

REGISTRAR OF COMPANIES

Future Academies

Consolidated Annual Report and Financial Statements

31 August 2017

Company Limited by Guarantee
Registration Number
6543442 (England and Wales)

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Reference and administrative information

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Reference and administrative information

Members	The members of Future Academies are the Trustees of Future: John Nash Caroline Nash Gilbert Chalk Derek Sayer
Trustees	John Nash (Chairman) Caroline Nash Gilbert Chalk (from 18 July 2017) David Johnston (until 30 March 2017) Lara Newman (from 5 December 2017) Paul Smith Deneal Smith Lorna Parker (until 13 May 2017) Victoria Green (until 30 September 2017)
Future Academies Senior Management	Paul Smith (Chief Executive) Samantha Green (Principal, Pimlico Academy) Oliver Knight (Executive Headteacher, Phoenix Academy) Janella Ajeigbe (Headteacher, Churchill Gardens Primary Academy) Matthew Laban (Headteacher, Millbank Academy) Catherine Burge (Headteacher, Pimlico Primary) Victoria Green (Chief Operating Officer) Lawrence Foley (Director of Education) Mark Beyer-Kay (Head of Initial Teacher Training)
Registered office	Pimlico Academy Lupus Street London SW1V 3AT
Company registration number	6543442 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers HSBC
69 Pall Mall
London
SW1Y 5EY

Lloyds TSB
50 Grosvenor Street
London
W1K 3LF

Solicitors Stone King
16 St John's Lane
London
EC1 4BS

Trustees' report (including the strategic report) Year ended 31 August 2017

The Trustees of Future Academies ("the charitable company", "the Trust"), who are also Directors of the charitable company for the purposes of the Companies Act, present their statutory report and the audited consolidated financial statements for the year ended 31 August 2017, which include the financial results of the subsidiary company, Future Academies Trading Limited. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The report has been prepared in accordance with Part VI of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 32 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

Future Academies is a company limited by guarantee with no share capital (Company Registration No. 6543442) which was incorporated on 25 March 2008. The Company is an exempt charity and is regulated by the Department for Education (DfE).

The charitable company's memorandum and articles of association are the primary governing documents. Members of the charitable company are nominated either by the principal Sponsor, Future, a charity founded by John Nash and Caroline Nash, or by the Secretary of State. The articles of association require the members of the charitable company to appoint at least one Trustee to be responsible for the affairs of the charitable company and the management of Future Academies.

The principal objects of Future Academies are to advance, for the public benefit, education in the United Kingdom by establishing and developing Academies and to advance sport, the arts, culture, citizenship and community development within the communities from which such Academies draw their students. Future Academies currently operates five schools, of which four are in Westminster: one secondary school, Pimlico Academy, and three primary schools, Millbank Academy, Churchill Gardens Primary Academy and Pimlico Primary. On 1 September 2016, Phoenix Academy, a secondary school in White City, became part of the Trust. The charitable company's School Centred Initial Teacher Training institute, known as the Pimlico-London SCITT, continues to train primary and secondary teachers.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Legal status and members' liability

Future Academies is a charitable company limited by guarantee, without share capital. Every member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he or she ceases to be a member.

Trustees and Governors

The Future Academies schools each have a governing body, the remit of which is to help the Trustees (known within the Trust as Directors) of Future Academies hold the Principals to account for the progress, attainment, safeguarding and well-being of pupils. At Pimlico Academy, consistent with its funding agreement, there is a Local Governing Body, including one parent of a current pupil. At Phoenix Academy, consistent with its funding agreement, there is a Local Governing Body, including two parent governors. The Future Academies Primary Advisory Body, consistent with each primary school's funding agreement, has two parent representatives from each of the three primary academies. Trustees and governors are appointed according to their skill sets and the contribution they can make to ensure the Trust's activities are effective.

During the year under review, the Trustees held three meetings. The Finance and Audit Committee, a sub-group of Trustees, met three times. New Trustees and Governors are interviewed by experienced Trustees or Governors, given an introduction to the Trust and an opportunity to meet with the relevant Principal(s) prior to their first full meeting.

No Trustee or Governor received any remuneration in respect of their governance duties from the Trust during the period.

The memorandum of association, articles of association and funding agreements form the basis of how each Academy is governed. Future Academies is the body legally responsible for the operation of each Academy within the group. The board of Future Academies is chaired by Lord Nash, and its members are listed at the start of this report. Lord Nash, Lady Nash and Gilbert Chalk are also trustees of Future, the charity which founded, or sponsored, Future Academies.

The SCITT is governed by the Trustees and has a Management Board made up of Trustees and others with expertise in the field of teacher training.

Organisational structure

In accordance with the funding agreement with the Education and Skills Funding Agency (ESFA), an agency of the DfE, the Trustees have made governance arrangements as described above. The Trustees of Future Academies are responsible for ensuring that high standards of corporate governance are maintained. They exercise their powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academies, addressing such matters as:

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

- ◆ policy development and strategic development;
- ◆ ensuring sound management and administration of the relevant Academies;
- ◆ ensuring compliance with legal requirements;
- ◆ establishing and maintaining effective internal controls;
- ◆ the management of all resources;
- ◆ the monitoring of performance;
- ◆ helping the Academies to be responsive to the needs of parents, carers and the community;
- ◆ setting the Academies' standards of conduct and values; and
- ◆ assessing and managing risk.

Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academies by use of the budget and the strategic development plan and making major decisions about the direction of the Academies, capital expenditure and senior staff appointments.

