process and to implement interventions. The Canterbury Academy now works in partnership with Simon Langton Grammar School for Boys.

School improvements

New software has been installed in the Finance department to ensure better financial reporting.

The students' toilets in the main building were re-furbished this year and are now open plan and unisex, positioned opposite student reception.

A new music recording studio has been completed.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy 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 accounts.

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 Review

Most of the Academy's income is obtained from the DfE (via the Education Funding Agency) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2012 and the associated expenditure are shown as restricted funds in the statement of financial activities.

At 31 August 2012 the net book value of fixed assets was £18,588k (2011 £18,977k) and details are shown in note 12 to the financial statements.

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2012

The Academy held fund balances at 31 August 2012 of £17,015k (2011 £18,049k), comprising £18,588k (2011 £18,977k) of fixed asset fund representing the net book value of fixed assets. This element of the funds is not therefore available for future spending.

Funds available for future spending amounted to £639k (2011 £645k), of which £367k (2011 £450k) is in restricted funds for specific purposes. £272k (2011 £195k) of unrestricted funds is available for future spending at the discretion of the Board of Directors. In common with other Academies and local authorities our share of the LGPS fund is in deficit. This amounted to £2,212k (2011 £1,573k) as at 31 August 2012.

Financial and Risk Management Objectives and Policies

Directors 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.

Principal Risks and Uncertainties

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

Reserves Policy

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

Investment Policy

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

Employee Involvement

Academy staff are empowered to elect colleagues to sit and serve as Directors.

Disabled Persons

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.

Plans for the Future

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

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2012

During the summer holidays building work commenced on the Construction centre to enable it to open in 2013 as an Employability and Enterprise College. The College will provide a uniquely different style of education, equipping students with industry recognised qualifications as well as the skills and resources to achieve economic wellbeing and to play an active and positive role in their community. The Academy will work with local businesses to provide education and qualifications in the construction, hair and beauty and catering industries.

The DFE have secured money to rebuild primary schools, it is hoped that our application will be successful and that the work will take place as soon as possible.

The Academy hopes to transfer operators for the Sports centre. The new operator plans to invest £500,000 in improving the facilities and equipment.

The academy has been commissioned by Kent County Council to help remove its Canterbury & Swale post 14 ACP PRU out of special measures.

Extensive work has gone into developing the academy website, which should be launched early this academic year. Plans are for staff to be trained in 'moodle' which will enable them to access their work documents at home.

There are plans this year to convert the current staff room into a café available to staff and senior students.

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2012

Statement of Directors Responsibilities

The Directors (previously governors) of The Canterbury Academy are responsible for preparing the Directors Report and the accounts in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Annual Accounts Requirements issued by the Young People's Learning Agency

Company law requires the Directors (Trustees) to prepare accounts for each financial period which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year

In preparing these accounts, the Directors (Trustees) are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and 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 accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

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

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

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2012

In accordance with company law, as the company's directors, we certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and

- The Governors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

A resolution proposing that Baxter & Co be reappointed as auditors of the company will be put to the members

On behalf of the board of Directors (Trustees)



D Wells

Chair of Directors

Dated 27 November 2012

THE CANTERBURY ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2012

Scope of Responsibility

As Directors, 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 Directors has delegated the day-to-day responsibility to P Karnavas, 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. He is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors Responsibilities. The Board of Directors has formally met 8 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Governor	Meetings Attended	Out of a Possible
D Wells (Chair)	6	8
J Keay (Vice Chair)	7	8
J Larkinson	8	8
A Milton	6	8
R Field (Responsible Officer)	7	8
P Karnavas (Accounting Officer and Principal)	8	8
J Butcher	5	8
R Collins	5	8
A Doyle	3	8
J Parsons	4	5
H Phillips	4	8
J Greener	8	8
C Packham	4	8
C May	5	8
M Jennings	6	8
S Ward	1	2

The Finance and Buildings Committee is a sub-committee of the main Governing Body. Its purpose is to assist and support the Governing Body, ensuring sound oversight is exercised over the management of the Academy's finances and resources. Attendance at meetings in the year was as follows:

