

REGISTRAR OF COMPANIES

Future Academies

Annual Report and Financial Statements

31 August 2014

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

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Reference and administrative information

Members	The members of Future Academies are the Trustees of Future: John Nash Caroline Nash Derek Sayer Gilbert Chalke
Trustees	John Nash (Chairman) Caroline Nash Derek Sayer Jo Saxton (from 15 April 2014) Lorna Parker (from 19 June 2014) David Johnston (from 19 June 2014)
Future Academies Senior Management	Jo Saxton (Chief Executive) Samantha Green (Principal, Pimlico Academy) Alyson Russen (Executive Principal, Primary) Ken Robb (Director of Finance and Operations) Leila MacTavish (Head of Initial Teacher Training)
Company Secretary of Future Academies	Ken Robb (until 15 July 2014) Peter Macfarlane (from 15 July 2014)
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
Bankers	HSBC 69 Pall Mall London SW1Y 5EY Lloyds TSB 50 Grosvenor Street London W1K 3LF

Reference and administrative information

Solicitors

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

Trustees' report (including the strategic report) Year ended 31 August 2014

The Trustees of Future Academies ("the charitable company"), who are also Directors of the charitable company for the purposes of the Companies Act, present their statutory report and the audited financial statements for the year ended 31 August 2014. 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 22 to 25 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

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 one secondary school, Pimlico Academy, and three primary schools, Millbank Academy, Churchill Gardens Primary Academy and Pimlico Primary in Westminster. In the year the charitable company commenced operation of a School Centred Initial Teacher Training institute, known as the Pimlico-London SCITT.

In accordance with the articles of association, the company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academies.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 the Trust's primaries, also consistent with their funding agreements, there are Advisory Governing Bodies, with membership including two parents of pupils. Directors and governors are appointed according to their skill sets and the contribution they can make to ensuring the Trust's activities are effective.

During the year under review, the Trustees held four meetings. New Trustees and Governors, who are recruited on their ability to play an active part in the governance of the Academies, 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 Academies during the period.

The memorandum, 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 Derek Sayer 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 Funding Agency (EFA), 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.

During the year under review, a number of Trustee, Local Governing Body and Advisory Body meetings were held, at least three of each per year.

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 and the Director of Finance and Operations, control the Academies at an executive level implementing the policies laid down by the Trustees and reporting back to them.

Connected organisations

Transactions with connected organisations during the year have been disclosed in note 27, 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk management (continued)

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

In the 2013-14 year the Trust grew with the opening of two further primary Academies, an initial teacher training arm offering qualified teacher status, and Post Graduate Certificates in Education in conjunction with Goldsmiths University. A Free School, Pimlico Primary, opened within the site of Pimlico Academy, with its first Reception cohort. Churchill Gardens Primary Academy opened as a Future Academy primary, as the former Churchill Gardens Community Primary School (a school Requiring Improvement in Ofsted terms) closed. The Trust's 'School Centred Initial Teacher Training' institute, Pimlico-London SCITT, recruited nine secondary student teachers, specialising in content-rich teaching, in English, History, Geography, Drama and Art. The training is based in Pimlico Academy and the SCITT itself housed within Pimlico Primary. Placements will take place at Dormer's Wells (Ofsted Good, Ealing) and, excitingly, within the independent school Brighton College.

With three primary schools, all in walking distance of Pimlico Academy, and a teacher training college, the Trust is achieving its aim to raise aspirations and remove barriers to life-long success by providing a high quality, coherent and cumulative education to local children.

STRATEGIC REPORT (continued)

Achievements and performance and future plans (continued)

Key Performance Indicators

The Trust's large secondary school, Pimlico Academy continued to perform well in national measures, with an increase in the number of pupils achieving 5A*-C in the challenging English Baccalaureate at Key Stage 4. In addition, the attainment in the EBACC subjects by pupils in receipt of Pupil Premium funds differed significantly in comparison with national figures, with 31% at Pimlico Academy achieving it compared with 24% nationally. At A Level, the school achieved its highest ever ALPS rating of Grade 2, demonstrating the school's capacity to continue to improve.

Millbank Academy, the Trust's first primary, achieved its best ever results at Key Stage 1 in the phonics screening check, and in the combined English and Maths measure at Key Stage 2, exceeding national standards considerably.

At Pimlico Primary the majority of pupils finished their Reception year achieving or exceeding nationally expected levels of development, despite many arriving at school with lower than nationally expected levels of development.

At Churchill Gardens Primary Academy results in the combined measure at Key Stage 2 increased more than twenty percentage points, demonstrating the impact that Future Academies is able to have on the attainment of local children.

None of the Trust's schools were inspected by Ofsted during the period.

