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Future Academies

Consolidated Annual Report and Financial Statements

31 August 2019

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

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Future Academies

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Future Academies

Reference and Administrative Information

| | |
|---|--|
| Members | Lord John Nash Lady Caroline Nash Gilbert Chalk Derek Sayer |
| Trustees | Lord John Nash (Chairman) Lady Caroline Nash Gilbert Chalk Lara Newman Paul Smith Clare Leech (until 11 September 2019) |
| Senior Management (during 2018/19) | Paul Smith (Chief Executive) Samantha Green (Executive Principal, Pimlico and Phoenix Academy) Hugo Hutchison (Executive Principal, Laureate and Barclay Academy) Tony Macdowall (Principal, Phoenix Academy) Matt Singh (Principal, Laureate Academy) Matthew Laban (Principal, Barclay Academy) Janella Ajeigbe (Principal, Churchill Gardens Primary Academy) Catherine Jefferson (Principal, Millbank Academy) Alex Gamon (Principal, Pimlico Primary) Rob Williams (Chief Operating Officer) Oliver Wimborne (Head of Curriculum Centre) Natalie Parker (Head of Initial Teacher Training and CPD) |
| 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 |
| Solicitors | Stone King, 16 St John's Lane, London. EC1 4BS |

Future Academies

Trustees' Report (including the strategic report)

For the year ended 31 August 2019

The Trustees of Future Academies ("the Academy Trust"), who are also Directors of the Academy Trust for the purposes of the Companies Act, present their statutory report and the audited consolidated financial statements for the year ended 31 August 2019, which include the financial results of the subsidiary company, Future Academies Trading Limited. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

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

The financial statements have been prepared in accordance with the accounting policies set out on page 26 to 31 of the attached financial statements and comply with the Academy Trust's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

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 Academy Trust's memorandum and articles of association are the primary governing documents. Members of the Academy Trust are nominated either by the principal Sponsor, Future, a charity founded by Lord John Nash and Lady Caroline Nash, or by the Secretary of State. The articles of association require the members of the Academy Trust to appoint at least one Trustee to be responsible for the affairs of the Academy Trust 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 is a multi-academy trust (MAT) of seven schools in Central London and Hertfordshire, with three "outstanding" schools and two "good" schools. The Academy Trust is made up of four secondary schools, Pimlico Academy, Phoenix Academy, Laureate Academy and Barclay Academy along with three primary schools: Churchill Gardens Primary Academy, Millbank Academy and Pimlico Primary. The Academy Trust's School Centred Initial Teacher Training institute, known as Future Training SCITT at the Future Institute, continues to train both primary and secondary teachers.

Future Academies

Legal status and members' liability

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

Trustees and Governors

Each Future Academies school has a Local Governing Body, the remit of which is to help the Trustees (known within the Academy Trust as Directors) hold the Principals and Executive 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 Governor. At Phoenix Academy, consistent with its funding agreement, there is a Local Governing Body, including two parent Governors. At Laureate Academy, consistent with its funding agreement, there is a Local Governing Body, including two parent Governors. At Barclay Academy, consistent with its funding agreement, there is a Local Governing Body, including two parent Governors. Consistent with their funding agreements, each primary school has its own Local Governing Body, including two parent Governors on each board. Trustees and Governors are appointed according to their skill sets and the contribution they can make to ensure the Academy Trust's activities are effective.

During the year under review, the Trustees held three meetings. The Finance and Audit Committee, a sub-group of Trustees, met three times. New Trustees and Governors are interviewed by experienced Trustees or Governors, given an introduction to the Academy 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 Academy Trust during the period.

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

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.

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Organisational structure

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

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

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

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

Arrangements for setting pay and remuneration of key management personnel

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

The teachers' pay policy takes into consideration the national agreed pay scale as outlined in the School Teachers Pay and Conditions Document.

Future Academies

Trade union facility time

Relevant union officials

| Number of employees who were relevant union officials during the period | Full-time equivalent employee number |
|---|--------------------------------------|
| 5 | 4.80 |

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 1-50% | 4 |

Percentage of pay bill spent on facility time

| | |
|---|-------------|
| Total cost of facility time | £3,450 |
| Total pay bill | £22,067,000 |
| Percentage of the total pay bill spent on facility time, calculated as: | 0.04% |

Paid trade union activities

| | |
|---|------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | 2.4% |
|---|------|

Connected organisations

Transactions with connected organisations during the year have been disclosed in note 21, related party transactions.

Risk management

The Academy Trust 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 Academy Trust faces.

During the period, Trustees reviewed all risks to which the Academy Trust 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 Academy Trust 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 Academy Trust's objectives and planning their activities the Trustees have given careful consideration to the Charity Commission general guidance on public benefit.

Future Academies

STRATEGIC REPORT

Achievements and performance and future plans

Overview

Our schools have continued to see the impact of Future Academies high expectations, Education Enrichment programme and knowledge-rich curriculum delivered by expert teachers. The Trust's academies have achieved results significantly ahead of national averages despite some of the most challenging socio-economic factors. Of the Academy Trust's seven schools, five have been inspected with three judged as Outstanding and two being judged as Good.

Laureate Academy and Barclay Academy joined the MAT in 2019.

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

Key Performance Indicators

Future Academies has enjoyed a strong year both in terms of performance and culture across the organisation. The development of the Curriculum Centre has been a particular highlight and has led to the development and launching of excellent curriculum resources in Key Stage 2 in History, Geography and English. The Curriculum Centre team are writing Key Stage 3 curriculum resources in Geography, Science and English.

The Curriculum Centre was successful in its bid to partner with the Department for Education's curriculum innovation fund. We have been working with schools in Folkestone to support the implementation of a Future Academies curriculum.

The Academy Trust has continued to develop the 'Future Way' set of policy and procedures to support school leaders. This has led to both a clearer understanding of the distinctive nature of a Future Academies school.

Pimlico Academy

Pimlico Academy has enjoyed strong performance this year. It has reached the school's highest performance scores demonstrating the increasing 'value added' effect the knowledge-rich curriculum and expert teaching model is having. The Progress 8 score of +0.56 places the school in the well above average performance bracket.

In detail:

GCSE

- Progress 8 has improved to 0.56, placing the school in the 'well above average' bracket;
- 60% of the cohort fulfilled the EBacc entry requirement with an average point score of 4.89;
- Attainment 8 has improved to 53; and
- 50% of students achieved grade 5 or above in English and Maths.

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A-Level

- The Average Point Score per A Level entry is up from last year at 36.5 (B-) (previously 34.3 – C+);
- Performance in A Level significantly improved compared to last year with 63% of students achieving an A*-B; and
- Highest performing subjects were English Lit with outcomes of 87.5% (7) A*-B, English Language - 85.7% (6) A*-B, Spanish – 83.3% (5) A*-B, Sociology – 82.4% (14) A*-B and Further Maths – 80% (4) A*-B

Phoenix Academy

Phoenix Academy was judged as being Good during its first Ofsted inspection in April 2019, just seven terms after joining Future Academies as a Special Measures school.