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
GOVERNANCE STATEMENT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2012

Governor	Meetings Attended	Out of a Possible
R Field (Responsible Officer)	4	4
P Karnavas	3	4
J Keay	3	4
C Packham	3	4
J Parsons	4	4
D Wells	3	4

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 the Academy's 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 ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors 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 Directors 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 ended 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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 Finance and Buildings Committee,
- 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 CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
GOVERNANCE STATEMENT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2012

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed R Field, a Governor, 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 regular basis, the RO reports to the Finance and Buildings Committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The RO conducted three visits during the year in which systems, controls and transactions were tested. Findings were reported to and discussed by Directors at Finance and Buildings Committee meetings.

The Board of Directors are satisfied that the RO function has been fully delivered in line with the EFA's requirements. No material control issues have been notified to Board of Directors as a result of the RO's work.

Review of Effectiveness

The Accounting Officer, P Karnavas, has the responsibility for reviewing the effectiveness of the system of internal control.

During the year ended 31 August 2012 the review has been informed by

- The work of the Responsible Officer,
- The work of the External Auditor,
- The financial management and governance self assessment process,
- The work of the Finance Manager and Senior Vice Principal responsible for Buildings and Finance within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Finance and Buildings Committee of the implications of the result of their review of the system of internal control. A plan to address weaknesses and ensure continuous improvement of the system is in place.

On behalf of the board of Directors (Trustees)



D Wells
Chair of Directors
Dated 27 November 2012



P Karnavas
Accounting Officer
Dated 27 November 2012

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2012**

As accounting officer of The Canterbury Academy I have considered my responsibility to notify the academy trust Governing Body 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 Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and The Canterbury Academy Governing Body 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.

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

A handwritten signature in black ink, appearing to read 'P Karnavas', is written over a horizontal line.

P Karnavas
Accounting Officer
Dated 27 November 2012

THE CANTERBURY ACADEMY (A COMPANY LIMITED BY GUARANTEE) INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE CANTERBURY ACADEMY

We have audited the accounts of The Canterbury Academy for the year ended 31 August 2012 set out on pages 18 to 45. 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 Annual Accounts Direction 2011/12 issued by the EFA.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors (Trustees) and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors (Trustees), who are also the directors of The Canterbury Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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. We are also responsible for expressing an opinion on whether grants made by the DfE/EFA have been applied for the purposes intended.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Annual Accounts Direction 2011/12 issued by the EFA, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters

In our opinion grants made by the DfE/EFA have been applied for the purposes intended.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS 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 accounts 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

**D J Walsh FCCA (Senior Statutory Auditor)
for and on behalf of Baxter & Co**

**Chartered Certified Accountants
Statutory Auditor**

Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated 30 November 2012

THE CANTERBURY ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CANTERBURY ACADEMY AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 November 2012 and further to the requirements of the Education Funding Agency 'EFA' as included in the Academies Accounts Direction 2011/12, 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 ended 31 August 2012 have been applied to the purpose identified by Parliament and the financial transactions conform to the authorities which govern them

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

Respective Responsibilities of The Canterbury Academy's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of The Canterbury Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook as published by the DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purpose intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure. We have included in our examination testing of a sample of

- Payments to staff,
- Payments to suppliers and other third parties,
- Grant and other income streams

We have reviewed the most recent Financial Management and Governance Evaluation self assessment return prepared by the Academy and made enquiries of the Accounting Officer thereon. We have reviewed minutes and other evidence made available to us, relevant to our consideration of regularity

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT REPORTING ACCOUNTANT'S 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 ended 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Baxter & Co