The SCITT recruited to all but one of its allocated places, with the sole vacancy unfilled in Geography, a subject that under-recruited nationally.

Plans for the Future Period

The Trust's strategic plan for the period beginning September 2014 is to concentrate on improving the outcomes for local pupils by expanding teacher training provision to further subject areas at secondary, and introducing training for primary teachers. No further schools are planned, as the Trust is committed to improving standards even further within its existing family. The Trust will continue to share its curriculum with other schools through The Curriculum Centre.

Financial review

Financial report for the year

Most of the charitable company's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Trustees' report (including the strategic report) Year ended 31 August 2014

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

The Academies also received grants for capital investment and asset purchase from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

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 £17,328,758 (2013 - £14,698,444). The deficit for the period (excluding restricted fixed asset funds and before the pension scheme actuarial gain) was £409,092 (2013 - £231,107 surplus).

Income and expenditure have increased in the year as a result of new Academies joining the Trust.

At 31 August 2014, the net book value of fixed assets was £39,145,364 (2013 - £36,836,985) and movements in tangible fixed assets are shown in note 12 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 valuation as shown in note 28 to the financial statements. 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 EFA. The assets are used to meet the objectives of the charity, 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 £1,087,044 (2013 - £266,612).

Financial position

The Academy Trust held fund balances at 31 August 2014 of £38,948,793 (2013 - £37,425,506), comprising restricted funds of £37,861,749 (including a pension reserve deficit of £1,700,000) (2013 - £37,158,894, including a pension reserve deficit of £582,000) and unrestricted funds of £1,087,044 (2013 - £266,612).

Trustees' report (including the strategic report) Year ended 31 August 2014

PRINCIPAL RISKS AND UNCERTAINTIES

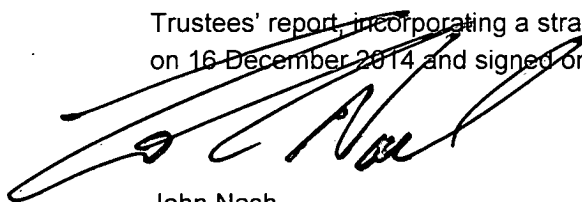
The Directors have considered the risks and uncertainties faced by the Academy Trust and note the risks posed by reductions in government funding, increasing costs and the inability to attract and retain key staff.

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 16 December 2014 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Nash', is written over the text of the Trustees' report approval.

John Nash
Trustee

Governance statement Year to 31 August 2014

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 Jo Saxton, 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 4 times during the year. Attendance during the year at meetings of the Trustees body was as follows:

Trustee	Number of meetings attended	Out of a possible
John Nash	4	4
Caroline Nash	4	4
Derek Sayer	3	4
Jo Saxton	3	3
Lorna Parker	2	2
David Johnston	2	2

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 Audit Committee, which was set up in June 2013, is a sub-committee of the main Board of Trustees. The 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
Jo Saxton	3	3
Lorna Parker	3	3
David Stephens	1	1

Governance review

Governance experts at Stone King conducted a successful review of the Trust's governance structures and systems, and in response Stone King have been retained to provide governance services on an annual basis. Stone King will review the Trust's governance once a year and provide training to the Trust's officers involved in governance matters.

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 2014 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 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

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 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.

Governance statement Year to 31 August 2014

The risk and control framework (continued)

The Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Trustees have appointed Lorna Parker as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on each Academy's financial systems. 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 and on the discharge of the RO's financial responsibilities. During the year, no material weaknesses were identified by the RO.

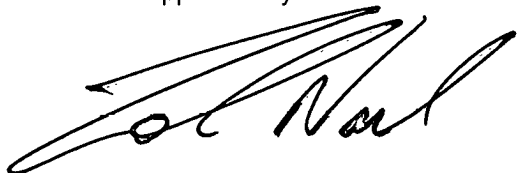
Review of effectiveness

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

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:



John Nash

(Chair of Trustees)



Jo Saxton

(Accounting Officer)

Approved on: 16 December 2014

Statement on regularity, propriety and compliance Year to 31 August 2014

As Accounting Officer of Future Academies, I have considered my responsibility to notify the charitable company's Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between 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.

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.

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



Jo Saxton

Accounting Officer

Date: 16 December 2014

Statement of Trustees' responsibilities Year to 31 August 2014

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 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:

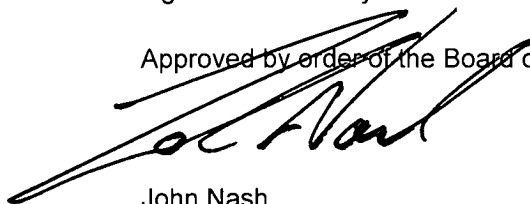
- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 EFA/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: 16 December 2014

Independent auditor's reports Year to 31 August 2014

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

We have audited the financial statements of Future Academies for the year ended 31 August 2014 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

The Trustees are also the directors of the charitable company for the purpose of company law.