In detail:

GCSE

- Progress 8 score of -0.07;
- Attainment 8 improved to 44.6; and
- 33% of students achieved grade 5 or above in English and Maths.

Millbank Academy

Millbank performed in line with national expectations in 2018/19.

- Average Score in Reading –100.9;
- Average Score in Maths – 103.3;
- Average Score in GPS – 107.8;
- 65% met the expected standard for Reading;
- 92% met the expected standard for GPS; and
- 75% met the expected standard for Maths.

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Churchill Gardens Primary Academy

Churchill Gardens is the most improved school in the Academy Trust and has seen significant improvements in behaviour that is now outstanding, outcomes are now good and there are good levels of alignment with the Academy Trust vision and goals.

Outcomes at Churchill Gardens Primary Academy are at record levels in the school's history at KS2:

KS2

- Average Score in Reading – 105.1;
- Average Score in Maths –105.4;
- Average Score in GPS – 110.3;
- 79% met the expected standard for Reading;
- 85% met the expected standard for GPS; and
- 79% met the expected standard for Maths.

Pimlico Primary

Our free school continues to grow and develop. The school represented the best outcomes at Key Stage 1 in the MAT. The oldest children are now in Year 6 and we look forward to their first set of Key Stage 2 SATs later this year.

Plans for the future period

The MAT's strategic targets for 2019/20 are:

- Integrate the Meller Educational Trust schools in Watford into Future Academies, following the announcement from the Head Teachers Board in October 2019;
- Develop the Future Way portfolio of policies and procedures for schools;
- Develop Key Stage 3 curriculum materials that build on the Key Stage 2 materials;
- Increase levels of attainment in all subjects at Key Stage 2 and 4;
- Increase numbers of students entering the EBacc to achieve the Government targets in 2022 and 2025; and
- Continue strategic growth of the MAT in the geographical regions we are based.

Future Academies

FINANCIAL REVIEW

Financial report for the year

Total expenditure for the year was £32,474,000 (2018 - £25,714,000). The deficit for the period (excluding restricted fixed asset funds and before the pension scheme actuarial adjustments) was £763,000 (2018 deficit of £846,000).

At 31 August 2019, the net book value of fixed assets was £112,225,000 (2018 - £76,369,000) 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 a valuation on conversion. A formal lease over each of these buildings is in place with Westminster City Council. Pimlico Primary sits on land leased to the Trust for use by Pimlico Academy and construction costs were met by the ESFA. Phoenix Academy's land and buildings are included in the financial statements at a valuation on conversion for the building and freehold for the land. The same treatment applies to the freehold land and buildings at Laureate Academy and the leasehold land and buildings at Barclay Academy.

The assets are used to meet the objectives of the Academy 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 £2,734,000 (2018 - £3,497,000).

Financial position

The Academy Trust held total fund balances at 31 August 2019 of £106,692,000 (2018 - £76,512,000), comprising restricted funds of £103,958,000, including a pension reserve deficit of £8,316,000 (2018 - £73,015,000, including a pension reserve deficit of £3,354,000) and unrestricted funds of £2,734,000 (2018 - £3,497,000).

Future Academies

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have considered the risks and uncertainties faced by the Academy Trust. These are summarised below.

| Risk | Impact | Mitigation |
|--|---|--|
| The Government will reduce funding further | Reduced income available to operate the schools | Plans to reduce expenditure have been reflected in the 2019/20 budget |
| Falling number of pupils | Reduced income available for the Trust to operate | Marketing to grow the number of pupils, and delivery of results to attract parents to send their children to the schools |
| Staff turnover | Reduced continuity of teaching and ability to deliver consistent high quality teaching and support services | Investment in retaining and training and developing staff |
| Financial risks of ongoing deficits inherited from new schools | Reduction in Trust reserves | Restructuring plans completed at Laureate and Barclay Academies |
| Risk of fraud | The impact could be financial and / or reputational | Financial controls in operation |
| A damaging event e.g. a safeguarding incident | Parents would be less likely to want to send their children to a Future Academies school | Safeguarding plans in operation at school and MAT level |
| Underperforming school results | Parents would be less likely to want to send their children to a Future Academies school | Robust school improvement plans in operation |
| A serious breach of the Health and Safety regulations | Injury to students / staff / contractors / visitors | Regular Health and Safety audits and follow up |
| A serious breach of the GDPR regulations | Fines from the ICO, legal action from the personal data owners, and reputational damage | GDPR audits and follow up in operation |

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FUNDRAISING

The Academy Trust did not undertake any fundraising activities in the year.

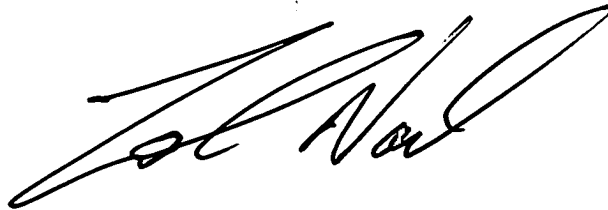
AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the Academy Trust'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 3 December 2019 and signed on its behalf by:

John Nash
Trustee

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

Future Academies

Governance Statement

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Future Academies has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Trustees have delegated the day-to-day responsibility to the Chief Executive of Future Academies, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to Future Academies in its funding agreement with the Secretary of State for Education. The Chief Executive is also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of Trustees' responsibilities. The Trustees have formally met three times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Number of meetings attended | Out of a possible |
|---------------------------------------|--------------------------------|-------------------|
| Lord John Nash | 3 | 3 |
| Lady Caroline Nash | 3 | 3 |
| Gilbert Chalk | 3 | 3 |
| Lara Newman | 3 | 3 |
| Clare Leech (until 11 September 2019) | 3 | 3 |
| Paul Smith | 3 | 3 |

Matters relating to the operation of the Academy Trust are considered at Trustees' meetings, including a review of the Academy 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 Academy Trust including annual accounts, budgets, internal controls and the appointment of auditors.

| Audit Committee member | Number of meetings attended | Out of a possible |
|------------------------|--------------------------------|-------------------|
| Lord John Nash | 3 | 3 |
| Lady Caroline Nash | 3 | 3 |

In addition, the Audit Committee members have a monthly Finance meeting with the Chief Executive and the Chief Operating Officer, where the latest monthly management accounts and financial affairs are reviewed, and actions agreed and followed up. This has ensured that the Trustees have maintained the necessary level of oversight.

Future Academies

Governance reviews

The Academy Trust reviews governance, at all levels, regularly.

We have worked closely with Governors for Schools (formally SGOSS) and Inspiring Governance to recruit new members for our LGBs.

