

REGISTRAR OF COMPANIES

Future Academies

Annual Report and Financial Statements

31 August 2015

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 Gilbert Chalke Derek Sayer
Trustees	John Nash (Chairman) Caroline Nash David Johnston Derek Sayer (until 14 July 2015) Jo Saxton Lorna Parker Susan John (from 14 July 2015) Victoria Green (from 14 July 2015)
Future Academies Senior Management	Jo Saxton (Chief Executive until 31 October 2015) Paul Smith (Chief Executive from 1 November 2015) Samantha Green (Principal, Pimlico Academy) Alyson Russen (Executive Principal, Primary) Manjinder Johal (Director of Finance) Andrew Scott (Commercial Director) Leila MacTavish (Head of Initial Teacher Training)
Company Secretary of Future Academies	Manjinder Johal
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 2015

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 2015. 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 23 to 26 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's School Centred Initial Teacher Training institute, known as the Pimlico-London SCITT, successfully trained its first cohort of teachers and recruited to expand into primary for its second year.

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. Trustees 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. The Finance and Audit Committee, a sub-group of Trustees, met three times. 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 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 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:

- ♦ policy development and strategic development;
- ♦ ensuring sound management and administration of the relevant Academies;
- ♦ ensuring compliance with legal requirements;

Trustees' report (including the strategic report) Year ended 31 August 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

- ♦ 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 Governing 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 or Assistant Principals, the Director of Finance and the Commercial Director, 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.

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

The Trust continued to focus on improving the education of local children, particularly those in deprivation, through its activities. The Outstanding inspection judgement of Pimlico Primary reflected the high standards and high outcomes characteristic of the Trust's work.

The success of the Trust's SCITT with all trainees achieving QTS and PGCE and all but one securing employment, is also evidence of its commitment to sector change.

Key Performance Indicators

The Trust's large secondary school, Pimlico Academy, continued to perform well in national measures, with 70% of pupils entering the English Baccalaureate (EBACC) 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 the 2014 national figures, with 31% at Pimlico Academy achieving it in 2015 compared with 24% nationally in 2014. The Academy's performance is significantly above average in relation to all of the national standards for students' attainment and progress.

At Millbank Academy pupils continued to meet and exceed national averages across the school, as evidenced by analysis from the Fisher Family Trust. In Year 1 it was notable that the attainment of disadvantaged pupils was in line with their peers (85% versus 88%). Attainment at the end of Key Stage 1 was comfortably above national averages. At the end of Key Stage 2 attainment continued to be well above national averages in terms of Average Point Score (APS) and pupils achieving level 4 and 4b combined, and in terms of proportions of pupils achieving level 4 and 5 for Maths, Reading and Grammar, Punctuation and Spelling.

Pimlico Primary was judged to be Outstanding in all areas after inspection in June 2015. All but one pupil passed the Phonics Screening Check. No other area of the Trust was inspected by Ofsted during the period.

STRATEGIC REPORT (continued)

Achievements and performance and future plans (continued)

Key Performance Indicators (continued)

At Churchill Gardens Primary Academy almost 90% of pupils achieved the required standard in the Phonics Screening Check, significantly exceeding the national average, and representing an increase of 38% on the school's success rate in 2014. Elsewhere in the school the trend in upwards attainment since becoming a Future Academies school continued, markedly so for pupils in the mainstream provision, though the large cohort in the school's Specialist Speech and Language Provision unit also met and exceeded individual expectations.

All the SCITT trainees achieved QTS and PGCE in June 2015. National College of Teaching & Learning (NCTL) increased the Trust's allocation enabling expansion of secondary training as well as the commencement of primary training.

Plans for the future period

The Trust's strategic plan is to sponsor an additional secondary school and associated primaries. It will also continue to expand its SCITT, and develop knowledge-led curriculum materials.

The Trust's work at all four academies is ongoing to ensure the teaching provision is robust and effective for all pupils, and that standards continue to improve to meet and exceed national expectations.

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 2015 and the associated expenditure are shown as restricted funds 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 £18,029,000 (2014 - £17,329,000). The deficit for the period (excluding restricted fixed asset funds and before the pension scheme actuarial loss) was £27,000 (2014 - £409,000 deficit).

Trustees' report (including the strategic report) Year ended 31 August 2015

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

At 31 August 2015, the net book value of fixed assets was £38,329,000 (2014 - £39,145,000) 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 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 EFA. 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 £1,480,000 (2014 - £1,088,000).