As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Independent auditor's reports Year to 31 August 2014

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

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



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

16 December 2014

Independent accountant's reports Year to 31 August 2014

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

In accordance with the terms of our engagement letter dated 21 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Future Academies during the period from 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Future Academies and the EFA 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 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 Future Academies and the EFA, 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, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 to 2014 issued by 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.

Independent accountant's reports Year to 31 August 2014

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 2013 to 31 August 2014 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

16 December 2014

Statement of financial activities Year ended 31 August 2014
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

		Unrestricted	Restricted			2014	2013
		General fund	EFA	Other	Fixed assets	Total funds	Total funds
	Notes	£	£	£	£	£	£
Incoming resources							
Incoming resources from generated funds							
. Voluntary income	2	—	—	—	—	—	6,423
. Voluntary income – transfer on conversion	28	—	(654,000)	—	3,078,000	2,424,000	1,567,408
. Interest receivable		1,618	—	—	—	1,618	1,588
Incoming resources from charitable activities							
. Funding for the Academies' educational operations	3	—	14,557,690	1,317,588	85,218	15,960,496	17,344,580
. Other educational incoming resources	4	818,814	—	23,117	—	841,931	524,970
Total incoming resources		820,432	13,903,690	1,340,705	3,163,218	19,228,045	19,444,969
Resources expended							
Charitable activities							
. Academies' educational operations	6	—	14,420,974	1,636,937	1,240,318	17,298,229	14,664,945
Governance costs	8	—	30,529	—	—	30,529	33,499
Total resources expended	5	—	14,451,503	1,636,937	1,240,318	17,328,758	14,698,444
Net incoming (outgoing) resources for the year before transfers and other gains (losses)							
		820,432	(547,813)	(296,232)	1,922,900	1,899,287	4,746,525
Gross transfers between funds	16	—	(195,702)	(189,777)	385,479	—	—
Net income (expenditure) for the year		820,432	(743,515)	(486,009)	2,308,379	1,899,287	4,746,525
Other recognised gains and losses							
Actuarial (losses) gains on defined benefit pension scheme	26	—	(376,000)	—	—	(376,000)	163,000
Net movement in funds		820,432	(1,119,515)	(486,009)	2,308,379	1,523,287	4,909,525
Fund balances brought forward at 1 September 2013		266,612	(255,132)	577,041	36,836,985	37,425,506	32,515,981
Fund balances carried forward at 31 August 2014	16	1,087,044	(1,374,647)	91,032	39,145,364	38,948,793	37,425,506

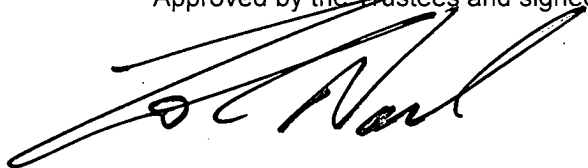
All of the charitable company's activities derived from continuing operations during the above two financial years.

A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

Balance sheet 31 August 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	12		39,145,364		36,836,985
Current assets					
Stock	13	99,872		124,603	
Debtors	14	821,429		1,976,257	
Cash at bank and in hand		2,204,350		1,429,566	
		3,125,651		3,530,426	
Creditors: amounts falling due within one year	15	(1,622,222)		(2,359,905)	
Net current assets			1,503,429		1,170,521
Net assets excluding pension liability			40,648,793		38,007,506
Pension scheme liability	26		(1,700,000)		(582,000)
Net assets including pension liability			38,948,793		37,425,506
Represented by:					
Funds and reserves					
Income funds:					
Restricted funds	16				
. EFA			325,353		326,868
. Pension reserve			(1,700,000)		(582,000)
			(1,374,647)		(255,132)
. Fixed assets			39,145,364		36,836,985
. Other restricted reserves			91,032		577,041
			37,861,749		37,158,894
Unrestricted funds	16				
. General fund			1,087,044		266,612
			38,948,793		37,425,506

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:

Cash flow statement 31 August 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	20	1,158,705	452,686
Returns on investment and servicing of finance	21	1,618	1,588
Capital (expenditure) income and financial investment	22	(385,539)	404,933
Increase in cash in the year	23	774,784	859,207
Reconciliation of net cash flow to movements in net funds			
Net funds at 1 September 2013		1,429,566	570,359
Net funds at 31 August 2014	23	2,204,350	1,429,566

Principal accounting policies 31 August 2014

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Going concern

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

Incoming resources

All incoming resources are recognised when the charitable company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

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 year is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

Gifts in kind

Gifts in kind provided to the charitable company are recognised in the statement of financial activities at their value to the charitable company as determined by the Trustees, in the period in which they are receivable, and where the benefit is both quantifiable and material.