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 Academy 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 Academy Trust continues to drive the streamlining of our finance and administration systems.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust'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 Academy Trust for the year ended 31 August 2019 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 Academy Trust 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 Academy Trust's significant risks that has been in place for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

Future Academies

The risk and control framework

The Academy Trust'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 Bodies of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

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

The key financial controls in operation during the year were reviewed including checks on:

- The monthly payroll;
- The raising and approval of purchase requisitions and purchase orders and purchase invoices from suppliers; and
- The weekly BACs payment run to all suppliers.

Review of effectiveness

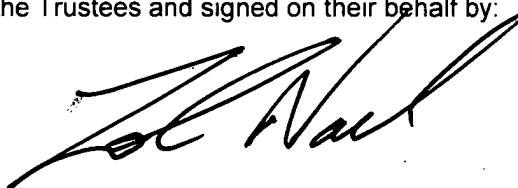
The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

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

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



Paul Smith
Accounting Officer



Approved on: 3/12/19.

Future Academies

Statement on Regularity, propriety and compliance

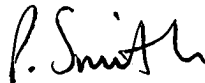
As Accounting Officer of Future Academies, I have considered my responsibility to notify the Academy Trust's Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between Future Academies and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust's Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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

Paul Smith

Accounting Officer



Date:

31/12/19.

Future Academies

Statement of Trustees' Responsibilities

Year to 31 August 2019

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

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Academy Trust and of its income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy Trust will continue in operation.

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

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

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

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

John Nash

Chair of the Trustees

Date:

3 / 12 / 19

Future Academies

Independent auditor's report to the members of Future Academies

Opinion

We have audited the financial statements of Future Academies (the 'Academy Trust') and its subsidiary (the "group") for the year ended 31 August 2019 which comprise the group statement of financial activities, the group and Academy Trust balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2018 to 2019.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and Academy Trust's affairs as at 31 August 2019 and of the group income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Future Academies

Other information (covering the reference and administrative details, the report of the Trustees and strategic report and the governance statement)

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- ◆ adequate accounting records have not been kept by the Academy Trust, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the Academy Trust's 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.

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the group's and Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters

Future Academies

related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust'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 Academy Trust and the Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2 6DL

12 December 2019

Future Academies

Independent Accountant's Report

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

In accordance with the terms of our engagement letter dated 16 June 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Future Academies' funding agreement with the Secretary of State for Education dated 10 April 2008 and the Academies Financial Handbook 2018, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Future Academies

Approach

We conducted our engagement in accordance with the Academies' Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust'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 Academy Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 2018 to 31 August 2019 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

12 December 2019

Future Academies

Consolidated statement of financial activities: Year ended 31 August 2019 (Including Income and Expenditure Account)

| | Notes | Unrestricted general fund £'000 | Restricted general funds £'000 | Restricted fixed assets fund £'000 | 2019 Total funds £'000 | 2018 Total funds £'000 |
|--|-------|--|---|--|---------------------------------|---------------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 1 | — | 1,224 | 75 | 1,299 | 602 |
| Transfer on conversion | 24 | — | (1,472) | 37,613 | 36,141 | 94 |
| Charitable activities | | | | | | |
| . Funding for the Academy Trust's educational operations | 4 | 63 | 25,862 | — | 25,925 | 20,826 |
| Teaching Schools | 4 | — | 40 | — | 40 | 50 |
| Other trading activities | 2 | 1,480 | — | — | 1,480 | 1,141 |
| Investments | 3 | 15 | — | — | 15 | 1 |
| Total income | | 1,558 | 25,654 | 37,688 | 64,900 | 22,714 |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| . Academy Trust's educational operations | 6 | — | (30,651) | (1,783) | (32,434) | (25,664) |
| Teaching Schools | 6 | — | (40) | — | (40) | (50) |
| Total | 5 | — | (30,691) | (1,783) | (32,474) | (25,714) |
| Net income / (expenditure) before transfers | | 1,558 | (5,037) | 35,905 | 32,426 | (3,000) |
| Transfers between funds | 15 | (2,321) | 2,321 | — | — | — |
| Net income / (expenditure) for the year | | (763) | (2,716) | 35,905 | 32,426 | (3,000) |
| Other recognised gains and losses | | | | | | |
| Actuarial gains / (losses) on defined benefit pension scheme | 20 | — | (2,246) | — | (2,246) | 2,476 |
| Net movement in funds | | (763) | (4,962) | 35,905 | 30,180 | (524) |
| Reconciliation of funds | | | | | | |
| Total fund balances brought forward at 1 September 2018 | | 3,497 | (3,354) | 76,369 | 76,512 | 77,036 |
| Total fund balances carried forward at 31 August 2019 | | 2,734 | (8,316) | 112,274 | 106,692 | 76,512 |

All activities are derived from continuing operations.

All recognised gains and losses are included in the Statement of Financial Activities.

Future Academies

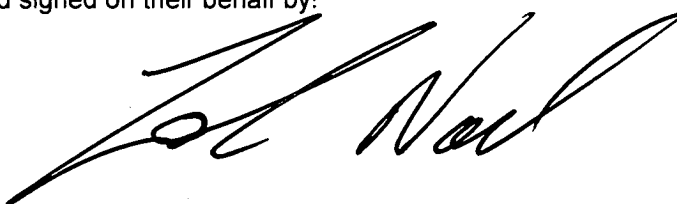
Future Academies Consolidated Balance Sheet

As at 31 August 2019

| | Notes | 2019 £'000 | 2019 £'000 | 2018 £'000 | 2018 £'000 |
|--|-------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Intangible fixed assets | 12 | | 33 | | 55 |
| Tangible fixed assets | 12 | | 112,192 | | 76,314 |
| | | | 112,225 | | 76,369 |
| Current assets | | | | | |
| Stock | | 32 | | 87 | |
| Debtors | 13 | 2,164 | | 2,013 | |
| Cash at bank and in hand | | 3,675 | | 4,076 | |
| | | 5,871 | | 6,176 | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 14 | (3,088) | | (2,679) | |
| Net current assets | | | 2,783 | | 3,497 |
| Total assets less current liabilities | | | 115,008 | | 79,866 |
| Net assets excluding pension scheme liability | | | 115,008 | | 79,866 |
| Defined benefit pension scheme liability | 20 | | (8,316) | | (3,354) |
| Total net assets | | | 106,692 | | 76,512 |
| Restricted funds: | | | | | |
| Fixed assets fund | 15 | | 112,274 | | 76,369 |
| Restricted income fund | 15 | | — | | — |
| Pension reserve | 15 | | (8,316) | | (3,354) |
| Total restricted funds | | | 103,958 | | 73,015 |
| Unrestricted income funds | | | | | |
| General fund | 15 | | 2,734 | | 3,497 |
| Total funds | | | 106,692 | | 76,512 |

Approved by the Trustees and signed on their behalf by:

Lord John Nash
Chair of Trustees
Future Academies
Company Limited by Guarantee
Registration Number 6543442
(England and Wales)
Approved on:



3 / 12 / 19

Future Academies

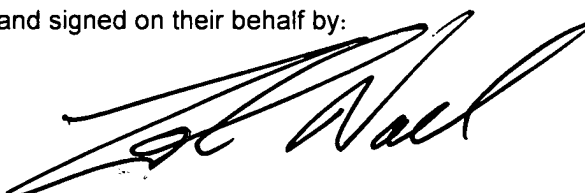
Academy Trust Balance Sheet

As at 31 August 2019

| | Notes | 2019 £'000 | 2019 £'000 | 2018 £'000 | 2018 £'000 |
|--|-------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Intangible fixed assets | 12 | | 33 | | 55 |
| Tangible fixed assets | 12 | | 112,192 | | 76,314 |
| | | | 112,225 | | 76,369 |
| Current assets | | | | | |
| Stock | | 32 | | 87 | |
| Debtors | 13 | 2,184 | | 2,400 | |
| Cash at bank and in hand | | 3,651 | | 3,685 | |
| | | 5,867 | | 6,172 | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 14 | (3,088) | | (2,675) | |
| Net current assets | | | 2,783 | | 3,497 |
| Total assets less current liabilities | | | 115,008 | | 79,866 |
| Net assets excluding pension scheme liability | | | 115,008 | | 79,866 |
| Defined benefit pension scheme liability | 20 | | (8,316) | | (3,354) |
| Total net assets | | | 106,692 | | 76,512 |
| Restricted funds: | | | | | |
| Fixed assets fund | 15 | | 112,274 | | 76,369 |
| Restricted income fund | 15 | | — | | — |
| Pension reserve | 15 | | (8,316) | | (3,354) |
| Total restricted funds | | | 103,958 | | 73,015 |
| Unrestricted income funds | | | | | |
| General fund | 15 | | 2,734 | | 3,497 |
| Total funds | | | 106,692 | | 76,512 |

Approved by the Trustees and signed on their behalf by:

Lord John Nash
Chair of Trustees
Future Academies
Company Limited by Guarantee
Registration Number 6543442
(England and Wales)
Approved on:



3 / 12 / 19

Future Academies

Consolidated statement of cash flows

For year ended 31 August 2019

| | | 2019 £'000 | 2018 £'000 |
|---|---|---------------|----------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | A | (466) | (1,545) |
| Cash flows from investing activities | B | 65 | (132) |
| | | (401) | (1,677) |
| Change in cash and cash equivalents in the year | | | |
| Cash and cash equivalents at 1 September 2018 | | 4,076 | 5,753 |
| Cash and cash equivalents at 31 August 2019 | | 3,675 | 4,076 |
| A Reconciliation of net income / (expenditure) to net cash flows from operating activities | | | |
| | | 2019 £'000 | 2018 £'000 |
| Net expenditure for the reporting period (as per the statement of financial activities) | | 32,426 | (3,000) |
| Adjusted for: | | | |
| Amortisation charges | | 22 | 11 |
| Depreciation charges | | 1,761 | 1,810 |
| Inherited fixed assets | | (37,613) | — |
| Capital grants from DfE and other capital income | | (75) | (62) |
| Interest receivable (note 3) | | (15) | (1) |
| Defined benefit pension scheme obligation inherited | | 1,472 | — |
| Defined benefit pension scheme cost less contributions payable (note 28) | | 1,126 | 928 |
| Defined benefit pension scheme finance cost | | 111 | 110 |
| Defined benefit pension scheme admin expense | | 7 | 7 |
| Decrease in stocks | | 55 | 42 |
| (Increase) in debtors | | (151) | (1,122) |
| Increase / (decrease) in creditors | | 408 | (256) |
| Net cash used in operating activities | | (466) | (1,533) |
| B Cash flows from investing activities | | | |
| | | 2019 £'000 | 2018 £'000 |
| Dividends, interest and rents from investments | | 15 | 1 |
| Purchase of intangible fixed assets | | — | (66) |
| Purchase of tangible fixed assets | | (25) | (129) |
| Capital grants from DfE/ESFA | | 75 | 62 |
| Net cash provided by / (used in) investing activities | | 65 | (132) |
| C Analysis of cash and cash equivalents | | | |
| | | 2019 £'000 | 2018 £'000 |
| Cash in hand and at bank | | 3,675 | 4,076 |
| Total cash and cash equivalents | | 3,675 | 4,076 |

Future Academies

Principal accounting policies

31 August 2019

Statement of accounting policies

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

Basis of Preparation

The financial statements of Future Academies, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The consolidated financial statements consolidate the financial statements of Future Academies and its subsidiary undertaking, Future Academies Trading Limited, drawn up to the 31 August 2019.

Future Academies has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of financial activities in these financial statements. The parent Academy Trust's net income for the year was £32,426,000 (2018 – net expenditure £3,000,000).

Going Concern

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

Income

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

Future Academies

Grants

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

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

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

Sponsorship Income

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

Donations

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

Other trading income

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

Expenditure

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

Future Academies

Charitable activities

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

All expenditure is stated exclusive of recoverable VAT.

Agency agreements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Academy 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 22.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write down the cost less any residual value over the expected useful lives, using the straight-line method. Expenditure, other than own staff costs and training, incurred by Future Academies relating to the licences and implementation of the finance computer software, which is deemed to have a future economic benefit of more than a year, is capitalised at cost. The amortisation of such expenditure is charged on a straight-line basis over the estimated useful life of the asset up to a maximum of three years. Amortisation is charged on a straight-line basis from the month in which the asset was brought into use at the following annual rate:

- ◆ Finance computer software 33.3% p.a.

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

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. Single purchases of less than £5,000 may be capitalised where they are part of a more comprehensive scheme where the total is more than £5,000.

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

Future Academies

| | | |
|-------------------------------------|-------|------|
| ◆ Buildings | 2.0% | p.a. |
| ◆ Motor vehicles | 12.5% | p.a. |
| ◆ Furniture, fittings and equipment | 25.0% | p.a. |
| ◆ Computer equipment | 25.0% | p.a. |

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

Liabilities

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

Provisions

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

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

Leased assets

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

Financial instruments

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

- ◆ Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due from the Academy Trust's wholly owned subsidiary are held at face value less any impairment;
- ◆ Cash at bank – is classified as a basic financial instrument and is measured at face value;
- ◆ Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to Academy Trust's wholly owned subsidiary are held at face value less any impairment.

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Stock

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

Taxation

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

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Future Academies

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Under the funding agreement with the Secretary of State, only Pimlico Academy was subject to limits at 31 August 2019 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 2019.