Chartered Certified Accountants

Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated 30 November 2012

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2012

	Notes	Unrestricted funds £'000	Restricted funds £'000	Fixed Asset fund £'000	Total 2012 £'000	Total 2011 £'000
Incoming Resources						
<i>Generated Funds</i>						
- Voluntary Income	3	312	173	-	485	656
- Voluntary Income (transfers on conversion)	3	-	-	-	-	19,776
- Activities for Generating Funds	4	221	-	-	221	78
- Investment Income	5	15	-	-	15	8
<i>Charitable Activities</i>						
- Educational Operations	6	135	7,898	-	8,033	7,278
Total Incoming Resources		683	8,071	-	8,754	27,796
Resources Expended						
<i>Costs of generating funds</i>						
- Costs of generating Voluntary Income	7	-	159	-	159	71
- Costs of Activities for generating funds	7	19	-	-	19	-
<i>Charitable Activities</i>						
- Educational Operations	8	717	7,711	394	8,822	8,001
<i>Governance Costs</i>	9	9	77	-	86	68
<i>Other Resources Expended</i>						
- Transfers on conversion	7	-	-	-	-	1,712
- LGPS Pension Finance Costs	7/18	-	72	-	72	67
Total Resources Expended	7	745	8,019	394	9,158	9,919
Net Incoming/(Outgoing) Resources before Transfers		(62)	52	(394)	(404)	17,877
Gross transfers between funds	16	139	(144)	5	-	-
Net Incoming/(Outgoing) Resources before Other Recognised Gains and Losses		77	(92)	(389)	(404)	17,877
Other recognised gains and losses						
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	18	-	(630)	-	(630)	172
Net movement in funds		77	(722)	(389)	(1,034)	18,049
Fund balances at 1 September 2011		195	(1,123)	18,977	18,049	-
Fund balances at 31 August 2012		272	(1,845)	18,588	17,015	18,049

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2012

	2012	2011
	£'000	£'000
Income		
General Annual Grant (GAG)	7,567	6,031
Other Government Grants	302	1,063
Capital Income	29	72
Fixed Assets donated to Academy	-	19,084
Other Income	856	1,546
Total Income	8,754	27,796
Expenditure		
General Annual Grant (GAG) related expenditure	7,580	6,013
Other Government Grant related expenditure	223	930
Expenditure Funded from Capital Income (not capitalised)	29	19
Other Expenditure	9	1,745
Expenditure Funded from Other Income	923	1,052
Depreciation	394	160
Total Expenditure	9,158	9,919
Excess of Income over Expenditure	(404)	17,877

The summary income and expenditure account is derived from the statement of financial activities on page 18 which, together with the notes on pages 22 to 45, provides full information on the movements during the year on all funds of the charity

All of the Academy's activities derive from continuing operations during the above financial periods

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Net Income/(Expenditure) for the year	(404)	17,877
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	(630)	172
Total Recognised Gains and Losses for the year	(1,034)	18,049

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET

AS AT 31 AUGUST 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	12	18,588	18,977
Current assets			
Stocks	13	23	11
Debtors	14	482	426
Cash at bank and in hand		527	664
		1,032	1,101
Creditors, amounts falling due within one year	15	(393)	(456)
Net current assets		639	645
Total assets less current liabilities		19,227	19,622
Defined benefit pension liability	18	(2,212)	(1,573)
Net assets		17,015	18,049
Funds			
Restricted Funds	16		
General Annual Grant (GAG) Fund		-	18
Other Government Grant Fund		73	133
Fixed Asset Fund		18,588	18,977
Other Income Fund		294	299
LGPS Fund		(2,212)	(1,573)
Unrestricted Funds	16		
Other Income Fund		272	195
		17,015	18,049

The accounts were approved by the Directors, and authorised for issue on 27/11/2012


D Wells
Chair of Directors

Company
Registration
No 07345430

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2012

	Notes	2012 £'000	2011 £'000
Net cash inflow from operating activities	19	(176)	(55)
Cash transferred on conversion	3	-	692
Returns on investments and servicing of finance			
Investment income	15	8	
Net cash inflow from returns on investments and servicing of finance		15	8
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets	(5)	(53)	
Capital Grants	29	72	
Net cashflow from capital activities		24	19
(Decrease)/increase in cash	20	(137)	664