Donations

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

Incoming resources (continued)

Interest receivable

Interest receivable is included within the statement of financial activities on an accruals basis.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources.

Charitable activities

These are costs incurred on the charitable company's educational operations.

Governance Costs

These include the costs attributable to the charitable company's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

Costs are stated net of recoverable VAT.

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.

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 charitable company'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.

Tangible fixed assets (continued)

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.

Stock

School uniforms are valued at the lower of cost or net realisable value.

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 Funding Agency, and other funders where the asset acquired or created is held for a specific purpose.

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

Taxation

The charitable company 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 charitable company 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

Retirement benefits to employees of the charitable company 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.

Pensions (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 charitable company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26 the TPS is a multi employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the charitable company 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 are 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 credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Notes to the financial statements Year ended 31 August 2014

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, only Pimlico Academy was subject to limits at 31 August 2014 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 2014.

2 Voluntary income

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Donations received	—	—	—	6,423

Notes to the financial statements Year ended 31 August 2014

3 Funding for the Academies' educational operations

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
EFA capital grant				
Capital grant towards Pimlico Primary	—	85,218	85,218	3,927,430
	—	85,218	85,218	3,927,430
EFA revenue grants				
General Annual Grant (GAG) (note 1)	—	13,032,956	13,032,956	11,253,069
Devolved capital grant	—	80,851	80,851	34,781
Start Up B	—	118,166	118,166	149,972
Pupil premium	—	1,015,806	1,015,806	709,558
Deficit funding	—	—	—	366,000
Language and Communications Centre	—	90,000	90,000	104,737
Other grants	—	219,911	219,911	215,821
	—	14,557,690	14,557,690	12,833,938
Other grants				
Westminster City Council - SEN	—	806,334	806,334	277,281
Westminster City Council - Schools Choice	—	13,056	13,056	82,363
Westminster City Council – Nursery income	—	288,573	288,573	71,288
Westminster City Council – Language and Communications Centre	—	114,140	114,140	—
Westminster City Council - Other grants	—	23,000	23,000	41,536
Training Agency – Golden Hellos	—	—	—	21,896
St Marylebone School – Consortium income	—	—	—	2,500
BT placement grant	—	—	—	4,600
Education Endowment Foundation – Core Knowledge grant	—	62,500	62,500	72,848
Lottery fund	—	9,985	9,985	—
Institute of Education	—	—	—	8,900
	—	1,317,588	1,317,588	583,212
	—	15,960,496	15,960,496	17,344,580

4 Other educational incoming resources

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Lettings income	411,709	—	411,709	263,379
Catering income	92,882	—	92,882	49,705
Income from special music contributions	—	23,117	23,117	18,135
Income from facilities and services	—	—	—	2,352
Sale of uniforms	71,468	—	71,468	58,192
Trips	85,625	—	85,625	70,162
Miscellaneous income	157,130	—	157,130	63,045
	818,814	23,117	841,931	524,970

Notes to the financial statements Year ended 31 August 2014

5 Resources expended

	Staff costs £	Non pay expenditure		2014 Total funds £	2013 Total funds £
		Premises £	Other costs £		
Academies' educational operations (note 6)					
· Direct costs	7,630,376	1,240,318	1,782,324	10,653,018	9,229,113
· Allocated support costs	4,221,522	913,316	1,510,373	6,645,211	5,435,832
	<u>11,851,898</u>	<u>2,153,634</u>	<u>3,292,697</u>	<u>17,298,229</u>	<u>14,664,945</u>
Governance costs (note 8)	—	—	30,529	30,529	33,499
	<u>11,851,898</u>	<u>2,153,634</u>	<u>3,323,226</u>	<u>17,328,758</u>	<u>14,698,444</u>
Net incoming (outgoing) resources for the year as stated after charging:				2014 Total funds £	2013 Total funds £
Fees payable to auditor					
· Statutory audit				17,805	15,110
· Non-statutory audit				750	1,700
· Non-audit services				<u>9,945</u>	<u>12,800</u>

Notes to the financial statements Year ended 31 August 2014

6 Charitable activities – Academies' educational operations

	2014 Total funds £	2013 Total funds £
Direct costs		
Teaching and educational support staff costs	7,630,376	6,552,244
Depreciation	1,240,318	1,117,640
Educational supplies	1,597,331	1,380,177
Exam fees	119,530	123,906
Staff training and development	65,463	55,146
	<u>10,653,018</u>	<u>9,229,113</u>
Support costs		
Support staff costs	4,221,522	3,569,222
Recruitment and other staff costs	123,190	136,388
Catering contract	618,272	420,915
Printing and stationery	62,756	46,198
Office overheads	210,001	175,161
Heat and light	314,400	263,517
Rates	88,888	53,712
Equipment costs	85,687	14,681
Premises (including buildings insurance)	586,984	476,268
Technology costs	237,444	150,190
Other insurance costs	96,067	60,492
Other support costs	—	69,088
	<u>6,645,211</u>	<u>5,435,832</u>
	<u>17,298,229</u>	<u>14,664,945</u>

7 Central services

Central services provided to the Trust's Academies were formalised in the period into a central services function. In-house educational leadership, curriculum development and training (including participation in a national pilot study) as well as commercial direction, high-level finance, HR, and operational support were provided.