Financial position

The Academy Trust held fund balances at 31 August 2015 of £37,837,000 (2014 - £38,949,000), comprising restricted funds of £36,357,000 (including a pension reserve deficit of £1,972,000) (2014 - £37,861,000, including a pension reserve deficit of £1,700,000) and unrestricted funds of £1,480,000 (2014 - £1,088,000).

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.

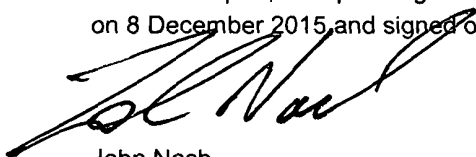
Trustees' report (including the strategic report) Year ended 31 August 2015

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 8 December 2015, and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'John Nash', written over a horizontal line.

John Nash
Trustee

Governance statement Year to 31 August 2015

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.

During the year under review and up until 31 October 2015, 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. A new Chief Executive, Paul Smith, was appointed on 1 November 2015.

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 four 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	4	4
Caroline Nash	4	4
David Johnston	4	4
Derek Sayer (until 14 July 2015)	1	3
Jo Saxton	4	4
Lorna Parker	4	4
Susan John (from 14 July 2015)	1	1
Victoria Green (from 14 July 2015)	1	1

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
Lorna Parker	3	3
Caroline Nash (from 9 July 2015)	1	1
Victoria Green (from 9 July 2015)	1	1

Governance statement Year to 31 August 2015

Governance (continued)

Governance reviews

The Trust reviews governance, at all levels, regularly. This year the Board expanded to include a qualified chartered accountant, Victoria Green, and a highly esteemed Head Teacher and school improvement expert, Dame Susan John.

As part of Pimlico Primary's support from the Department for Education, in preparation for its first inspection, governance has been independently reviewed by Department for Education school improvement partners and was ultimately judged, during a Section 5 inspection by Ofsted, to be Outstanding.

At school level, Dame Susan John will oversee the governance review for the 2015-16 academic year.

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 Trust has a single finance system that operates across our Academies and we integrate as much administration as possible into this system. We operate electronic ordering and an increasingly integrated HR/payroll system.

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 2015 and up to the date of approval of the annual report and financial statements.

Governance statement Year to 31 August 2015

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 2015 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 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. 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;

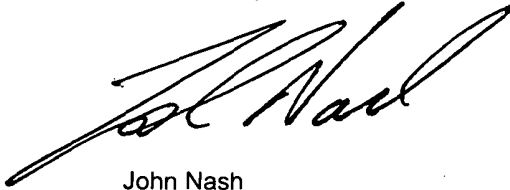
Governance statement Year to 31 August 2015

Review of effectiveness (continued)

- ♦ 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 - until 31 October 2015)



Paul Smith

(Accounting Officer - from 1 November 2015)

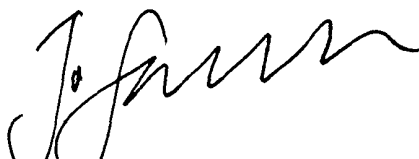
Approved on: 8 December 2015

Statement on regularity, propriety and compliance Year to 31 August 2015

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.

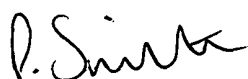
I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and EFA.



Jo Saxton

Accounting Officer (until 31 October 2015)

Date: 8 December 2015



Paul Smith

Accounting Officer (From 1 November 2015)

Date: 8 December 2015

Statement of Trustees' responsibilities Year to 31 August 2015

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:

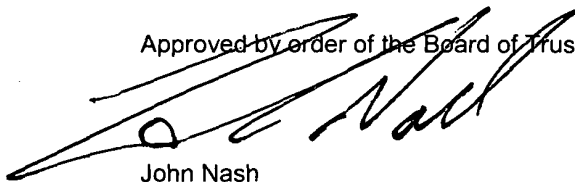
- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting 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: 8 December 2015

Independent auditor's report Year to 31 August 2015

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 2015 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 2014 to 2015 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 report Year to 31 August 2015

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 2015 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 2014 to 2015 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

11 December 2015

Independent accountant's report Year to 31 August 2015

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 2014 to 2015, 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 2014 to 31 August 2015 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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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 report Year to 31 August 2015