The Future Academies Chief Executive oversees the work of the Principals within each Academy. The Principals, assisted by Vice Principals or Assistant Principals, control the Academies at an executive level implementing the policies laid down by the Trustees and reporting back to them.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting the pay and remuneration of the Trust's key management personnel are reviewed by the Finance and Audit Committee and approved by the Trust Board. Key management personnel comprise the Trustees and the senior management team as listed on page 1.

The Trust follows the pay arrangements for maintained schools in England and Wales for teachers and support staff across all its schools.

The teachers' pay policy is based on the national agreed pay scale as outlined in the School Teachers Pay and Conditions Document.

Trustees' report (including the strategic report) Year ended 31 August 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations

Transactions with connected organisations during the year have been disclosed in note 22, related party transactions.

Risk management

The charitable company has drawn up a formal risk management process to assess business risks and implement risk management strategies. This process has identified the types of risk the charitable company faces.

During the period, Trustees reviewed all risks to which the charitable company may have been exposed and systems were established to mitigate those risks, including appropriate insurances, suitable financial procedures and other policies and procedures.

OBJECTIVES AND ACTIVITIES

The main activity of the charitable company is the operation of the Trust's Academies and educational activity. The purpose is to provide education for pupils of different abilities with an emphasis on a cumulative, knowledge-rich curriculum and the training of teachers.

In setting the Academies' objectives and planning their activities the Trustees have given careful consideration to the Charity Commission general guidance on public benefit.

STRATEGIC REPORT

Achievements and performance and future plans

Overview

Future Academies has continued to see the impact of the Trust's high expectations, Raising Aspirations programme and knowledge-rich curriculum delivered by expert teachers. The Trust's academies have achieved results significantly ahead of national averages despite some of the most challenging socio-economic factors. Of the Trust's five schools, four have been inspected with three judged as Outstanding and Churchill Gardens Primary Academy being judged Good. Phoenix Academy is awaiting its first inspection and is Self-Evaluating as a good school against the Ofsted criteria.

Pimlico Primary, the Trust's 'Outstanding' Free School, remains a National Teaching School in recognition of the Trust's success in improving the life chances for so many young people in the area.

STRATEGIC REPORT (continued)

Achievements and performance and future plans (continued)

Key Performance Indicators

Pimlico Academy continued to perform well in national measures with a Progress 8 score of 0.3, placing the school in the Above Average bracket, 62% of pupils entering the English Baccalaureate (EBACC) at Key Stage 4 and 45% achieving it. The Academy's performance remains significantly above average in relation to the national standards for students' attainment and progress. Overall 48% of students achieved 5+ and 73% L4+ in English and Mathematics at the end of Key Stage 4. Pimlico Academy continued to successfully close the gap between Pupil Premium and non-Pupil Premium students' attainment, reducing the gap in Progress 8 to 0.01 in 2017. At Key Stage 5 Pimlico Academy achieved well in response to the reformed examinations at Key Stage 5 with 55% of pupils achieving A Levels with grades A*-B. The Key Stage 5 results of 0.3 progress put the school in the top 4% nationally for progress made.

Phoenix Academy secured its first results since joining the group and whilst there were some positive signs the overall progress 8 score of -0.95 is very disappointing but due to legacy issues at the school. A completely new leadership team have immediately set about securing much-improved results from 2017 onwards for the pupils.

Pupils at Millbank Academy continued to meet national averages across the school. At the end of Key Stage 2 attainment was in line with national averages with progress scores of 1.1 in writing, -0.4 in reading and 0.1 in Mathematics. Pupils at Churchill Gardens performed very well in writing with a progress score of 2.9 with more improvement needed in Reading (-3.3) and Mathematics (-2.2).

Pimlico Primary now has pupils from Reception to Year 4. Attainment at the end of Key Stage 1 was significantly above the national average.

The SCITT was judged to be Outstanding by Ofsted in 2016. All the SCITT trainees achieved QTS and/or PGCE in June 2017. The majority of SCITT trainees have been appointed to work in our schools, in both Primary and Secondary phases.

Plans for the future period

Plans for the future period are to enhance the curriculum taught in our schools, and therefore continue to secure outstanding outcomes for students, through the development of our Curriculum Centre.

Trustees' report (including the strategic report) Year ended 31 August 2017

FINANCIAL REVIEW

Financial report for the year

Most of the charitable company's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

On 1 September 2016 Phoenix Academy joined the Academy Trust. The value of assets and liabilities transferred was £40,829,000 and has been accounted for as "income" in the statement of financial activities.

The Trust has ensured that a surplus was generated on unrestricted funds to compensate for a reduction in funding and increase in costs anticipated in future years.

Total expenditure for the year was £23,429,000 (2016 - £17,144,000). The surplus for the period (excluding restricted fixed asset funds, the transfer of Phoenix Academy and before the pension scheme actuarial loss) was £673,000 (2016 - £641,000).

At 31 August 2017, the net book value of fixed assets was £77,984,000 (2016 - £37,391,000) and movements in tangible fixed assets are shown in note 11 to the financial statements. Pimlico Academy's buildings, which were funded by Westminster City Council under the Building Schools for the Future programme, have been in use since the start of the 2010-11 academic year. Millbank Academy and Churchill Gardens Primary Academy's buildings are included in the financial statements at depreciated valuation on conversion. A formal lease over each of these buildings is in place with Westminster City Council. Pimlico Primary sits on land leased to the Trust for use by Pimlico Academy and construction costs were met by the ESFA. Phoenix Academy's land and buildings are included in the financial statements at depreciated valuation on conversion for the building and open market value at conversion for the land.