Future Academies

Notes to the financial statements

Year ended 31 August 2019

1 Donations and capital grants

| | Restricted funds £'000 | Restricted fixed assets funds £'000 | 2019 Total funds £'000 |
|----------------------------|------------------------------|---|---------------------------------|
| Capital grants | — | 75 | 75 |
| Other donations (note 21)* | 1,224 | — | 1,224 |
| | 1,224 | 75 | 1,299 |

| | Restricted funds £'000 | Restricted fixed assets funds £'000 | 2018 Total funds £'000 |
|---------------------------|------------------------------|---|---------------------------------|
| Capital grants | — | 62 | 62 |
| Other donations (note 21) | 540 | — | 540 |
| | 540 | 62 | 602 |

2 Other trading activities

| | Unrestricted funds £'000 | Restricted funds £'000 | 2019 Total funds £'000 |
|-----------------------------|--------------------------------|------------------------------|---------------------------------|
| Hire of facilities | 632 | — | 632 |
| Trip income | 81 | — | 81 |
| Catering income | 153 | — | 153 |
| Special music contributions | 36 | — | 36 |
| Uniform sales | 88 | — | 88 |
| Other income | 490 | — | 256 |
| | 1,480 | — | 1,246 |

| | Unrestricted funds £'000 | Restricted funds £'000 | 2018 Total funds £'000 |
|-----------------------------|--------------------------------|------------------------------|---------------------------------|
| Hire of facilities | 529 | — | 529 |
| Trip income | 51 | — | 51 |
| Catering income | 129 | — | 129 |
| Special music contributions | 31 | — | 31 |
| Uniform sales | 73 | — | 73 |
| Other income | 328 | — | 328 |
| | 1,141 | — | 1,141 |

Future Academies

3 Investment income

| | Unrestricted funds £'000 | Restricted funds £'000 | 2019 Total funds £'000 |
|---------------------|--------------------------------|------------------------------|---------------------------------|
| Interest receivable | 15 | — | 15 |
| | 15 | — | 15 |

| | Unrestricted funds £'000 | Restricted funds £'000 | 2018 Total funds £'000 |
|---------------------|--------------------------------|------------------------------|---------------------------------|
| Interest receivable | 1 | — | 1 |
| | 1 | — | 1 |

4 Funding for the Academy Trust's educational operations

| | Unrestricted funds £'000 | Restricted funds £'000 | 2019 Total funds £'000 |
|---|--------------------------------|------------------------------|---------------------------------|
| DfE / ESFA grants | | | |
| General Annual Grant (GAG) | — | 20,807 | 20,807 |
| Start Up / Pre-opening Grants | — | 295 | 295 |
| Other DfE / ESFA | — | 2,286 | 2,286 |
| Teaching School grants | — | 40 | 40 |
| | — | 23,428 | 23,428 |
| Other government grants | | | |
| Local authority grants | — | 2,474 | 2,474 |
| | — | 2,474 | 2,474 |
| Other income from the Academy Trust's educational operations | 63 | — | 63 |
| | 63 | 25,902 | 25,965 |

| | Unrestricted funds £'000 | Restricted funds £'000 | 2018 Total funds £'000 |
|---|--------------------------------|------------------------------|---------------------------------|
| DfE / ESFA grants | | | |
| General Annual Grant (GAG) | — | 17,516 | 17,516 |
| Start Up / Pre-opening Grants | — | 137 | 137 |
| Other DfE / ESFA | — | 1,812 | 1,812 |
| | — | 19,465 | 19,465 |
| Other government grants | | | |
| Local authority grants | — | 1,166 | 1,166 |
| | — | 1,166 | 1,166 |
| Other income from the Academy Trust's educational operations | — | 195 | 195 |
| | — | 20,826 | 20,826 |

Future Academies

5 Expenditure

| | Staff costs £'000 | Premises £'000 | Other costs £'000 | 2019 Total funds £'000 |
|--|-------------------------|-------------------|-------------------------|---------------------------------|
| Academy Trust's educational operations | | | | |
| . Direct costs | 16,005 | 1,759 | 2,020 | 19,784 |
| . Support costs | 6,056 | 3,229 | 3,405 | 12,690 |
| | <u>22,061</u> | <u>4,988</u> | <u>5,425</u> | <u>32,474</u> |

| | Staff costs £'000 | Premises £'000 | Other costs £'000 | 2018 Total funds £'000 |
|--|-------------------------|-------------------|-------------------------|---------------------------------|
| Academy Trust's educational operations | | | | |
| . Direct costs | 12,740 | 1,810 | 1,961 | 16,511 |
| . Support costs | 5,603 | 1,691 | 1,909 | 9,203 |
| | <u>18,343</u> | <u>3,501</u> | <u>3,870</u> | <u>25,714</u> |

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Net income for the year includes : | | |
| Operating lease rentals | 75 | 55 |
| Depreciation | 1,761 | 1,798 |
| Amortisation of intangible fixed assets | 22 | 11 |
| Fees payable to auditor for | | |
| -Statutory audit | 23 | 19 |
| -Non statutory audit | 11 | 5 |
| -Other services | 4 | 4 |

Future Academies

6 Charitable activities – Academy Trust's educational operations

| | 2019 Total funds £'000 | 2018 Total funds £'000 |
|---------------|---------------------------------|---------------------------------|
| Direct costs | 19,784 | 16,511 |
| Support costs | 12,690 | 9,203 |
| | 32,474 | 25,714 |

| | 2019 Total funds £'000 | 2018 Total funds £'000 |
|---------------------|---------------------------------|---------------------------------|
| Support staff costs | 6,056 | 5,603 |
| Governance costs | 244 | 279 |
| Premises & building | 3,229 | 1,185 |
| Other support costs | 2,763 | 1,918 |
| Technology costs | 398 | 218 |
| | 12,690 | 9,203 |

Future Academies

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2018 between restricted and unrestricted funds:

| | | Unrestricted | Restricted funds | | | 2018 |
|--|-------|-----------------------|------------------|----------------|-------------------------------|----------------------|
| | Notes | General fund £'000 | ESFA £'000 | Other £'000 | Fixed assets fund £'000 | Total funds £'000 |
| Income from: | | | | | | |
| Donations and capital grants | 1 | — | — | 540 | 62 | 602 |
| Transfer on conversion | 17 | — | — | 94 | — | 94 |
| Charitable activities | | | | | | |
| • Funding for the Academy Trust's educational operations | 4 | — | 19,465 | 1,361 | — | 20,826 |
| • Teaching Schools | | — | 50 | — | — | 50 |
| Other trading activities | 2 | 1,141 | — | — | — | 1,141 |
| Investments | 3 | 1 | — | — | — | 1 |
| Total income | | 1,142 | 19,515 | 1,995 | 62 | 22,714 |
| Expenditure on: | | | | | | |
| Charitable activities | | | | | | |
| • Academy Trust's educational operations | 5 | — | (21,797) | (1,995) | (1,872) | (25,664) |
| • Teaching Schools | | — | (50) | — | — | (50) |
| Total | | — | (21,847) | (1,995) | (1,872) | (25,714) |
| Net income / (expenditure) before transfers | | 1,142 | (2,332) | — | (1,810) | (3,000) |
| Transfers between funds | 15 | (823) | 628 | — | 195 | — |
| Net income / (expenditure) | | 319 | (1,704) | — | (1,615) | (3,000) |
| Other recognised gains and losses | | | | | | |
| Actuarial gains on defined benefit pension scheme | 21 | — | 2,476 | — | — | 2,476 |
| Net movement in funds | | 319 | 772 | — | (1,615) | (524) |
| Reconciliation of funds | | | | | | |
| Total fund balances brought forward at 1 September 2017 | | 3,178 | (4,126) | — | 77,984 | 77,036 |
| Total fund balances carried forward at 31 August 2018 | | 3,497 | (3,354) | — | 76,369 | 76,512 |