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 2014 to 31 August 2015 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

11 December 2015

Statement of financial activities Year ended 31 August 2015
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

		Unrestricted	Restricted			2015	2014
	Notes	General fund £'000	EFA £'000	Other £'000	Fixed assets £'000	Total funds £'000	Total funds £'000
Incoming resources							
Incoming resources from generated funds							
. Voluntary income	2	—	—	191	—	191	—
. Voluntary income – transfer on conversion	28	—	—	—	—	—	2,424
. Interest receivable		120	—	—	—	120	2
Incoming resources from charitable activities							
. Funding for the Academies' educational operations	3	—	14,583	1,290	—	15,873	15,960
. Other educational incoming resources	4	803	—	35	—	838	842
Total incoming resources		923	14,583	1,516	—	17,022	19,228
Resources expended							
Charitable activities							
. Academies' educational operations	6	—	15,410	1,607	980	17,997	17,298
Governance costs	8	—	32	—	—	32	31
Total resources expended	5	—	15,442	1,607	980	18,029	17,329
Net incoming (outgoing) resources for the year before transfers and other gains and losses							
		923	(859)	(91)	(980)	(1,007)	1,899
Gross transfers between funds	16	(531)	367	—	164	—	—
Net income (expenditure) for the year		392	(492)	(91)	(816)	(1,007)	1,899
Other recognised gains and losses							
Actuarial losses on defined benefit pension scheme	26	—	(105)	—	—	(105)	(376)
Net movement in funds		392	(597)	(91)	(816)	(1,112)	1,523
Fund balances brought forward at 1 September 2014		1,088	(1,375)	91	39,145	38,949	37,426
Fund balances carried forward at 31 August 2015	16	1,480	(1,972)	—	38,329	37,837	38,949

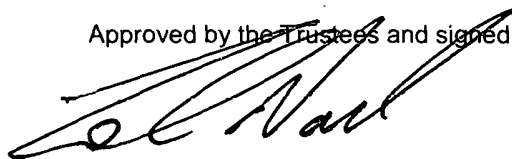
All of the charitable company's activities derived from continuing operations during the above two financial years.

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

Balance sheet 31 August 2015

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Tangible assets	12		38,329		39,145
Current assets					
Stock	13	97		100	
Debtors	14	843		822	
Cash at bank and in hand		2,403		2,204	
		3,343		3,126	
Creditors: amounts falling due within one year	15	(1,863)		(1,622)	
Net current assets			1,480		1,504
Net assets excluding pension liability			39,809		40,649
Pension scheme liability	26		(1,972)		(1,700)
Net assets including pension liability			37,837		38,949
Represented by:					
Funds and reserves					
Income funds:					
Restricted funds	16		—		
. EFA			—		325
. Pension reserve			(1,972)		(1,700)
			(1,972)		(1,375)
. Fixed assets			38,329		39,145
. Other restricted reserves			—		91
			36,357		37,861
Unrestricted funds	16				
. General fund			1,480		1,088
			37,837		38,949

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: 8 December 2015

Cash flow statement 31 August 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	20	314	1,159
Returns on investment and servicing of finance	21	49	2
Capital expenditure and financial investment	22	(164)	(386)
Increase in cash in the year	23	199	775
Reconciliation of net cash flow to movements in net funds			
Net funds at 1 September 2014		2,204	1,429
Net funds at 31 August 2015	23	2,403	2,204

Principal accounting policies 31 August 2015

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 2014 to 2015 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.

Principal accounting policies 31 August 2015

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.

Agency agreements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA 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 29.

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.

Principal accounting policies 31 August 2015

Tangible fixed assets (continued)

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.

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 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 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') and the NEST workplace pension. The TPS and LGPS 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. The NEST Scheme is a defined contribution scheme and contributions are recognised as they are paid each year.

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 2015

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, only Pimlico Academy was subject to limits at 31 August 2015 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 2015.