The assets are used to meet the objectives of the Trust, primarily for providing education and associated support services to the pupils of the Academies.

Financial and risk management objectives and policies

Reserves policy

The Trustees have reviewed the reserves of the Academy Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the Trustees.

Free reserves at the year-end were £3,178,000 (2016 - £2,229,000).

Trustees' report (including the strategic report) Year ended 31 August 2017

FINANCIAL REVIEW (continued)

Financial and risk management objectives and policies (continued)

Financial position

The Academy Trust held total fund balances at 31 August 2017 of £77,036,000 (2016 - £32,933,000), comprising restricted funds of £73,858,000 (including a pension reserve deficit of £4,785,000) (2016 - £30,704,000, including a pension reserve deficit of £6,833,000) and unrestricted funds of £3,178,000 (2016 - £2,229,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have considered the risks and uncertainties faced by the Academy Trust and note the risks posed by reductions in government funding and increasing costs.

AUDITORS

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees on 5 December 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Nash', with a stylized flourish above the name.

John Nash
Trustee

Governance statement Year to 31 August 2017

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Future Academies 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 Trustees have delegated the day-to-day responsibility to the Chief Executive of Future Academies, 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 Future Academies in its funding agreement with the Secretary of State for Education. The Chief Executive is also responsible for reporting to the 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 statement of Trustees' responsibilities. The Trustees have formally met three times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Number of meetings attended	Out of a possible
John Nash	3	3
Caroline Nash	3	3
Gilbert Chalk (from 18 July 2017)	1	1
David Johnston (until 30 March 2017)	1	2
Lara Newman (from 5 December 2017)	—	—
Lorna Parker (until 13 May 2017)	2	2
Victoria Green (until 30 September 2017)	3	3
Paul Smith	3	3
Deneal Smith	3	3

Matters relating to the operation of the charitable company are considered at Trustees' meetings, including a review of the Trust's financial position and that of the Academies.

The Finance and Audit Committee, which was set up in June 2013, is a sub-committee of the main Board of Trustees. The Finance and Audit Committee reviews the financial affairs of the Trust including annual accounts, budgets, internal controls and the appointment of auditors.

Audit Committee member	Number of meetings attended	Out of a possible
John Nash	3	3
Caroline Nash	3	3
Lorna Parker (until 13 May 2017)	2	2
Victoria Green (until 30 September 2017)	3	3

Governance statement Year to 31 August 2017

Governance (continued)

Governance reviews

The Trust reviews governance, at all levels, regularly.

In 2016 the Trust undertook a review of the governance arrangements for the three local primary academies. In order to better enable governors to make comparisons, improve consistency and raise standards across the Trust, the three advisory bodies were merged to one during the year, chaired by Paul Smith.

Review of value for money

Future Academies' central principles of Knowledge, Aspiration and Respect have been embedded throughout the organisation and at every level. The Academies place students at the centre of everything they do, with a focus on maintaining a culture of success, a positive climate for learning and student attainment, achievement and social and emotional development. In raising standards for its own students the Trust contributes to the raising of educational standards and achievement generally across the communities we serve through the mutual sharing of knowledge, expertise and resources.

The refinement of our support systems continues. The Trust continues to drive the streamlining of our finance and administration systems.

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 charitable company'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 at the charitable company for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Trustees have reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is an ongoing process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

Governance statement Year to 31 August 2017

The risk and control framework

The charitable company'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 Trustees;
- ◆ regular reviews by the Local Governing and Advisory Governing Bodies 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 Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. As permitted by the Financial Handbook of Academies, this task has been outsourced to the external auditors. On a periodic basis, the external auditors report to the Trustees on the operations of the system of control. During the year, no material weaknesses were identified.

Review of effectiveness

The Accounting Officer 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 external auditor;
- ◆ the financial management and governance self-assessment process;
- ◆ the work of Future Academies senior management and Senior Leadership Team within each Academy who have responsibility for the development and maintenance of the internal control framework.

Governance statement Year to 31 August 2017

Review of effectiveness (continued)

As a result of the review, the Accounting Officer is satisfied that an adequate system of internal control is in place.

Approved by order of the Trustees and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'John Nash', written in a cursive style.

John Nash

Chair of Trustees

A handwritten signature in black ink, appearing to read 'P. Smith', written in a cursive style.

Paul Smith

Accounting Officer

Approved on: 5 December 2017

Statement on regularity, propriety and compliance Year to 31 August 2017

As Accounting Officer of Future Academies, I have considered my responsibility to notify the charitable company's Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between Future Academies and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the charitable company's Trustees are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2016.

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



Paul Smith

Accounting Officer

Date: 5 December 2017

Statement of Trustees' responsibilities Year to 31 August 2017

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

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company 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 in the Charities' SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

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

Approved by order of the Board of Trustees and signed on its behalf by:

John Nash

Chair of the Trustees



Date: 5 December 2017

Independent auditor's report Year to 31 August 2017

Independent auditor's report on the financial statements to the members of Future Academies

We have audited the financial statements of Future Academies (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2017 which comprise the statement of group financial activities, the group and charitable parent company balance sheets, the statement of cash flows, and notes to the Financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2016 to 2017.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2017 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Independent auditor's report Year to 31 August 2017

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the strategic report.