Future Academies

8 Staff

(a) Staff costs

Staff costs during the year were as follows:

| | 2019 Total funds £'000 | 2018 Total funds £'000 |
|------------------------------------|---------------------------------|---------------------------------|
| Wages and salaries | 16,012 | 12,845 |
| Social security costs | 1,688 | 1,352 |
| Pension costs | 2,442 | 2,758 |
| Apprenticeship levy | 66 | 49 |
| Supply staff costs | 1,202 | 1,253 |
| | 21,410 | 18,257 |
| Staff restructuring costs | 651 | 86 |
| | 22,061 | 18,343 |
| Staff restructuring costs comprise | | |
| Redundancy payments | 644 | — |
| Severance payments | 71 | 86 |
| | 715 | 86 |

(b) Staff severance payments

Included in staff restructuring costs above are non-statutory / non-contractual severance payments totalling £70,606 (2018: £86,432) that were paid to four employees (2018: nine employees).

(c) Staff numbers

The average number of persons (including the senior management team) employed during the year ended 31 August 2019 was as follows:

| Headcount | 2019 Total No. | 2018 Total No. |
|----------------------------|-----------------------|-----------------------|
| Teachers | 234 | 174 |
| Administration and support | 217 | 181 |
| Management | 36 | 30 |
| | 487 | 385 |
| FTE | 2019 Total FTE. | 2018 Total FTE. |
| Teachers | 236 | 186 |
| Administration and support | 174 | 145 |
| Management | 51 | 9 |
| | 461 | 340 |

Future Academies

8 Staff (continued)

(d) Higher paid staff

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

| | 2019 | 2018 |
|---------------------|-----------|-----------|
| £60,001 - £70,000 | 13 | 11 |
| £70,001 - £80,000 | 7 | 7 |
| £80,001 - £90,000 | 1 | 2 |
| £90,001 - £100,000 | 2 | — |
| £110,001 - £120,000 | 1 | 2 |
| £130,001 - £140,000 | 1 | — |
| £150,001 - £160,000 | 1 | — |
| £160,001 - £170,000 | 1 | 1 |
| | 27 | 23 |

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 2019, pension contributions for these staff amounted to £308,691 (2018 - £275,047).

(e) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £931,686 (2018: £984,508).

9 Trustees' remuneration and expenses

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

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

| | 2019 £'000 | 2018 £'000 |
|-----------------------------------|---------------|---------------|
| Paul Smith | | |
| . Remuneration | £165-£170 | £165 - £170 |
| . Employer's pension contribution | £25-£30 | £25 - £30 |

During the year ended 31 August 2019, no travel and subsistence expenses were reimbursed (2018: £nil).

Other related party transactions involving the Trustees and connected parties are set out in note 21.

Future Academies

10 Trustees' and Officers' insurance

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

11 Commercial trading operations

The Academy Trust holds 100% of the issued ordinary share capital of Future Academies Trading Limited. The subsidiary is incorporated in the United Kingdom and its principal business activity is the hire of facilities. Summarised financial information is given below:

| | 2019 Total funds £'000 | 2018 Total funds £'000 |
|---|---------------------------------|---------------------------------|
| Turnover | 548 | 497 |
| Gross profit | 548 | 497 |
| Administrative expenses | (548) | (497) |
| Profit on ordinary activities before and after taxation | — | — |

The assets and liabilities of the subsidiary were:

| | 2019 Total funds £'000 | 2018 Total funds £'000 |
|--|---------------------------------|---------------------------------|
| Current assets | 188 | 526 |
| Creditors: amounts falling due within one year | (188) | (526) |
| Net assets | — | — |

12 Tangible and intangible fixed assets

Intangible Fixed Assets

| Group and Academy Trust | Computer software £'000 | Total 2019 £'000 |
|-------------------------|-------------------------------|------------------------|
| Cost | | |
| At 1 September 2018 | 66 | 66 |
| At 31 August 2019 | 66 | 66 |
| Amortisation | | |
| At 1 September 2018 | 11 | 11 |
| Charges for the period | 22 | 22 |
| At 31 August 2019 | 33 | 33 |
| Net book values | | |
| At 31 August 2019 | 33 | 33 |
| At 31 August 2018 | 55 | 55 |

Future Academies

12 Tangible and Intangible fixed assets (continued)

Tangible Fixed Assets - Group and Academy Trust

| | Freehold land and buildings £'000 | Leasehold land and buildings £'000 | Furniture and equipment £'000 | Computer equipment £'000 | Motor vehicles £'000 | Total funds £'000 |
|------------------------|--|---|--|--------------------------------|----------------------------|-------------------------|
| Cost/valuation | | | | | | |
| At 1 September 2018 | 41,850 | 41,437 | 1,715 | 1,101 | 40 | 86,143 |
| Transfer on conversion | 15,876 | 21,737 | — | — | — | 37,613 |
| Additions | — | — | 19 | 7 | — | 26 |
| At 31 August 2019 | 57,726 | 63,174 | 1,734 | 1,108 | 40 | 123,782 |
| Depreciation | | | | | | |
| At 1 September 2018 | 1,006 | 6,366 | 1,472 | 955 | 30 | 9,829 |
| Charge in period | 503 | 1,088 | 96 | 69 | 5 | 1,761 |
| At 31 August 2019 | 1,509 | 7,454 | 1,568 | 1,024 | 35 | 11,590 |
| Net book value | | | | | | |
| At 31 August 2019 | 56,217 | 55,720 | 166 | 84 | 5 | 112,192 |
| At 31 August 2018 | 40,844 | 35,071 | 243 | 146 | 10 | 76,314 |

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

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

The additions for freehold land and buildings reflect the conversion of Laureate Academy on 1 January 2019 and the additions for leasehold land and buildings reflect the conversion of Barclay Academy on 1 February 2019.