2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	2015 Total funds £'000	2014 Total funds £'000
Donations from Future	—	191	191	—

3 Funding for the Academies' educational operations

	Unrestricted funds £'000	Restricted funds £'000	2015 Total funds £'000	2014 Total funds £'000
EFA capital grant				
Capital grant towards Pimlico Primary	—	—	—	85
	—	—	—	85
EFA revenue grants				
General Annual Grant (GAG) (note 1)	—	13,020	13,020	13,033
Devolved capital grant	—	45	45	80
Start Up B	—	83	83	118
Pupil premium	—	1,092	1,092	1,016
Catch up grant	—	11	11	17
Language and Communications Centre	—	90	90	90
Other grants	—	242	242	204
	—	14,583	14,583	14,558
Other grants				
Westminster City Council - SEN	—	635	635	806
Westminster City Council - Schools Choice	—	85	85	13
Westminster City Council - Nursery income	—	313	313	288
Westminster City Council - Language and Communications Centre	—	136	136	114
Westminster City Council - Other grants	—	60	60	23
Education Endowment Foundation - Word and World pilot	—	13	13	63
Lottery fund	—	—	—	10
NCTL income	—	48	48	—
	—	1,290	1,290	1,317
	—	15,873	15,873	15,960

Notes to the financial statements Year ended 31 August 2015

4 Other educational incoming resources

	Unrestricted funds £'000	Restricted funds £'000	2015 Total funds £'000	2014 Total funds £'000
Lettings income	433	—	433	412
Catering income	53	—	53	93
Income from special music contributions	—	35	35	23
Sale of uniforms	58	—	58	71
Trips	51	—	51	86
SCITT tuition fees	81	—	81	—
Miscellaneous income	127	—	127	157
	803	35	838	842

5 Resources expended

	Non pay expenditure			2015 Total funds £'000	2014 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000		
Academies' educational operations (note 6)					
· Direct costs	8,015	980	1,739	10,734	10,653
· Allocated support costs	4,638	999	1,626	7,263	6,645
	12,653	1,979	3,365	17,997	17,298
Governance costs (note 8)	—	—	32	32	31
	12,653	1,979	3,397	18,029	17,329
Net incoming (outgoing) resources for the year as stated after charging:				2015 Total funds £'000	2014 Total funds £'000
Fees payable to auditor					
· Statutory audit				17	17
· Non-statutory audit				2	2
· Non-audit services				11	10

Notes to the financial statements Year ended 31 August 2015

6 Charitable activities – Academies’ educational operations

	2015 Total funds £'000	2014 Total funds £'000
Direct costs		
Teaching and educational support staff costs	8,015	7,630
Depreciation	980	1,240
Educational supplies	1,544	1,597
Exam fees	122	120
Staff training and development	73	66
	10,734	10,653
Support costs		
Support staff costs	4,638	4,222
Recruitment and other staff costs	235	123
Catering contract	793	618
Printing and stationery	61	63
Office overheads	244	210
Heat and light	296	314
Rates	85	89
Equipment costs	129	86
Premises (including buildings insurance)	618	587
Technology costs	59	237
Other insurance costs	105	96
	7,263	6,645
	17,997	17,298

7 Central services

Central services provided to the 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 3.5% of agreed elements of its central government funding income.

The actual contributions charged during the year were as follows:

	2015 £'000	2014 £'000
Pimlico Academy	325	333
Millbank Academy	82	114
Churchill Gardens Primary Academy	48	46
Pimlico Primary	22	16
	477	509

Notes to the financial statements Year ended 31 August 2015

8 Governance costs

	2015 Total funds £'000	2014 Total funds £'000
Auditors' remuneration	30	29
Insurance	2	2
	32	31

9 Staff

(a) Staff costs

Staff costs during the period were as follows:

	Unrestricted funds £'000	Restricted funds £'000	2015 Total funds £'000	2014 Total funds £'000
Wages and salaries	—	9,317	9,317	9,062
Social security costs	—	718	718	696
Pension contributions – normal contributions	—	1,095	1,095	1,014
Pension contributions – FRS17 charge	—	238	238	88
	—	11,368	11,368	10,860
Supply costs – teaching and non-teaching	—	1,242	1,242	967
Severance payments	—	43	43	24
	—	12,653	12,653	11,851

(b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £42,650 (2014 – £24,000). Individually the payments were for £12,900 and £29,750 (2014 – one payment of £24,000).

(c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2015 expressed as full-time equivalents was as follows:

	2015	2014
Teachers	134	135
Administration and support	153	134
Management	11	15
	298	284

Notes to the financial statements Year ended 31 August 2015

9 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:

	2015	2014
£60,001 - £70,000	7	8
£70,001 - £80,000	1	3
£80,001 - £90,000	—	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£130,001 - £140,000	1	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 2015, pension contributions for these staff amounted to £119,587 (2014 - £124,140).