All of the Academy's activities derive from continuing operations during the above financial periods

THE CANTERBURY ACADEMY

(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historic cost convention and in accordance with applicable accounting standards and the Charities SORP 2005

The Standard Format for the financial statements as required by the Companies Act 2006 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 ('Charities SORP 2005') and the Academies Accounts Direction issued by the EFA

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below

1.2 Going Concern

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

1.3 Incoming resources

Grants Receivable

Grants are included in the statements 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

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date

Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the company is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the company in the period in which they are receivable, and where the benefit is both quantifiable and material

Interest Receivable

Interest receivable is included within the statements of the financial activities on a receivable basis

Other Income

Income is included in the statement of financial activities on a cash received basis or on an accruals basis where the receipt is assured with reasonable certainty and is receivable at the balance sheet date

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting Policies

(continued)

1.4 Resources expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

Allocation of Costs

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the company's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of the assets' use which is utilised by each activity.

Costs of Generating Funds

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

Charitable Activities

These are costs incurred on the Academy's educational operations.

Governance Costs

Governance costs include the costs attributable to the company's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the objects of the company at the discretion of the Governors.

Restricted funds comprise grants from the DfE / EFA and other donors which are to be used for specific purposes as explained in note 16.

Restricted Fixed Asset funds are resources which are to be applied to specific purposes according to the source of funding for the related fixed assets.

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting Policies

(continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to an appropriate restricted fund in the statement of financial activities and carried forward in the balance sheet.

Depreciation is charged in the statement of financial activities at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Freehold land is not depreciated

Freehold buildings	2% (Straight Line)
ICT / Computer equipment	20% (Straight Line)
Plant and machinery	15% (Straight Line)
Fixtures, fittings & equipment	10% - 15% (Straight Line)

1.6 Fixed Asset Transfer from Predecessor School

Where fixed assets were transferred to the charitable company from the predecessor school, these have been included at a value determined in accordance with the policy described below

Land

Where land is owned (or occupied under the terms of a long term lease), subject to a legally binding restriction as to its use, it has been valued in accordance with advice received from professional valuers. Playing fields were valued at Fair Value Existing Use. Other land has been valued at an institutional value.

Buildings

In accordance with the requirements of FRS 15, specialist buildings transferred from the predecessor school are recognised at their depreciated replacement cost at the time of the transfer. Future depreciation is charged over the estimated remaining useful life of the buildings.

Other Fixed Assets

Other fixed assets transferred from the predecessor school are also included at depreciated replacement cost (subject to the capitalisation limit set).

1.7 Leasing and hire purchase commitments

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2012

1 Accounting Policies

(continued)

1.8 Stock

Stock is valued at the lower of cost and net realisable value

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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy. More details of the schemes are given in note 18.

Teachers' Pension Scheme

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 18, 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.

Local Government Pension Scheme

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 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 recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credit adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Further details are set out in note 18 to the financial statements.

1.10 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

2 General Annual Grant (GAG)	2012	2011
	£'000	£'000
a. Results and Carry Forward for the year		
GAG brought forward from previous year	18	-
GAG allocation for current year	7,567	6,031
Total GAG available to spend	7,585	6,031
Recurrent expenditure from GAG	(7,580)	(6,013)
Fixed Assets purchased from GAG	(5)	-
GAG Carried Forward to Next Year	-	18
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(908)	(724)
GAG to surrender to DfE / EFA	(908)	(706)
(12% rule breached if result is positive)	<i>no breach</i>	<i>no breach</i>
b Use of GAG Brought Forward from previous period for recurrent purposes		
(Of the amount Carried Forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)		
Recurrent expenditure from GAG in current year	7,580	6,013
GAG allocation for current year	(7,567)	(6,031)
GAG allocation for previous period x 2%	(121)	-
GAG Brought Forward from previous period in excess of 2%, used on recurrent expenditure in current year	(108)	(18)
(2% rule breached if result is positive)	<i>no breach</i>	<i>no breach</i>