Independent auditor's report Year to 31 August 2017

Matters on which we are required to report by exception (continued)

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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



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

13 December 2017

Independent accountant's report Year to 31 August 2017

Independent reporting accountant's assurance report on regularity to Future Academies and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 16 June 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Future Academies during the period from 1 September 2016 to 31 August 2017 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 Future Academies and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Future Academies and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Future Academies and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Future Academies' Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Future Academies' funding agreement with the Secretary of State for Education dated 10 April 2008 and the Academies Financial Handbook 2016, extant from 1 September 2016, 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 2016 to 2017. 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 period from 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent accountant's report Year to 31 August 2017

Approach (continued)

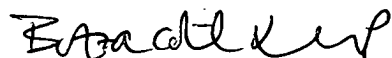
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the charitable company's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the charitable company'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.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

13 December 2017

Consolidated statement of financial activities Year ended 31 August 2017
(Including Income and Expenditure Account)

		Unrestricted	Restricted			
		General fund £'000	General funds £'000	Fixed assets funds £'000	2017 Total funds £'000	2016 Total funds £'000
	Notes					
Income from:						
Donations and capital grants	1	—	337	46	383	323
Transfer from local authority on conversion	17	—	(1,021)	41,850	40,829	—
Charitable activities						
. Funding for the Academies' educational operations	4	—	21,480	—	21,480	15,616
Other trading activities	2	948	—	—	948	851
Investments	3	1	—	—	1	7
Total income		949	20,796	41,896	63,641	16,797
Expenditure on:						
Charitable activities						
. Academies' educational operations	5	—	21,910	1,519	23,429	17,144
Total expenditure		—	21,910	1,519	23,429	17,144
Net income/(expenditure) before transfers between funds						
		949	(1,114)	40,377	40,212	(347)
Transfers between funds	15	—	(183)	183	—	—
Net income (expenditure)		949	(1,297)	40,560	40,212	(347)
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension scheme	21	—	3,891	—	3,891	(4,557)
Net movement in funds		949	2,594	40,560	44,103	(4,904)
Fund balances brought forward at 1 September 2016						
		2,229	(6,720)	37,424	32,933	37,837
Fund balances carried forward at 31 August 2017		3,178	(4,126)	77,984	77,036	32,933

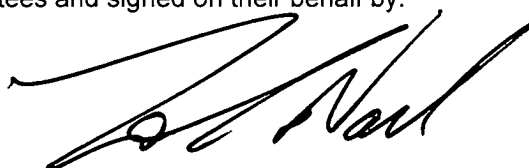
All activities are derived from continuing operations during the above two financial years.

Consolidated balance sheet 31 August 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	11		77,984		37,391
Current assets					
Stock		129		102	
Debtors	13	890		614	
Cash at bank and in hand		5,753		3,482	
		<u>6,772</u>		<u>4,198</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(2,935)		(1,823)	
Net current assets			<u>3,837</u>		<u>2,375</u>
Total assets less current liabilities			<u>81,821</u>		<u>39,766</u>
Net assets excluding pension liability			<u>81,821</u>		<u>39,766</u>
Pension scheme liability	21		(4,785)		(6,833)
Total net assets			<u>77,036</u>		<u>32,933</u>
The funds of the group					
Restricted funds					
Fixed asset fund	15		77,984		37,424
General fund	15		659		113
Pension reserve	15		(4,785)		(6,833)
Total restricted funds			<u>73,858</u>		<u>30,704</u>
Unrestricted income funds					
General fund	15		3,178		2,229
			<u>77,036</u>		<u>32,933</u>

Approved by the Trustees and signed on their behalf by:

John Nash
Chair of Trustees



Future Academies
Company Limited by Guarantee
Registration Number 6543442
(England and Wales)

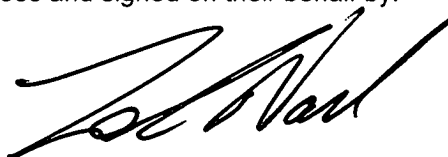
Approved on: 5 December 2017

Company balance sheet 31 August 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	11		77,984		37,391
Investments	12		—		—
			<u>77,984</u>		<u>37,391</u>
Current assets					
Stock		129		102	
Debtors	13	1,250		520	
Cash at bank and in hand		<u>5,393</u>		<u>3,170</u>	
		6,772		3,792	
Liabilities					
Creditors: amounts falling due within one year	14	<u>(2,935)</u>		<u>(1,417)</u>	
Net current assets			<u>3,837</u>		<u>2,375</u>
Total assets less current liabilities			<u>81,821</u>		<u>39,766</u>
Net assets excluding pension liability			81,821		39,766
Pension scheme liability	21		<u>(4,785)</u>		<u>(6,833)</u>
Total net assets			<u>77,036</u>		<u>32,933</u>
The funds of the Academy Trust					
Restricted funds					
Fixed asset fund	15		77,984		37,424
General fund	15		659		113
Pension reserve	15		<u>(4,785)</u>		<u>(6,833)</u>
Total restricted funds			<u>73,858</u>		<u>30,704</u>
Unrestricted income funds					
General fund	15		<u>3,178</u>		<u>2,229</u>
			<u>77,036</u>		<u>32,933</u>

Approved by the Trustees and signed on their behalf by:

John Nash
Chair of Trustees



Future Academies
Company Limited by Guarantee
Registration Number 6543442
(England and Wales)