The central services function is funded by a contribution from each Academy equivalent to 3.5% of agreed elements of its central government funding income.

Notes to the financial statements Year ended 31 August 2014

7 Central services (continued)

The actual contributions charged during the year were as follows:

	2014 £000
Pimlico Academy	333
Millbank Academy	114
Churchill Gardens Primary Academy	46
Pimlico Primary	16
	509

8 Governance costs

	2014 Total funds £	2013 Total funds £
Auditors' remuneration	28,500	29,610
Insurance	1,783	3,298
Miscellaneous expenses	246	591
	30,529	33,499

9 Staff

(a) Staff costs

Staff costs during the period were as follows:

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Wages and salaries	—	9,062,205	9,062,205	7,990,772
Social security costs	—	696,049	696,049	629,831
Pension contributions – normal contributions	—	1,014,347	1,014,347	852,211
Pension contributions – FRS17 charge	—	88,000	88,000	(27,000)
	—	10,860,101	10,860,101	9,445,814
Supply costs – teaching and non-teaching	—	967,297	967,297	591,077
Severance payments	—	24,000	24,000	84,575
	—	11,851,898	11,851,898	10,121,466

Notes to the financial statements Year ended 31 August 2014

9 Staff (continued)

(b) Staff severance payments

Included in staff costs is one non-statutory/non-contractual severance payment for £24,000 (2013 – £84,575 paid in total).

(c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2014 expressed as full-time equivalents was as follows:

	2014	2013
Teachers	135	117
Administration and support	134	107
Management	15	16
	284	240

(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:

	2014	2013
£60,001 - £70,000	8	9
£70,001 - £80,000	3	2
£80,001 - £90,000	1	—
£90,001 - £100,000	1	1
£100,001 - £110,000	1	—
£130,001 - £140,000	1	—
£140,001 – £150,000	—	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 2014, pension contributions for these staff amounted to £124,140 (2013 - £107,722).

10 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 value of trustees' remuneration was as follows:

	2014 £'000	2013 £000
Jo Saxton, Chief Executive	130-135	—

During the year ended 31 August 2014, out of pocket expenses amounting to £31 were reimbursed to Trustees (2013 – none).

Other related party transactions involving the Trustees are set out in note 27.

Notes to the financial statements Year ended 31 August 2014

11 Trustees' and Officers' insurance

In accordance with normal commercial practice the charitable company has purchased insurance to protect 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 £5 million on any one claim and the cost for year ended 31 August 2014 was £1,783 (2013 - £3,298).

The cost of this insurance is included in governance costs.

12 Tangible fixed assets

	Academy buildings £	Computer equipment £	Furniture, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2013	38,249,172	515,877	1,301,570	39,620	40,106,239
Additions	3,187,752	319,985	40,961	—	3,548,698
At 31 August 2014	41,436,924	835,862	1,342,531	39,620	43,654,937
Depreciation					
At 1 September 2013	1,997,867	291,683	974,751	4,953	3,269,254
Charge for period	826,543	101,835	306,988	4,953	1,240,319
At 31 August 2014	2,824,410	393,518	1,281,739	9,906	4,509,573
Net book values					
At 31 August 2014	38,612,514	442,344	60,792	29,714	39,145,364
At 31 August 2013	36,251,305	224,194	326,819	34,667	36,836,985

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.

Pimlico Academy and Pimlico Primary's buildings are valued at cost.

Millbank Academy converted to Academy status on 1 September 2012. The value of its building transferred on conversion amounted to £1,684,000.

Churchill Gardens Primary Academy converted to Academy status on 1 September 2013. The value of its building transferred on conversion amounted to £3,078,000 and is included within tangible fixed assets additions.

Both of the valuations were compiled by the EFA.