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 and other benefits was as follows:

	2015 £	2014 £
Jo Saxton (Chief Executive)		
Remuneration	£135k - £140k	£130 - £135k
Employer's pension contribution	£5k - £10k	£5k - £10k

During the year ended 31 August 2015, out of pocket expenses amounting to £802 were reimbursed to one Trustee (2014 - £31 to one Trustee).

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

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 2015 was £1,760 (2014 - £1,783).

The cost of this insurance is included in governance costs.

Notes to the financial statements Year ended 31 August 2015

12 Tangible fixed assets

	Academy buildings £'000	Computer equipment £'000	Furniture, fittings & equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 September 2014	41,437	836	1,342	40	43,655
Additions	—	73	91	—	164
At 31 August 2015	41,437	909	1,433	40	43,819
Depreciation					
At 1 September 2014	2,824	394	1,282	10	4,510
Charge for period	829	128	18	5	980
At 31 August 2015	3,653	522	1,300	15	5,490
Net book values					
At 31 August 2015	37,784	387	133	25	38,329
At 31 August 2014	38,613	442	60	30	39,145

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.

13 Stock

	2015 £'000	2014 £'000
School uniforms	97	100

14 Debtors

	2015 £'000	2014 £'000
Accrued income	444	416
Prepayments	90	74
Other debtors	47	244
VAT recoverable	262	88
	843	822

Notes to the financial statements Year ended 31 August 2015

15 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	501	545
Other creditors	237	304
Taxation and social security	229	232
Accruals and deferred income	896	541
	1,863	1,622
Deferred income		
Deferred income at 1 September 2014	94	39
Resources deferred in the year	209	94
Amounts released from previous years	(94)	(39)
Deferred income at 31 August 2015	209	94

Deferred income comprises grants received in advance.

Notes to the financial statements Year ended 31 August 2015

16 Funds

	Balance at 1 September 2014 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2015 £'000
Restricted funds					
EFA Restricted Fund					
. General Annual Grant (GAG)	79	13,020	(13,630)	531	—
. Start Up B	25	83	(108)	—	—
. Language and Communications Centre	53	90	(143)	—	—
. Pupil premium	—	1,092	(1,092)	—	—
. Catch up grants	36	11	(47)	—	—
. 16-19 Bursary grant	3	—	(3)	—	—
. Other EFA grants	—	242	(242)	—	—
. Devolved formula capital grant	129	45	(10)	(164)	—
	325	14,583	(15,275)	367	—
. Pension reserve	(1,700)	—	(167)	(105)	(1,972)
	(1,375)	14,583	(15,442)	262	(1,972)
Other restricted funds					
. Westminster City Council SEN	—	635	(635)	—	—
. Westminster City Council Schools Choice	67	85	(152)	—	—
. Westminster City Council Nursery income	—	313	(313)	—	—
. Westminster City Council other grants	—	60	(60)	—	—
. Westminster City Council – Language and Communication Centre	—	136	(136)	—	—
. Education Endowment Foundation - Word and World Pilot grant	24	13	(37)	—	—
. Music tuition fund	—	35	(35)	—	—
. NCTL income	—	48	(48)	—	—
. Donations from Future	—	191	(191)	—	—
	91	1,516	(1,607)	—	—
Fixed assets funds					
. EFA Capital grants	358	—	(59)	164	463
. Construction of Pimlico Primary	3,914	—	(102)	—	3,812
. Assets inherited on conversion to academy status	4,605	—	(95)	—	4,510
. Other fixed assets	30,268	—	(724)	—	29,544
	39,145	—	(980)	164	38,329
Total restricted funds	37,861	16,099	(18,029)	426	36,357
Unrestricted funds					
. Unrestricted funds	1,088	923	—	(531)	1,480
Total unrestricted funds	1,088	923	—	(531)	1,480
Total funds	38,949	17,022	(18,029)	(105)	37,837

Notes to the financial statements Year ended 31 August 2015

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 2015. Note 1 discloses that Pimlico Academy did not exceed the limits during the year ended 31 August 2015.