Approved on: 5 December 2017

Consolidated statement of cash flows 31 August 2017

	Notes	2017 £'000	2016 £'000
Net cash flows from operating activities			
Net cash provided by operating activities	A	2,486	1,075
Cash flows from investing activities	B	(215)	4
Change in cash and cash equivalents in the year		2,271	1,079
Cash and cash equivalents at 1 September 2016		3,482	2,403
Cash and cash equivalents at 31 August 2017		5,753	3,482

A Reconciliation of net income (expenditure) to net cash flows from operating activities

	2017 £'000	2016 £'000
Net income (expenditure) for the year (as per the statement of financial activities)	40,212	(347)
Adjusted for:		
Depreciation	1,519	1,021
Transfer from Local Authority on conversion	(40,829)	—
Capital grants from DfE and other capital income	(46)	(80)
Interest receivable	(1)	(7)
Defined benefit pension scheme cost less contributions payable	652	226
Defined benefit pension scheme finance cost	166	73
Defined benefit pension scheme administration expense	4	5
Increase in stocks	(27)	(5)
(Increase) decrease in debtors	(276)	229
Increase (decrease) in creditors	1,112	(40)
Net cash provided by operating activities	2,486	1,075

B Cash flows from investing activities

	2017 £'000	2016 £'000
Dividends, interest and rents from investments	1	7
Purchase of tangible fixed assets	(262)	(83)
Capital grants from DfE/ESFA	46	80
Net cash (used in) provided by investing activities	(215)	4

Consolidated statement of cash flows 31 August 2017

C Analysis of cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	5,753	3,482
Total cash and cash equivalents	5,753	3,482

Principal accounting policies 31 August 2017

Statement of accounting policies

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

Basis of Preparation

The financial statements of Future Academies, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Future Academies meets the definition of a public benefit entity under FRS 102.

The consolidated financial statements consolidate the financial statements of Future Academies and its subsidiary undertaking, Future Academies Trading Limited, drawn up to the 31 August 2017.

Future Academies has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of financial activities in these financial statements. The parent charitable company's net income for the year was £40,212,000 (2016 – net expenditure £347,000).

Conversion to an Academy Trust

The conversion of the Phoenix High School from a state maintained school in a Local Authority to joining Future Academies on 1 September 2016 involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion of Phoenix to the charitable company have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in income – transfer from local authority on conversion – in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 17.

Going Concern

The Trustees assess whether the use of going concern is appropriate and whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship Income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Income (continued)

Other trading income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All expenditure is stated exclusive of recoverable VAT.

Agency agreements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 23.

Tangible fixed assets

All assets costing more than £5,000 and with an expected useful life exceeding one year are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provisions for impairment.

Tangible fixed assets (continued)

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or 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 a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is charged on a straight-line basis beginning in the year following the year in which the asset is brought into use at the following annual rates:

◆ Buildings	2% p.a.
◆ Motor vehicles	12.5% p.a.
◆ Furniture, fittings and equipment	25% p.a.
◆ Computer equipment	25% p.a.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charitable company's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charitable company's wholly owned subsidiary are held at face value less any impairment.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The Academy Trust 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 Trust 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.

Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

Pensions benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

Unrestricted general funds represent those resources which may be used towards meeting any of the charitable objects of the charitable company, at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, and other funders where the fixed asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumption

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the estimates and assumptions used in valuing the Academy Trust's defined benefit pension scheme, as discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Under the funding agreement with the Secretary of State, only Pimlico Academy was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

Pimlico Academy did not exceed the limits during the year ended 31 August 2017.

Notes to the financial statements Year ended 31 August 2017

1 Donations and capital grants

	Restricted funds £'000	Restricted fixed assets funds £'000	2017 Total funds £'000	2016 Total funds £'000
Capital grants	—	46	46	80
Other donations	337	—	337	243
	337	46	383	323

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Hire of facilities	495	—	495	440
Trip income	76	—	76	70
Catering income	59	—	59	64
Income from special music contributions	36	—	36	28
Sales of uniform	90	—	90	67
Miscellaneous income	192	—	192	182
	948	—	948	851

3 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Interest receivable	1	—	1	7
	1	—	1	7

Notes to the financial statements Year ended 31 August 2017

4 Funding for the Academies' educational operations

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
DfE/ESFA grants				
General Annual Grant (GAG)	—	18,377	18,377	12,660
Start Up Grants	—	148	148	219
Other DfE/ESFA grants	—	1,686	1,686	1,462
National College grants	—	66	66	—
	—	20,277	20,277	14,341
Other Government grants				
Local authority grants	—	1,047	1,047	1,147
	—	1,047	1,047	1,147
Other income from the Academy Trust's educational operations	—	156	156	128
	—	21,480	21,480	15,616

5 Expenditure

	Staff costs (note 8) £'000	Non pay expenditure		2017 Total funds £'000	2016 Total funds £'000
		Premises £'000	Other costs £'000		
Academies' educational operations (note 6)					
Direct costs	10,839	1,519	1,857	14,215	10,399
Support costs	5,694	1,825	1,695	9,214	6,745
	16,533	3,344	3,552	23,429	17,144
Net income (expenditure) for the year as stated after charging:				2017 Total funds £'000	2016 Total funds £'000
Operating lease rentals				38	10
Depreciation				1,519	1,021
Fees payable to auditor					
Statutory audit				19	23
Non statutory audit				5	2
Other services				4	10