Future Academies

13 Debtors

| | Consolidated | | Academy Trust | |
|--|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| VAT recoverable | 491 | 587 | 491 | 587 |
| Other debtors | 789 | 939 | 789 | 846 |
| Prepayments | 884 | 487 | 720 | 487 |
| Amount due from subsidiary undertaking | — | — | 184 | 480 |
| | 2,164 | 2,013 | 2,184 | 2,400 |

14 Creditors: amounts falling due within one year

| | Consolidated | | Academy Trust | |
|---|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Trade creditors | 959 | 1,305 | 959 | 1,303 |
| Taxation and social security | 461 | 385 | 461 | 385 |
| Other creditors | 129 | 301 | 129 | 301 |
| Accruals | 1,016 | 389 | 1,016 | 387 |
| Deferred income | 523 | 299 | 523 | 299 |
| | 3,088 | 2,679 | 3,088 | 2,675 |
| Deferred income (included above) | | | | |
| Deferred income at 1 September 2018 | 299 | 373 | 299 | 373 |
| Amounts released from previous years | (299) | (373) | (299) | (373) |
| Resources deferred in the year | 523 | 299 | 523 | 299 |
| Deferred income at 31 August 2019 | 523 | 299 | 523 | 299 |

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

Future Academies

15 Funds

| Consolidated and Academy Trust | Balance at 1 September 2018 £'000 | Incoming resources £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2019 £'000 |
|-------------------------------------|--------------------------------------|-----------------------------|----------------------|--------------------------------------|------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | — | 20,847 | (23,168) | 2,321 | — |
| Start Up Grant | — | 295 | (295) | — | — |
| Pupil Premium | — | 1,586 | (1,586) | — | — |
| Other DfE/ESFA grants | — | 700 | (700) | — | — |
| Pension reserve | (3,354) | (1,472) | (1,244) | (2,246) | (8,316) |
| | (3,354) | 21,956 | (26,993) | 75 | (8,316) |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 45,857 | 37,613 | — | — | 83,470 |
| DfE/ESFA capital grants | 542 | 75 | — | — | 617 |
| Construction of Pimlico Primary | 3,812 | — | — | — | 3,812 |
| Capital expenditure from GAG | 265 | — | — | — | 265 |
| Capital expenditure from reserves | 195 | — | — | — | 195 |
| Other fixed assets | 25,698 | — | (1,783) | — | 23,915 |
| | 76,369 | 37,688 | (1,783) | — | 112,274 |
| Other restricted funds | | | | | |
| Local authority grants | — | 2,474 | (2,474) | — | — |
| Other restricted funds | — | 1,224 | (1,224) | — | — |
| | — | 3,698 | (3,698) | — | — |
| Total restricted funds | 73,015 | 63,342 | (32,474) | 75 | 103,958 |
| Unrestricted funds | | | | | |
| General funds | 3,497 | 1,558 | — | (2,321) | 2,734 |
| Total unrestricted funds | 3,497 | 1,558 | — | (2,321) | 2,734 |
| Total funds | 76,512 | 64,900 | (32,474) | (2,246) | 106,692 |

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

Restricted income funds

These funds relate to the Academy Trust'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 2019. Pimlico Academy did not exceed the limits during the year ended 31 August 2019.

Pension reserve

The pension reserve relates to the Academy Trust's share of the deficits of the City of Westminster Hammersmith Council and Hertfordshire County Council Local Government Pension Schemes.

Future Academies

15. Funds (continued)

Restricted fixed asset fund

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

Analysis of fund balances by Academy

Fund balances at 31 August 2019 were allocated as follows:

| | 2019 Total funds £'000 | 2018 Total funds £'000 |
|--|---------------------------------|---------------------------------|
| Pimlico Academy | 3,566 | 3,265 |
| Pimlico Primary | 274 | 237 |
| Millbank Academy | 300 | 621 |
| Churchill Gardens Primary Academy | 372 | 482 |
| Phoenix Academy | (735) | (19) |
| Laureate Academy | (24) | — |
| Barclay Academy | (123) | — |
| Central Services | (896) | (1,089) |
| Total before fixed assets and pension reserve | 2,734 | 3,497 |
| Restricted fixed asset fund | 112,274 | 76,369 |
| Pension liability | (8,316) | (3,354) |
| TOTAL | 106,692 | 76,512 |

The Good rating from its first Ofsted inspection in April 2019 will help Phoenix Academy to attract more students, and thereby generate more income. In addition, the significant changes to the teaching and support staff will reduce future costs. The three year plan is for Phoenix Academy to move into surplus in 2021/22. Staff restructures completed at Laureate and Barclay Academies are part of the plan to move Laureate and Barclay into surplus in 2020/21.

Analysis of costs by Academy (excluding depreciation)

| | Teaching and educational support costs £'000 | Other support staff costs £'000 | Educational supplies £'000 | Other costs (excluding depreciation) £'000 | Total 2019 £'000 |
|--------------------------------------|--|---------------------------------------|----------------------------------|---|------------------------|
| Pimlico Academy | 5,179 | 1,593 | 630 | 2,231 | 9,633 |
| Pimlico Primary | 882 | 207 | 112 | 498 | 1,699 |
| Millbank Academy | 1,948 | 383 | 134 | 821 | 3,286 |
| Churchill Gardens Primary Academy | 1,336 | 438 | 128 | 643 | 2,545 |
| Phoenix Academy | 2,549 | 1,178 | 369 | 1,976 | 6,072 |
| Laureate Academy | 1,942 | 826 | 202 | 767 | 3,737 |
| Barclay Academy | 1,596 | 716 | 264 | 637 | 3,213 |
| Central Services | 573 | 715 | 161 | (943) | 506 |
| TOTAL | 16,005 | 6,056 | 2,000 | 6,630 | 30,691 |

Future Academies

15. Funds (continued)

Comparative information in respect of the preceding period is as follows:

| Consolidated and Academy Trust | Balance at 1 September 2017 £'000 | Incoming resources £'000 | Resources expended £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2018 £'000 |
|-------------------------------------|--|--------------------------------|--------------------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 657 | 17,516 | (18,801) | 628 | — |
| Start Up Grant | — | 137 | (167) | — | — |
| Pupil Premium | — | 1,381 | (1,381) | — | — |
| Other DfE/ESFA grants | 2 | 481 | (483) | — | — |
| Pension reserve | (4,785) | — | (1,045) | 2,476 | (3,354) |
| | (4,126) | 19,515 | (21,877) | 3,104 | (3,384) |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 45,857 | — | — | — | 45,857 |
| DfE/ESFA capital grants | 542 | 62 | (62) | — | 542 |
| Construction of Pimlico Primary | 3,812 | — | — | — | 3,812 |
| Capital expenditure from GAG | 265 | — | — | — | 265 |
| Capital expenditure from Reserves | — | — | — | 195 | 195 |
| Other fixed assets | 27,508 | — | (1,810) | — | 25,698 |
| Private sector sponsorship | — | — | — | — | — |
| | 77,984 | 62 | (1,872) | 195 | 76,369 |
| Other restricted funds | | | | | |
| Local authority grants | — | 1,249 | (1,249) | — | — |
| Other restricted funds | — | 746 | (746) | — | — |
| | — | 1,995 | (1,995) | — | — |
| Total restricted funds | 73,858 | 21,572 | (25,744) | 3,299 | 73,015 |
| Unrestricted funds | | | | | |
| General funds | 3,178 | 1,142 | — | (823) | 3,497 |
| Designated funds | — | — | — | — | — |
| Total unrestricted funds | 3,178 | 1,142 | — | (823) | 3,497 |
| Total funds | 77,036 | 22,714 | (25,744) | 2,476 | 76,512 |