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

3 Voluntary Income

	Unrestricted funds £'000	Restricted funds £'000	Total 2012 £'000	Total 2011 £'000
Voluntary Fund	-	34	34	169
Donations	-	-	-	54
Other Income	312	139	451	433
	312	173	485	656
Transfers on Conversion				
School Reserves	-	-	-	692
Fixed Assets	-	-	-	19,084
	-	-	-	19,776
	312	173	485	20,432

4 Activities for Generating Funds

	Unrestricted funds £'000	Total 2012 £'000	Total 2011 £'000
Lettings	97	97	-
Income from facilities	124	124	78
	221	221	78

5 Investment Income

	Unrestricted funds £'000	Total 2012 £'000	Total 2011 £'000
Bank Interest	15	15	8
	15	15	8

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2012

6 Funding for Academy's Educational Operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2012 £'000	Total 2011 £'000
General Annual Grant (GAG)	-	7,567	7,567	6,031
Other Government Grants				
Grants Received	-	302	302	1,063
Capital Grants				
Devolved Formula Capital Grant	-	29	29	72
Other Income				
Catering Income	135	-	135	112
	<u>135</u>	<u>7,898</u>	<u>8,033</u>	<u>7,278</u>

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

7 Total resources expended

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total 2012 £'000	Total 2011 £'000
Costs of Generating Voluntary Income	110	-	49	159	71
Costs of Activities for Generating Funds	15	-	4	19	-
Academy's Educational Operations					
Direct Costs	5,227	315	1,021	6,563	5,851
Allocated Support Costs	1,214	79	966	2,259	2,150
	6,441	394	1,987	8,822	8,001
Governance costs	-	-	86	86	68
Other					
LGPS Deficit Inherited on Conversion	-	-	-	-	1,712
LGPS Pension Finance Cost	-	-	72	72	67
	-	-	72	72	1,779
	6,566	394	2,198	9,158	9,919

Details of fees payable to Auditors are set out in note 9 (Governance Costs)

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

8 Charitable Activities - Academy's Educational Operations

	Unrestricted funds £'000	Restricted funds £'000	Fixed Asset fund £'000	Total 2012 £'000	Total 2011 £'000
Direct Costs					
Teaching and Educational Support	181	5,046	-	5,227	4,612
Depreciation	-	-	315	315	160
Educational Supplies and Services	149	405	-	554	744
Examination Fees	-	177	-	177	93
Educational Consultancy	-	251	-	251	226
Staff Development	-	20	-	20	16
Other Direct Costs	-	19	-	19	-
	330	5,918	315	6,563	5,851
Allocated Support Costs					
Support Staff Costs	164	1,113	-	1,277	1,219
LGPS Staff Costs	-	(63)	-	(63)	(34)
Depreciation	-	-	79	79	-
Maintenance of Premises	71	144	-	215	202
Cleaning	-	8	-	8	12
Water	-	39	-	39	40
Fuel	-	150	-	150	137
Rates	-	54	-	54	42
Insurance	-	65	-	65	45
Administrative Costs	20	141	-	161	83
Catering	135	53	-	188	144
Technology Costs	-	27	-	27	167
Other Support Costs	3	62	-	59	93
	387	1,793	79	2,259	2,150
Total	717	7,711	394	8,822	8,001

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

9 Governance costs	Unrestricted	Restricted	Total	Total
	funds	funds	2012	2011
	£'000	£'000	£'000	£'000
Legal and Professional	9	65	74	58
Fees payable to Auditors				
Audit Fees	-	8	8	6
Other Fees	-	4	4	4
	<u>9</u>	<u>77</u>	<u>86</u>	<u>68</u>

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

10 Staff Costs

Number of employees

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

	2012	2011
	Number	Number
Teachers	99	85
Administration & Support	91	104
Management	12	12
	<u>202</u>	<u>201</u>

Employment costs

	2012	2011
	£'000	£'000
Wages and salaries	5,430	4,780
Social security costs	391	343
Other pension costs	697	633
	<u>6,518</u>	<u>5,756</u>
Agency Supply and Other Salary Related Costs	48	41
	<u>6,566</u>	<u>5,797</u>