Notes to the financial statements Year ended 31 August 2017

6 Charitable activities – Academies’ educational operations

	2017 Total funds £'000	2016 Total funds £'000
Direct costs	14,215	10,399
Support costs (see below)	9,214	6,745
	23,429	17,144

Analysis of support costs	2017 Total funds £'000	2016 Total funds £'000
Support staff costs	5,694	4,230
Recruitment and support	215	172
Catering	678	606
Printing and stationery	105	80
Office overheads	344	269
Governance costs	55	78
Heat and light	474	303
Rates	129	80
Equipment costs	42	44
Premises and buildings	1,180	687
LGPS finance cost	166	73
LGPS administration expense	4	5
Other insurance	69	56
Technology costs	59	62
Total support costs	9,214	6,745

Notes to the financial statements Year ended 31 August 2017

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2016 between restricted and unrestricted funds:

	Unrestricted	Restricted		
	General fund £'000	General funds £'000	Fixed assets funds £'000	2016 Total funds £'000
Income from:				
Donations and capital grants	—	243	80	323
Charitable activities				
· Funding for the Academies' educational operations	—	15,616	—	15,616
Other trading activities	823	28	—	851
Investments	7	—	—	7
Total income	830	15,887	80	16,797
Expenditure on:				
Charitable activities				
· Academies' educational operations	81	15,995	1,068	17,144
Total expenditure	81	15,995	1,068	17,144
Net income/(expenditure) before transfers between funds	749	(108)	(988)	(347)
Transfers between funds	—	(83)	83	—
Net income (expenditure)	749	(191)	(905)	(347)
Other recognised gains and losses				
Actuarial losses on defined benefit pension scheme	—	(4,557)	—	(4,557)
Net movement in funds	749	(4,748)	(905)	(4,904)
Fund balances brought forward at 1 September 2015	1,480	(1,972)	38,329	37,837
Fund balances carried forward at 31 August 2016	2,229	(6,720)	37,424	32,933

Notes to the financial statements Year ended 31 August 2017

8 Staff

(a) Staff costs

Staff costs during the year were as follows:

	2017 Total funds £'000	2016 Total funds £'000
Wages and salaries	11,488	9,083
Social security costs	1,209	860
Pension costs	2,262	1,433
Apprenticeship levy	19	—
Supply staff costs	1,555	693
	16,533	12,069
Staff restructuring costs	154	36
	16,687	12,105

	2017 £'000	2016 £'000
Staff restructuring costs comprise:		
Severance payments	154	36
	154	36

(b) Staff severance payments

Included in staff restructuring costs above are non-statutory/non-contractual severance payments totalling £154,100 (2016 – £35,625) that were paid to eight employees (2016 – one employee was paid of £35,625).

(c) Staff numbers

The average number of persons (including the senior management team) employed during the year ended 31 August 2017 was as follows:

	2017	2016
Teachers	157	129
Administration and support	151	117
Management	22	19
	330	265

Notes to the financial statements Year ended 31 August 2017

8 Staff (continued)

(d) Higher paid staff

The number of employees during the period who earned over £60,000 pro rata (including taxable benefits but excluding employers' contributions) was as follows:

	2017	2016
£60,001 - £70,000	14	6
£70,001 - £80,000	4	2
£80,001 - £90,000	—	2
£100,001 - £110,000	3	1
£110,001 - £120,000	2	1
£120,001 - £130,000	—	1
£150,001 - £160,000	1	—

The above employees earning more than £60,000 per annum participated in either the Teachers' Pension Scheme or Local Government Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £267,392 (2016 - £141,800).

(e) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £717,184 (2016: £673,000).

9 Trustees' remuneration and expenses

Employees who are also Trustees only receive remuneration in respect of services they provide in undertaking their role as employees of the charitable company and not in respect of their services as Trustees. Other Trustees did not receive any payments from the charitable company in respect of their role as Trustees.

The Chief Executive is an employee and a Trustee. The value of the Chief Executive's remuneration and other benefits is set out below:

	2017	2016
Paul Smith		
· Remuneration	£155k - £160k	£125k - £130k
· Employer's pension contribution	£25k - £30k	£20k - £25k

During the year ended 31 August 2017, travel and subsistence expenses totalling £217 (2016: £nil) were reimbursed to one trustee (2016: none).

Other related party transactions involving the Trustees and connected parties are set out in note 22.

10 Trustees' and Officers' insurance

In accordance with normal commercial practice the charitable company has purchased a general insurance policy which also protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on the charitable company's business. The insurance provides cover up to £10 million on any one claim. The cost directly attributable to trustee and officer insurance cannot be isolated.

Notes to the financial statements Year ended 31 August 2017

11 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture, fittings & equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 September 2016	—	41,437	1,433	992	40	43,902
Transfer on conversion from local authority	41,850	—	—	—	—	41,850
Additions	—	—	219	43	—	262
At 31 August 2017	41,850	41,437	1,652	1,035	40	86,014
Depreciation						
At 1 September 2016	—	4,482	1,340	669	20	6,511
Charge for period	503	829	36	146	5	1,519
At 31 August 2017	503	5,311	1,376	815	25	8,030
Net book values						
At 31 August 2017	41,347	36,126	276	220	15	77,984
At 31 August 2016	—	36,955	93	323	20	37,391

The land on which the Trust's Academies are sited is currently leased from Westminster City Council at a peppercorn rent over a term of 125 years. The value of the land has not been included in these financial statements because the sites are designated for educational purposes only and have no open market value.

The freehold land and buildings were independently valued on the date of transfer from London Borough of Hammersmith and Fulham. The land has been valued at open market value and the building at depreciated replacement cost.