Notes to the financial statements Year ended 31 August 2014

13 Stock

	2014 £	2013 £
School uniforms	99,872	124,603

14 Debtors

	2014 £	2013 £
Accrued income	416,011	1,739,760
Prepayments	74,152	—
Other debtors	244,060	29,693
VAT recoverable	87,206	206,804
	821,429	1,976,257

15 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	545,759	985,593
Other creditors	303,715	1,812
Taxation and social security	231,878	221,339
Accruals and deferred income	540,870	1,151,161
	1,622,222	2,359,905
Deferred income		
Deferred income at 1 September 2013	38,775	41,450
Resources deferred in the year	94,293	38,775
Amounts released from previous years	(38,775)	(41,450)
Deferred income at 31 August 2014	94,293	38,775

Deferred income comprises grants received in advance.

Notes to the financial statements Year ended 31 August 2014

16 Funds

	Balance at 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
Restricted funds					
EFA Restricted Fund					
General Annual Grant (GAG)	—	12,997,258	(12,794,307)	(124,292)	78,659
Start Up A	12,689	—	(12,689)	—	—
Start Up B	30,554	118,106	(123,455)	—	25,205
Language and Communications Centre	67,797	90,000	(104,459)	—	53,338
Pupil premium	—	1,015,866	(1,015,866)	—	—
Catch up Grants	21,788	16,500	(1,847)	—	36,441
16-19 Bursary Grant	329	35,698	(32,840)	—	3,187
Primary School Grant	74,629	—	(74,629)	—	—
Other EFA grants	—	203,411	(203,411)	—	—
Devolved formula capital grant	119,082	80,851	—	(71,410)	128,523
	326,868	14,557,690	(14,363,503)	(195,702)	325,353
Pension reserve	(582,000)	(654,000)	(88,000)	(376,000)	(1,700,000)
	(255,132)	13,903,690	(14,451,503)	(571,702)	(1,374,647)
Other restricted funds					
Westminster City Council SEN	—	806,334	(806,334)	—	—
Westminster City Council Schools Choice	512,676	13,056	(268,540)	(189,777)	67,415
Westminster City Council Nursery income	—	288,573	(288,573)	—	—
Westminster City Council other grants	—	23,000	(23,000)	—	—
Westminster City Council – Language and Communication Centre	—	114,140	(114,140)	—	—
Education Endowment Foundation - Word and World Pilot grant	64,365	62,500	(103,248)	—	23,617
Lottery fund	—	9,985	(9,985)	—	—
Music tuition fund	—	23,117	(23,117)	—	—
	577,041	1,340,705	(1,636,937)	(189,777)	91,032
Fixed assets funds					
EFA Capital grant	338,137	—	(51,904)	71,409	357,642
Construction of Pimlico Primary	3,931,116	85,218	(102,173)	—	3,914,161
Assets inherited on conversion to academy status (note 27)	1,650,320	3,078,000	(123,680)	—	4,604,640
Other fixed assets	30,917,412	—	(962,561)	314,070	30,268,921
	36,836,985	3,163,218	(1,240,318)	385,479	39,145,364
Total restricted funds	37,158,894	18,407,613	(17,328,758)	(376,000)	37,861,749
Unrestricted funds					
Unrestricted funds	266,612	820,432	—	—	1,087,044
Total unrestricted funds	266,612	820,432	—	—	1,087,044
Total funds	37,425,506	19,228,045	(17,328,758)	(376,000)	38,948,793

Notes to the financial statements Year ended 31 August 2014

16 Funds (continued)

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

EFA revenue grant fund and other restricted 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 2014. Note 1 discloses that Pimlico Academy did not exceed the limits during the year ended 31 August 2014.

Fixed asset fund

These grants relate to funding received from the EFA 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.

Pension reserve

The pension reserve relates to the charitable company's share of the deficit of the City of Westminster Local Government Pension Scheme.

Analysis of fund balances by Academy

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Pimlico Academy	873,963
Pimlico Primary	76,813
Millbank Academy	275,932
Churchill Gardens Primary Academy	187,835
Central Services	88,886
Total before fixed assets and pension reserve	1,503,429
Restricted fixed asset fund	39,145,364
Pension reserve	(1,700,000)
Total	38,948,793

Notes to the financial statements Year ended 31 August 2014

16 Funds (continued)

Analysis of costs by Academy (excluding depreciation)

	Teaching and educational support costs £	Other support staff costs £	Other costs (excluding depreciation) £	Total £
Pimlico Academy	5,073,475	2,519,183	2,594,029	10,186,687
Pimlico Primary	174,778	83,847	210,170	468,795
Millbank Academy	1,399,981	659,159	649,440	2,708,580
Churchill Gardens Primary Academy	982,142	652,025	561,764	2,195,931
Central Services	—	361,308	167,139	528,447
Total	7,630,376	4,275,522	4,182,542	16,088,440