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 2015 were allocated as follows:

	Total 2015 £'000
Pimlico Academy	1,200
Pimlico Primary	8
Millbank Academy	313
Churchill Gardens Primary Academy	113
Central Services	(154)
Total before fixed assets and pension reserve	<u>1,480</u>
Restricted fixed asset fund	38,329
Pension reserve	(1,972)
Total	<u>37,837</u>

Notes to the financial statements Year ended 31 August 2015

16 Funds (continued)

Analysis of costs by Academy (excluding depreciation)

	Teaching and educational support costs £'000	Other support staff costs £'000	Other costs (excluding depreciation) £'000	Total 2015 £'000
Pimlico Academy	5,288	2,458	2,640	10,386
Pimlico Primary	236	145	222	603
Millbank Academy	1,477	776	814	3,067
Churchill Gardens Primary Academy	1,014	651	541	2,206
Central Services	—	608	179	787
Total	8,015	4,638	4,396	17,049

17 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by

	Unrestricted funds £'000	Restricted funds			Total 2015 £'000
		EFA £'000	Other £'000	Fixed asset funds £'000	
Tangible fixed assets	—	—	—	38,329	38,329
Current assets	1,480	1,863	—	—	3,343
Creditors: amounts falling due within one year	—	(1,863)	—	—	(1,863)
Pension scheme asset	—	(1,972)	—	—	(1,972)
Total net assets	1,480	(1,972)	—	38,329	37,837

18 Capital commitments

The Trust had no capital commitments at 31 August 2015 (2014 – none).

19 Financial commitments

Operating leases

At 31 August 2015 the charitable company had annual commitments under non-cancellable operating leases as follows:

	2015 £'000	2014 £'000
Equipment		
· Expiring within one year	5	5
· Expiring within two to five years inclusive	18	13
	23	18

Notes to the financial statements Year ended 31 August 2015

20 Reconciliation of net (expenditure) income to net cash inflow from operating activities

	2015 £'000	2014 £'000
Net (expenditure) income	(1,007)	1,899
Depreciation (note 12)	980	1,240
Capital grants from DfE and other capital income	—	(85)
Assets inherited on conversion of Churchill Gardens Primary Academy	—	(3,078)
Liabilities inherited on conversion of Churchill Gardens Primary Academy	—	654
Interest receivable	(49)	(2)
FRS 17 pension cost less contributions payable (note 26)	238	142
FRS 17 pension finance income (note 26)	(71)	(54)
Decrease in stocks	3	25
Increase (decrease) in debtors	(21)	1,155
Increase (decrease) in creditors	241	(737)
Net cash inflow from operating activities	314	1,159

21 Returns on investment and servicing of finance

	2015 £'000	2014 £'000
Interest received	49	2
Net cash inflow from returns on investment and servicing of finance	49	2

22 Capital expenditure and financial investment

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(164)	(471)
Capital grants from DfE / EFA	—	85
Net cash outflow from capital expenditure and financial investments	(164)	(386)

23 Analysis of changes in net funds

	At 1 September 2014 £'000	Cashflows £'000	At 31 August 2015 £'000
Cash in hand and at bank	2,204	199	2,403

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. This bond matured on 13 October 2015.

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.

Notes to the financial statements Year ended 31 August 2015

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. 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 pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £143,000 were owed to the schemes at 31 August 2015 (2014 - £141,000). Contributions amounting to £2,000 were owed to the private pension schemes of three employees at 31 August 2015 (2014 - £1,000).

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

Not less than every four years 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:

Notes to the financial statements Year ended 31 August 2015

26 Pension commitments (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ◆ 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; and
- ◆ 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%.

The pension costs paid to TPS in the year amounted to £772,000 (2014: £718,000).

A copy of the valuation report and supporting documentation is on www.teacherspensions.co.uk/news/employers/2014/06/publication_of_the_valuation_report.aspx.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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 2015 was £478,000 (2014 - £438,000), of which employer's contributions totalled £323,000 (2014 - £296,000) and employees' contributions totalled £155,000 (2014 - £142,000). The agreed contribution rates for future years are 9.3% for employers and between 5.5% and 7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Notes to the financial statements Year ended 31 August 2015

26 Pension commitments (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions

The major assumptions used by the actuary were:

	31 August 2015 per annum %	31 August 2014 per annum %
Inflation assumptions		
. RPI	3.6	3.5
. CPI	2.7	2.7
Rate of increase in salaries	4.5	4.5
Discount rate	4.0	4.0
Rate of increase in pensions in payment	2.7	2.7
Commutation of pensions to lump sums:		
. pre 1 April 2010 pension entitlement	50	50
. post 31 March 2010 pension entitlement	50	50