During the year the academy paid £21,050 to two members of staff in respect of payments in lieu of notice

The number of employees whose annual remuneration was £60,000 or more was

	2012	2011
	Number	Number
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£100,001 - £110,000	1	1

Of the employees whose emoluments exceed £60,000 p a 3 participated in either the Teachers' Pension Scheme or the Local Government Pension Scheme During the period, pension contributions for these staff amounted to £37,878 (2011 £33,691)

**THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2012

11 Directors (Trustees)

Governors' Remuneration and Expenses

The Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration during the year covered by these accounts was as follows:

P Karnavas (Principal)	£107,724
C Packham (Staff Governor)	£30,000 - £35,000
C May (Staff Governor)	£30,000 - £35,000

The remuneration of the principal for the period ended 31 August 2011 was £96,898.

During the year ended 31 August 2012, travel and subsistence expenses totalling £294 (2011: £nil) were reimbursed to 2 Governors.

Governors' and Officers' Insurance

In accordance with normal commercial practice the company purchased insurance to protect trustees, Directors and officers from claims arising from negligent acts, error or omissions occurring whilst on company business. Cover of up to £2,000,000 on any one claim was purchased, the cost of which is £1,033.

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2012

12 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000
Cost			
At 1 September 2011	19,137	-	19,137
Additions	-	5	5
At 31 August 2012	19,137	5	19,142
Depreciation			
At 1 September 2011	160	-	160
Charge for the year	393	1	394
At 31 August 2012	553	1	554
Net book value			
At 31 August 2012	18,584	4	18,588
At 31 August 2011	18,977	-	18,977

13 Stocks

	2012 £'000	2011 £'000
Uniform and Stationery	23	11
	23	11

14 Debtors

	2012 £'000	2011 £'000
Other debtors	409	353
Prepayments and accrued income	73	73
	482	426

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

15	Creditors amounts falling due within one year	2012	2011
		£'000	£'000
	Taxes and social security costs	129	123
	Other creditors	194	309
	Deferred income	70	24
		393	456

Deferred income of £70k (2011 £24k) represents resources deferred in the period and carried forward at 31 August 2012

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

16 Funds

	Movement in funds				
	Balance at 1 September 2011	Incoming resources	Resources expended	Gains, Losses and Transfers	Balance at 31 August 2012
	£'000	£'000	£'000	£'000	£'000
General Annual Grant	18	7,567	(7,580)	(5)	-
Other Government Grants	133	302	(223)	(139)	73
Other Income	299	173	(178)	-	294
Restricted General Funds	450	8,042	(7,981)	(144)	367
DfE / EFA Capital Grant	-	29	(29)	-	-
Restricted Capital Fund	-	29	(29)	-	-
Restricted Fixed Asset Fund	18,977	-	(394)	5	18,588
Restricted LGPS Fund	(1,573)	-	(9)	(630)	(2,212)
Total Restricted Funds	17,854	8,071	(8,413)	(769)	16,743
Total Unrestricted Funds	195	683	(745)	139	272
Total Funds	18,049	8,754	(9,158)	(630)	17,015

THE CANTERBURY ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

16 Funds

(continued)

The Restricted GAG Fund is used to fund the operating costs of the Academy. The company is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% can be used for general purposes at the discretion of the company, but any balance over 2% must be used for capital purposes.

The Restricted Other Government Grants Fund balance of £73k represents unspent grants and funding received during the year.

The Other Income Fund of £294k represents the unspent balance of £141k in relation to the Academy's extended school fund, £35k held within a sinking fund for the replacement of the athletics track and the unspent balance of the Academy's Voluntary Fund of £118k.

The Restricted Fixed Asset Fund is not available for spending as it represents the net book value of fixed assets transferred from the predecessor school and subsequent additions thereto. Future depreciation will be charged against this fund.

The LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit.