17 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by

	Unrestricted funds £	Restricted funds			Total 2014 £
		EFA £	Other £	Fixed asset funds £	
Tangible fixed assets	—	—	—	39,145,364	39,145,364
Current assets	1,087,044	1,947,575	91,032	—	3,125,651
Creditors: amounts falling due within one year	—	(1,622,222)	—	—	(1,622,222)
Pension scheme asset	—	(1,700,000)	—	—	(1,700,000)
Total net assets	1,087,044	(1,374,647)	91,032	39,145,364	38,948,793

18 Capital commitments

	2014 £	2013 £
Contracted for, but not provided in the financial statements	—	117,128

19 Financial commitments

Operating leases

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

	2014 £	2013 £
Other		
· Expiring within one year	5,119	5,119
· Expiring within two to five years inclusive	12,798	17,917
	17,917	23,036

Notes to the financial statements Year ended 31 August 2014

20 Reconciliation of net income to net cash inflow from operating activities

	2014 £	2013 £
Net income	1,899,287	4,746,525
Depreciation (note 12)	1,240,318	1,117,640
Capital grants from DfE and other capital income	(85,218)	(3,949,058)
Assets inherited on conversion of Churchill Gardens Primary Academy	(3,078,000)	(1,684,000)
Liabilities inherited on conversion of Churchill Gardens Primary Academy	654,000	311,000
Interest receivable	(1,618)	(1,588)
FRS 17 pension cost less contributions payable (note 26)	142,000	29,000
FRS 17 pension finance income (note 26)	(54,000)	(56,000)
Decrease (increase) in stocks	24,731	(61,811)
Decrease (increase) in debtors	1,154,828	(257,790)
(Decrease) increase in creditors	(737,623)	258,768
Net cash inflow from operating activities	1,158,705	452,686

21 Returns on investment and servicing of finance

	2014 £	2013 £
Interest received	1,618	1,588
Net cash inflow from returns on investment and servicing of finance	1,618	1,588

22 Capital expenditure and financial investment

	2014 £	2013 £
Purchase of tangible fixed assets	(470,757)	(2,750,211)
Capital grants from DfE / EFA	85,218	3,155,144
Net cash (outflow) inflow from capital expenditure and financial investments	(385,539)	404,933

23 Analysis of changes in net funds

	At 1 September 2013 £	Cashflows £	At 31 August 2014 £
Cash in hand and at bank	1,429,566	774,784	2,204,350

24 Guarantees, letters of comfort and indemnities

The charitable company has agreed to provide HSBC Bank plc with a bond of £300,000 in respect to its BACS payments. The bond includes a fixed charge over all present freehold and leasehold property and over all book and other debts as well as a floating charge over all assets.

25 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.

26 Pension commitments

The charitable company'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. 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 2013.

Contributions amounting to £141,440 were owed to the schemes at 31 August 2014 (2013 - £nil). Contributions amounting to £1,125 were owed to the private pension schemes of three employees at 31 August 2014 (2013 - £nil).

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

Valuation of the Teachers' Pension Scheme

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

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

26 Pension commitments (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

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

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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

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

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust 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 charitable company has set out above the information available on the scheme.

Notes to the financial statements Year ended 31 August 2014

26 Pension commitments (continued)

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 2014 was £438,000 (2013: £329,000), of which employer's contributions totalled £296,000 (2013: £214,000) and employees' contributions totalled £142,000 (2013: £115,000). The agreed contribution rates for future years are 9.3 per cent for employers and between 5.5 per cent and 7.5 per cent 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

The major assumptions used by the actuary were:

	31 August 2014 per annum %	31 August 2013 per annum %
Inflation assumptions		
. RPI	3.5	3.7
. CPI	2.7	2.9
Rate of increase in salaries	4.5	5.1
Discount rate	4.0	4.7
Rate of increase in pensions in payment	2.7	2.9
Commutation of pensions to lump sums:		
. pre 1 April 2010 pension entitlement	25	25
. post 31 March 2010 pension entitlement	75	75

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

	31 August 2014 Years	31 August 2013 Years
Longevity at age 65 for current pensioners		
. Men	22.0	22.5
. Women	25.1	24.6
Longevity at age 65 for future pensioners		
. Men	24.1	24.3
. Women	27.4	26.6

Notes to the financial statements Year ended 31 August 2014

26 Pension commitments (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions (continued)

The estimated assets in the scheme attributable to the charitable company and the share of expected rates of return were:

	Long-term rate of return expected 31 August 2014 %	Value at 31 August 2014 £'000	Long-term rate of return expected 31 August 2013 %	Value at 31 August 2013 £'000
Equities	6.7	5,128	7.5	3,729
Property	5.9	589	7.0	194
Government bonds	3.0	230	3.5	194
Corporate bonds	3.6	837	4.4	581
Cash	2.9	135	0.5	145
Total market value of assets		6,919		4,843
Present value of scheme liabilities - funded		(8,619)		(5,425)
Deficit in the scheme		(1,700)		(582)

The actual return on scheme assets was £834,000 (2013 - £621,000).