12 Investments

The company holds 100% of the issued ordinary share capital of Future Academies Trading Limited. The subsidiary is incorporated in the United Kingdom and its principal business activity is the hire of facilities.

The aggregate net assets of the company at 31 August 2017 was £Nil (2016: £Nil). (Aggregate assets of £482,000, aggregate liabilities of £482,000) (2016: £406,000 and £406,000). The pre tax profits of £453,000 (2016: £388,000) were remitted to the parent charitable company through gift aid.

13 Debtors

	Company		Consolidated	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
VAT recoverable	462	237	462	237
Other debtors	48	47	48	47
Prepayments and accrued income	258	236	380	330
Amounts owed by subsidiary undertaking	482	—	—	—
	1,250	520	890	614

Notes to the financial statements Year ended 31 August 2017

14 Creditors: amounts falling due within one year

	Company		Consolidated	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade creditors	541	352	541	352
Taxation and social security	331	209	331	209
ESFA creditor: abatement of GAG	158	—	158	—
Other creditors	762	349	762	349
Accruals and deferred income	1,143	507	1,143	913
	2,935	1,417	2,935	1,823
Deferred income (included above)				
Deferred income at 1 September 2016	313	209	313	209
Released during the year	(313)	(209)	(313)	(209)
Resources deferred in the year	373	313	373	313
Deferred income at 31 August 2017	373	313	373	313

Deferred income comprises grants received in advance for devolved formula capital rates relief, universal free school meals, Teaching School, Nursery and Special Educational Needs.

15 Funds

	Balance at 1 September 2016 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Consolidated and company					
Restricted general funds					
General Annual Grant (GAG)	—	18,377	(17,537)	(183)	657
Start Up Grant	—	148	(148)	—	—
Pupil Premium	—	1,406	(1,406)	—	—
Other DfE/ESFA grants	108	346	(452)	—	2
Pension reserve	(6,833)	(1,021)	(822)	3,891	(4,785)
	(6,725)	19,256	(20,365)	3,708	(4,126)
Other restricted funds					
Local authority grants	5	1,047	(1,052)	—	—
Other restricted funds	—	493	(493)	—	—
	5	1,540	(1,545)	—	—
Restricted fixed asset funds					
Transfer on conversion	4,510	41,850	(503)	—	45,857
DfE/ESFA capital grants	496	46	—	—	542
Construction of Pimlico Primary	3,812	—	—	—	3,812
Capital expenditure from GAG	83	—	—	183	266
Other fixed assets	28,523	—	(1,016)	—	27,507
	37,424	41,896	(1,519)	183	77,984
Total restricted funds	30,704	62,692	(23,429)	3,891	73,858
Unrestricted funds					
Unrestricted funds	2,229	949	—	—	3,178
Total unrestricted funds	2,229	949	—	—	3,178
Total funds	32,933	63,641	(23,429)	3,891	77,036

15 Funds (continued)

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

Restricted general funds

These grants relate to the charitable company's development and operational activities.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, only Pimlico Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. Pimlico Academy did not exceed the limits during the year ended 31 August 2017.

Pension reserve

The pension reserve relates to the charitable company's share of the deficits of the City of Westminster and Hammersmith Council Local Government Pension Schemes.

Restricted fixed asset fund

These grants relate to funding received from the ESFA which have been used to purchase fixed assets. Where capital items have been purchased from other funds, these costs have been reflected in the fixed asset fund by way of a transfer between funds.

Analysis of fund balances by Academy

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £'000	Total 2016 £'000
Pimlico Academy	2,438	1,525
Pimlico Primary	76	75
Millbank Academy	511	421
Churchill Gardens Primary Academy	518	354
Phoenix Academy	322	—
Central Services	(28)	(33)
Total before fixed asset, pension and restricted reserve	3,837	2,342
Restricted fixed asset fund	77,984	37,424
Pension liability	(4,785)	(6,833)
Total	77,036	32,933

Analysis of costs by Academy (excluding depreciation)

	Teaching and educational support costs £'000	Other support staff costs £'000	Other costs (excluding depreciation) £'000	Total 2017 £'000
Pimlico Academy	5,949	1,129	2,065	9,143
Pimlico Primary	356	367	255	978
Millbank Academy	1,476	580	641	2,697
Churchill Gardens Primary Academy	1,266	382	489	2,137
Phoenix Academy	3,600	746	1,641	5,987
Central Services	—	682	286	968
Total	12,647	3,886	5,377	21,910

Notes to the financial statements Year ended 31 August 2017

16 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by

	Unrestricted funds £'000	Restricted funds		Total 2017 £'000
		General funds £'000	Fixed asset funds £'000	
Consolidated and company				
Tangible fixed assets	—	—	77,984	77,984
Current assets	3,178	3,594	—	6,772
Current liabilities	—	(2,935)	—	(2,935)
Pension scheme liability	—	(4,785)	—	(4,785)
Total net assets	3,178	(4,126)	77,984	77,036

17 Transfer from local authority on conversion

On 1 September 2016 Phoenix School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Future Academies from London Borough of Hammersmith and Fulham for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activities as income – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognised in the Statement of Financial Activities.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total £'000
Tangible fixed assets				
Freehold land and buildings	—	—	41,850	41,850
LGPS pension surplus (deficit)	—	(1,021)	—	(1,021)
Net assets/liabilities	—	(1,021)	41,850	40,829

18 Capital commitments

The Academy Trust had no capital commitments at 31 August 2017 (2016 – none).