Unrestricted Funds represent balances held at year end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

17 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Fixed Asset Fund £'000	Total Funds £'000
Fund balances at 31 August 2012 are represented by.				
Tangible fixed assets	-	-	18,588	18,588
Current assets	272	760	-	1,032
Creditors amounts falling due within one year	-	(393)	-	(393)
Defined benefit pension liability	-	(2,212)	-	(2,212)
	272	(1,845)	18,588	17,015

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NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2012

18 Pension and other post-retirement benefit commitments

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

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

Contributions amounting to £93,186 (2011 £87,698) were payable to the schemes at 31 August and are included within creditors

Teachers' Pension Scheme

The TPS is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pension Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%

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18 Pension and other post-retirement benefit commitments

(continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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 and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2012 was £348,000 (2011: £302,000), of which employer's contributions totalled £276,000 (2011: £239,000) and employees' contributions totalled £72,000 (2011: £63,000). The agreed contribution rates for future years are 23.1% for employers and a range between 5.5% and 7.5% for employees according to salary levels.

The employer's contribution rate includes additional contributions of 9.1% to repay the deficit over a period of 13 years commencing from 2011. The next valuation is at 31 March 2013 with any new rates applicable from 1 April 2014.

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

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FOR THE YEAR ENDED 31 AUGUST 2012

18 Pension and other post-retirement benefit commitments

(continued)

The major assumptions used by the actuary were.

	2012	2011
	%	%
Rate of increase in salaries	4.10	4.90
RPI Increases	2.70	3.40
CPI Increases	1.90	2.60
Rate of increase in pensions in payment	1.90	2.60
Discount rate	3.90	5.40

Sensitivity Analysis

	Assets at 31 August 12 £'000	Liabilities at 31 August 12 £'000	(Deficit)/Surplus At 31 August 12 £'000
Central	1,519	(3,731)	(2,212)
Sensitivity 1			
+0.1% pa discount rate	1,519	(3,618)	(2,099)
Sensitivity 2			
-0.1% pa discount rate	1,519	(3,848)	(2,329)
Sensitivity 3			
+1 year mortality rate	1,519	(3,593)	(2,074)
Sensitivity 4			
-1 year mortality rate	1,519	(3,871)	(2,352)

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

	2012 Years	2011 Years
Retiring today		
Males	20	20
Females	24	24
Retiring in 20 years		
Males	22	22
Females	26	26

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18 Pension and other post-retirement benefit commitments

(continued)

The values of the assets in the scheme are as follows:

	2012 %	2012 £'000	2011 %	2011 £'000
Equities	70 00	1,063	73 00	766
Bonds	13 00	197	14 00	147
Property	10 00	152	9 00	94
Other assets	7 00	107	4 00	41
Total market value of assets		1,519		1,048
Present value of scheme liabilities		(3,731)		(2,621)
Net pension liability		(2,212)		(1,573)

The expected rate of return on scheme assets is 5.2%

Analysis of the amounts recognised in the statement of financial activities:

	2012 £'000	2011 £'000
Employer Service Cost	(213)	(205)
Deficit Inherited as at 07 October 2010	-	(1,712)
Employers Contribution	276	239
Total operating charge	63	(1,678)

Analysis of the amount shown as other finance expenditure:

	2012 £'000	2011 £'000
Expected Return on Employee Share of Scheme Assets	77	51
Interest on Pension Liabilities	(149)	(118)
Net surplus/(deficit)	(72)	(67)

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

18 Pension and other post-retirement benefit commitments

(continued)

Analysis of amount recognised in the statement of total recognised gains and losses:

	2012	2011
	£'000	£'000
Actuarial Gains/(Losses) on Assets	62	(38)
Actuarial Gains/(Losses) on Liabilities	(692)	210
	<u>(630)</u>	<u>172</u>
Actuarial Gain/(Loss) recognised in the statement of total recognised gains and losses	<u>(630)</u>	<u>172</u>

Movement in Surplus/(Deficit) during the year:

	2012	2011
	£'000	£'000
Deficit in scheme at 01 September 2011	(1,573)	-
Operating charge	63	(1,678)
Other finance income	(72)	(67)
Actuarial losses	(630)	172
	<u>(2,212)</u>	<u>(1,573)</u>
Deficit in scheme at 31 August 2012	<u>(2,212)</u>	<u>(1,573)</u>

Movements in the Present Value of Defined Benefit Obligations were as follows:

	2012	2011
	£'000	£'000
Interest Cost	(149)	(118)
Actuarial (Losses) Gains	(692)	210
Contributions by Scheme Participants	(72)	(63)
Other Movements	(197)	(2,650)
	<u>(1,110)</u>	<u>(2,621)</u>

Included within Other Movements is £NIL (2011 £2,445,000) in relation to the obligations inherited by the Academy, £(16,000) (2011, NIL) of benefits/transfers paid, and £213,000 (2011 £205,000) of service costs

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NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2012

18 Pension and other post-retirement benefit commitments

(continued)

Movements in the Fair Value of Academy's share of scheme assets:

	2012	2011
	£'000	£'000
Actuarial Gains (Losses)	62	(38)
Contributions by Employer including unfunded	276	239
Contributions by Scheme Participants	72	63
Other Movements	61	784
	<u>471</u>	<u>1,048</u>

Included within Other Movements is £NIL (2011 £733,000) of assets inherited by the Academy, £77,000 (2011 £51,000) relating to expected return on plan assets, and £(16,000) (2011 £NIL) of benefits/transfers paid

Defined benefit (continued)

History of experience gains and losses

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligations	(3,731)	(2,621)	-	-	-
Fair value of share of scheme assets	1,519	1,048	-	-	-
	<u>(2,212)</u>	<u>(1,573)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Experience adjustment on scheme liabilities	-	-	-	-	-
Percentage of liabilities	-	-	-	-	-
Experience adjustment on scheme assets	62	(38)	-	-	-
Percentage of assets	4.08%	3.63%	-	-	-

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FOR THE YEAR ENDED 31 AUGUST 2012

19	Net cash (outflow)/inflow from operating activities	2012	2011		
		£'000	£'000		
	Reconciliation to changes in resources				
	Changes in resources before revaluations	(404)	17,877		
	Cash transferred on conversion	-	(692)		
	Investment income	(15)	(8)		
	Depreciation of tangible fixed assets	394	160		
	Increase in stocks	(12)	(11)		
	Increase in debtors	(56)	(426)		
	(Decrease)/Increase in creditors	(63)	456		
	Non cash donations	-	(19,084)		
	Capital Income	(29)	(72)		
	FRS17 Deficit Inherited on Conversion	-	1,712		
	Other FRS17 Charges	9	33		
		(176)	(55)		
20	Reconciliation of net cash flow to movement in net funds	2012	2011		
		£'000	£'000		
	(Decrease)/increase in cash	(137)	664		
	Net funds at 1 September 2011	664	-		
	Net funds at 31 August 2012	527	664		
21	Analysis of net cash balances				
		At 1	Cash flow	Non-cash	At 31 August
		September		changes	2012
		2011			
		£'000	£'000	£'000	£'000
	Cash at bank and in hand	664	(137)	-	527
		664	(137)	-	527

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FOR THE YEAR ENDED 31 AUGUST 2012

22 Commitments under operating leases

At 31 August 2012 the company had annual commitments under non-cancellable operating leases as follows

	2012	2011
	£'000	£'000
Expiry date		
Within one year	5	-
Between two and five years	13	17
	<u>18</u>	<u>17</u>

23 Capital commitments

	2012	2011
	£'000	£'000
At 31 August 2012 the company had capital commitments as follows		
Expenditure contracted for but not provided in the accounts	<u>300</u>	<u>-</u>

The Capital commitment of £300,000 is to further develop the existing Skills Centre into an Employability and Enterprise College. This college will deliver vocationally orientated courses which will be offered to other establishments thus generating a revenue stream. The costs will be funded from reserves and future grant income.

24 Members' Liability

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