	2014 £'000	2013 £'000
Amounts recognised in statement of financial activities		
Current service costs	438	231
Loss on Curtailments	—	12
Total operating charge	438	243

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	385	265
Interest on pension liabilities	(331)	(209)
Pension finance income	54	56

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £651,000 loss (2013: £275,000 loss).

The LGPS obligation includes the employees of Churchill Gardens Primary Academy, which converted to Academy status on 1 September 2013.

Notes to the financial statements Year ended 31 August 2014

26 Pension commitments (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions (continued)

Movements in the overall deficit were as follows:

	2014 £'000	2013 £'000
Deficit at 1 September 2013	(582)	(461)
Churchill Gardens acquired on conversion	(654)	—
Millbank Academy acquired on conversion	—	(311)
Current service cost	(438)	(231)
Employer contributions	296	214
Net finance interest	54	56
Losses on curtailment	—	(12)
Actuarial (losses) gains	(376)	163
At 31 August 2014	(1,700)	(582)

Movements in the present value of the Academy's share of scheme liabilities:

	2014 £'000	2013 £'000
Deficit at 1 September 2013	5,425	4,183
Millbank Academy liabilities acquired on conversion	—	605
Churchill Gardens liabilities acquired on conversion	1,276	—
Current service cost	438	231
Interest cost	331	209
Contributions by scheme participants	142	115
Actuarial losses	896	191
Losses on curtailment	—	12
Benefits paid (net of transfers in)	111	(121)
Scheme liabilities at 31 August 2014	8,619	5,425

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

	2014 £'000	2013 £'000
Fair value of scheme assets at 1 September 2013	4,843	3,722
Millbank Academy assets acquired on conversion	—	294
Churchill acquired on conversion	622	—
Expected return on scheme assets	385	265
Actuarial gains	520	354
Contributions by employer	296	214
Contributions by scheme participants	142	115
Benefits paid (net of transfers in)	111	(121)
Fair value of scheme assets at 31 August 2014	6,919	4,843

Notes to the financial statements Year ended 31 August 2014

26 Pension commitments (continued)

Local Government Pension Scheme (continued)

The actuarial best estimate of contributions to be paid by the employer to the scheme in the next financial year is £294,000.

The history of experience adjustments is as follows:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(8,619)	(5,425)	(4,183)	(3,167)
Fair value of share of scheme assets	6,919	4,843	3,722	3,203
(Deficit) surplus in scheme	(1,700)	(582)	(461)	36

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Experience gains on assets				
Amount	473	354	89	748
Percentage of assets	6.8%	7.3%	2.4%	23.4%

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Experience gains/losses on liabilities				
Amount	70	—	9	558
Percentage of present value of liabilities	0.8%	0.0%	-0.2%	-17.6%

27 Related party transactions

Department for Education (DfE) and Education Funding Agency (EFA)

On 10 January 2013, John Nash, Chair of Trustees of Future Academies, was appointed Parliamentary Under Secretary of State for Schools.

Future

Future is a registered charity (Charity Registration No. 1114396) and sponsor of Future Academies. Three 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. Monies will be disbursed from the fund at the discretion of the Trustees of Future. The gift has been paid in full to Future. No part of these monies were remitted to Future Academies during the year under review.

Notes to the financial statements Year ended 31 August 2014

27 Related party transactions (continued)

During the year ended 31 August 2013 £2,570 was paid to Future in relation to the promotion of Pimlico Primary School. No such amounts were paid in the year ended 31 August 2014.

28 Transfer on conversion

On 1 September 2013 the Churchill Gardens Community Primary School converted to academy status under the Academies Act 2010. All of the operations, assets and liabilities were transferred to Future Academies from Westminster City Council for £nil consideration on this date.

The transfer has been accounted for using the acquisition method. 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 net incoming resources in the Statement of Financial Activities (SoFA) as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SoFA.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total £
Tangible fixed assets				
Leasehold buildings	—	—	3,078,000	3,078,000
LGPS pension deficit	—	(654,000)	—	(654,000)
Net assets	—	(654,000)	3,078,000	2,424,000

On 1 September 2012 Millbank Primary School converted to academy status under the Academies Act 2010. All of the operations, assets and liabilities were transferred to Future Academies from Westminster City Council for £nil consideration on this date.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SoFA.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total £
Tangible fixed assets				
Leasehold buildings	—	—	1,684,000	1,684,000
Budget surplus on Local Authority funds	194,408	—	—	194,408
LGPS pension deficit	—	(311,000)	—	(311,000)
Net assets	194,408	(311,000)	1,684,000	1,567,408

The above net assets include £194,408 transferred as cash.