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

	31 August 2015 Years	31 August 2014 Years
Longevity at age 65 for current pensioners		
. Men	22.1	22.0
. Women	25.2	25.1
Longevity at age 65 for future pensioners		
. Men	24.2	24.1
. Women	27.6	27.4

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

	Value at 31 August 2015* £'000	Long-term rate of return expected 31 August 2014 %	Value at 31 August 2014 £'000
Equities	5,642	6.7	5,128
Property	668	5.9	589
Government bonds	191	3.0	230
Corporate bonds	929	3.6	837
Cash	177	2.9	135
Total market value of assets	7,607		6,919
Present value of scheme liabilities - funded	(9,579)		(8,619)
Deficit in the scheme	(1,972)		(1,700)

* No long-term expected rate of return at 31 August 2015 has been provided, as for accounting periods beginning on or after 1 January 2015, the expected return and interest cost will be replaced with a single net interest cost. This will effectively set the expected return at a level equal to the discount rate of 4%.

Notes to the financial statements Year ended 31 August 2015

26 Pension commitments (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions (continued)

The actual return on scheme assets was £322,000 (2014 - £834,000).

Amounts recognised in statement of financial activities	2015 £'000	2014 £'000
Current service costs	561	438
Loss on curtailments	—	—
Total operating charge	561	438
Analysis of pension finance income		
Expected return on pension scheme assets	427	385
Interest on pension liabilities	(356)	(331)
Pension finance income	71	54

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 £756,000 loss (2014: £651,000 loss).

Movements in the overall deficit were as follows:

	2015 £'000	2014 £'000
Deficit at 1 September 2014	(1,700)	(582)
Churchill Gardens acquired on conversion	—	(654)
Current service cost	(561)	(438)
Employer contributions	323	296
Net finance interest	71	54
Actuarial losses	(105)	(376)
At 31 August 2015	(1,972)	(1,700)

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

	2015 £'000	2014 £'000
Deficit at 1 September 2014	8,619	5,425
Churchill Gardens liabilities acquired on conversion	—	1,276
Current service cost	561	438
Interest cost	356	331
Contributions by scheme participants	155	142
Actuarial losses	—	896
Benefits paid (net of transfers in)	(112)	111
Scheme liabilities at 31 August 2015	9,579	8,619

Notes to the financial statements Year ended 31 August 2015

26 Pension commitments (continued)

Local Government Pension Scheme (continued)

Principal actuarial assumptions (continued)

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

	2015 £'000	2014 £'000
Fair value of scheme assets at 1 September 2014	6,919	4,843
Churchill acquired on conversion	—	622
Expected return on scheme assets	427	385
Actuarial (loss)/gains	(105)	520
Contributions by employer	323	296
Contributions by scheme participants	155	142
Benefits paid (net of transfers in)	(112)	111
Fair value of scheme assets at 31 August 2015	7,607	6,919

The actuarial best estimate of contributions to be paid by the employer to the scheme in the next financial year is £315,000.

The history of experience adjustments is as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(9,579)	(8,619)	(5,425)	(4,183)	(3,167)
Fair value of share of scheme assets	7,607	6,919	4,843	3,722	3,203
(Deficit) surplus in scheme	(1,972)	(1,700)	(582)	(461)	36

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Experience (losses) gains on assets					
Amount	(105)	473	354	89	748
Percentage of assets	(1.4%)	6.8%	7.3%	2.4%	23.4%

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Experience gains/losses on liabilities					
Amount	—	70	—	9	558
Percentage of present value of liabilities	0.0%	-0.8%	0.0%	-0.2%	-17.6%

Notes to the financial statements Year ended 31 August 2015

27 Related party transactions

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

From 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. 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. No part of these monies were remitted to Future Academies during the year under review.

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 in the year ended 31 August 2014.

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

Notes to the financial statements Year ended 31 August 2015

29 Agency arrangements

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

At 1 September 2014 the Trust held a balance of £3,000 of funds to be disbursed in restricted funds.

In the year ended 31 August 2015, the Trust received £35,000 and disbursed £29,000 of 16-19 bursary funds. These amounts have been excluded from income and expenditure. An amount of £9,000 is included in other creditors relating to undistributed funds that are repayable to the EFA.