19 Commitments under operating leases

Operating leases

At 31 August 2017, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases as follows:

	2017 £'000	2016 £'000
Amounts due within one year	36	21
Amounts due between one and five years	80	57
	116	78

20 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.

21 Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Westminster City Council and London Borough of Hammersmith and Fulham. Both are multi-employer defined benefit schemes.

As described in note 17, an LGPS obligation was transferred on conversion of the Phoenix School and relates to the employees of the school, who were the employees transferred as part of the conversion from the maintained school. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

Contributions are also made to the NEST workplace pension scheme. This is a defined contribution scheme and contributions are recognised as they are paid each year.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £225,834 were payable to the schemes at 31 August 2017 (2016: £155,000) and are included within creditors.

21 Pension commitments (continued)

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.

Valuation of the Teachers' Pension Scheme

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

- ♦ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations;
- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,162,000 (2016: £906,000).

21 Pension commitments (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme (LGPS)

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 2017 was £573,000 (2016 - £422,000), of which employer's contributions totalled £408,006 (2016 - £286,000) and employees' contributions totalled £165,000 (2016 - £136,000). The agreed contribution rates for future years are 9.3% of 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.

Principal Actuarial Assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	4.2	4.1
Rate of increase for pensions in payment / inflation	2.7	2.3
Discount rate for scheme liabilities	2.6	2.2
Inflation assumption (CPI)	2.7	2.3
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	24.4	22
Females	26.0	25
<i>Retiring in 20 years</i>		
Males	26.7	24
Females	28.3	28

Notes to the financial statements Year ended 31 August 2017

21 Pension commitments (continued)

Local Government Pension Scheme (LGPS) (continued)

	At 31 August 2017 £'000	At 31 August 2016 £'000
Sensitivity analysis: impact of a change in assumptions on the net pension liability		
Discount rate +0.1%	438	428
Discount rate -0.1%	(451)	(439)
Mortality assumption – 1 year increase	(547)	(418)
Mortality assumption – 1 year decrease	530	406
CPI rate +0.1%	(63)	(66)
CPI rate -0.1%	63	66

The Academy Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	8,502	6,539
Gilts	388	221
Corporate bonds	157	1,001
Property	957	852
Cash and other liquid assets	165	50
Cash plus funds	182	—
Inflation opportunity funds	55	—
Other	945	—
Total market value of assets	11,351	8,663

The actual return on scheme assets was £1,476,000 (2016: £762,000).

	2017 £'000	2016 £'000
Amounts recognised in statement of financial activities		
Current service cost	1,056	512
Interest income	(203)	(310)
Interest costs	373	383
Admin expenses	4	5
Total amount recognised in the SOFA	1,230	590

Notes to the financial statements Year ended 31 August 2017

21 Pension commitments (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the present value of defined benefit obligations were as follows:	2017 £'000	2016 £'000
At 1 September 2016	15,496	9,579
Conversion of academy trust	1,389	—
Current service cost	1,056	512
Interest cost	373	383
Employee contributions	165	(136)
Actuarial (gain)/loss	(2,264)	5,023
Benefits paid	(85)	135
At 31 August 2017	16,130	15,496

Changes in the fair value of the Academy Trust's share of scheme assets:	2017 £'000	2016 £'000
At 1 September 2016	8,663	7,607
Conversion of academy trust	368	—
Interest income	203	310
Actuarial gain	1,627	466
Employer contributions	408	286
Employee contributions	165	136
Benefits paid	(85)	(137)
Admin expense	(4)	(5)
At 31 August 2017	11,345	8,663

22 Related party transactions

Department for Education (DfE) and Education and Skills Funding Agency (ESFA)

From 10 January 2013 to 28 September 2017, John Nash, Chair of Trustees of Future Academies, served as Parliamentary Under Secretary of State for Schools. John Nash is married to Caroline Nash, who is also Trustee of Future Academies.

Future

Future is a registered charity (Charity Registration No. 1114396) and sponsor of Future Academies. Two of the Trustees of Future Academies are also Trustees of Future.

In the year ended 31 August 2010, John Nash, Joint Chair of Trustees of Future Academies, gifted £2m to Future. Under the Deed of Gift, Future will ring-fence the money in a separate fund and it will be used to support the work of Pimlico Academy and any further academies of which Future becomes the Principal Sponsor. This fund is called 'The Future Academies Fund'. Monies will be disbursed from the fund at the discretion of the Trustees of Future. The gift has been paid in full to Future.

Included in note 1 is £331,604 donations from Future in the year ended 31 August 2017.

Notes to the financial statements Year ended 31 August 2017

23 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA.

In the year ended 31 August 2017, the Academy Trust received £46,837 and disbursed £43,160 of 16-19 bursary funds. These amounts have been excluded from income and expenditure. An amount of £13,253 (2016: £9,576) is included in other creditors relating to undistributed funds that are repayable to the ESFA.

24 Central services

Central services provided to the Academy Trust's Academies include leadership, commercial direction, high-level finance, HR, and operational support. The central services function is funded by a contribution from each Academy equivalent to 5% of agreed elements of its central government funding income.

The actual contributions charged during the year were as follows:

	2017 £'000	2016 £'000
Pimlico Academy	396	409
Millbank Academy	96	99
Churchill Gardens Primary Academy	58	63
Pimlico Primary	42	31
Phoenix Academy	296	—
	888	602