Future Academies

16 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by

| Group | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total 2019 £'000 |
|--------------------------|--------------------------------|---|---|------------------------|
| Intangible fixed assets | — | — | 33 | 33 |
| Tangible fixed assets | — | — | 112,192 | 112,192 |
| Current assets | 2,734 | 3,088 | 49 | 5,871 |
| Current liabilities | — | (3,088) | — | (3,088) |
| Pension scheme liability | — | (8,316) | — | (8,316) |
| Total net assets | 2,734 | (8,316) | 112,274 | 106,692 |

| Academy Trust | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total 2019 £'000 |
|--------------------------|--------------------------------|--------------------------------------|---|------------------------|
| Intangible fixed assets | — | — | 33 | 33 |
| Tangible fixed assets | — | — | 112,192 | 112,192 |
| Current assets | 2,734 | 3,088 | 49 | 5,871 |
| Current liabilities | — | (3,088) | — | (3,088) |
| Pension scheme liability | — | (8,316) | — | (8,316) |
| Total net assets | 2,734 | (8,316) | 112,274 | 106,692 |

17 Capital commitments

The Academy Trust had no capital commitments at 31 August 2019 (2018 – none).

18 Commitments under operating leases

Operating leases

At 31 August 2019, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Amounts due within one year | 75 | 55 |
| Amounts due between one and five years | 165 | 83 |
| | 240 | 138 |

19 Members' liability

Each member of the Academy Trust 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.

Future Academies

20 Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Westminster City Council, London Borough of Hammersmith and Fulham and Hertfordshire County Council. Both are multi-employer 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 latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

Contributions amounting to £87,708 were payable to the schemes at 31 August 2019 (2018: £53,331) and are included within creditors.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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 under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the Academy Trust] has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Academy Trust has set out above the information available on the plan and the implications for the Academy Trust in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets.

Future Academies

20. Pension commitments (continued)

Teachers' Pension Scheme

(estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The Department for Education has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the period amounted to £1,740,334 (2018: £1,338,408).

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £938,000 (2018 - £704,000), of which employer's contributions totalled £692,000 (2018 - £502,000) and employees' contributions totalled £246,000 (2018 - £202,000). The agreed contribution rates for future years are 9.3% of employers and between 5.5% and 7.5% for employees.

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

| Principal Actuarial Assumptions | At 31 August 2019 | At 31 August 2018 |
|--|-------------------------|-------------------------|
| Rate of increase in salaries | 3.3% | 3.8% |
| Rate of increase for pensions in payment / inflation | 2.2% | 2.3% |
| Discount rate for scheme liabilities | 1.9% | 2.7% |
| Inflation assumption (CPI) | 2.2% | 2.3% |
| Commutation of pensions to lump sums | 50% | 50% |

Future Academies

20. Pension commitments (continued)

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

| | At 31 August 2019 | At 31 August 2018 |
|-----------------------------|-------------------------|-------------------------|
| <i>Retiring today</i> | | |
| Males | 22.9 | 24.5 |
| Females | 24.5 | 26.1 |
| <i>Retiring in 20 years</i> | | |
| Males | 24.3 | 26.8 |
| Females | 26.2 | 28.5 |

| | At 31 August 2019 £'000 | At 31 August 2018 £'000 |
|---|----------------------------------|----------------------------------|
| Sensitivity analysis: impact of a change in assumptions on the net pension liability | | |
| Discount rate +0.1% | 557 | 438 |
| Discount rate -0.1% | (573) | (452) |
| Mortality assumption – 1 year increase | (748) | (543) |
| Mortality assumption – 1 year decrease | 721 | 525 |
| CPI rate +0.1% | (519) | (405) |
| CPI rate -0.1% | 504 | 394 |

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

| | Fair value at 31 August 2019 £'000 | Fair value at 31 August 2018 £'000 |
|-------------------------------------|--|--|
| Equities | 11,415 | 9,635 |
| Other bonds | 3,037 | 1,627 |
| Property | 1,636 | 1,120 |
| Cash and other liquid assets | 144 | 114 |
| Cash plus funds | 264 | 166 |
| Inflation opportunity funds | 100 | 77 |
| Total market value of assets | 16,596 | 12,739 |

The return on scheme assets including interest was £556,000 (2018: £529,000). The return on scheme assets excluding interest was £274,000 (2018: £222,000).

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Amounts recognised in statement of financial activities | | |
| Current service cost | 1819 | 1,430 |
| Net interest cost | 117 | 124 |
| Total amount recognised in the SOFA | 1,936 | 1,554 |

Future Academies

20. Pension commitments (continued)

Local Government Pension Scheme (LGPS) (continued)

| Changes in the present value of defined benefit obligations were as follows: | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| At 1 September 2018 | 16,093 | 16,132 |
| Conversion of academy trust | 3,640 | — |
| Current service cost | 1,557 | 1,423 |
| Interest cost | 494 | 424 |
| Employee contributions | 246 | 202 |
| Actuarial (gain)/loss | 2,914 | (2,254) |
| Benefits paid | (293) | 166 |
| Plan introductions, benefit changes, curtailments and settlements | 261 | — |
| At 31 August 2019 | 24,912 | 16,093 |

| Changes in the fair value of the Academy Trust's share of scheme assets: | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| At 1 September 2018 | 12,739 | 11,347 |
| Conversion of academy trust | 2,168 | — |
| Interest income | 383 | 307 |
| Actuarial gain | 668 | 222 |
| Employer contributions | 692 | 502 |
| Employee contributions | 246 | 202 |
| Benefits paid | (293) | 166 |
| Admin expense | (7) | (7) |
| At 31 August 2019 | 16,596 | 12,739 |

Future Academies

21. Related party transactions

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

Included in note 1 are donations of £1,224,000 (2018: £540,000) from Future in the year ended 31 August 2019 of which £664,000 (2018: £89,000) was for Phoenix redevelopment.

22 Agency arrangements

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

In the year ended 31 August 2019, the Academy Trust received £37,033 and disbursed £33,044 of 16-19 bursary funds. These amounts have been excluded from income and expenditure. An amount of £18,384 (2018: £14,395) is included in other creditors relating to undistributed funds that are repayable to the ESFA.

Future Academies

23 Central services

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

The actual contributions charged during the year were as follows:

| | 2019 £'000 | 2018 £'000 |
|-----------------------------------|---------------|---------------|
| Pimlico Academy | 474 | 376 |
| Millbank Academy | 139 | 92 |
| Churchill Gardens Primary Academy | 113 | 53 |
| Pimlico Primary | 80 | 53 |
| Phoenix Academy | 230 | 265 |
| Laureate Academy | 177 | — |
| Barclay Academy | 152 | — |
| | 1,366 | 839 |

24 Transfer from Local Authority on conversion

During the year ended 31 August 2019, two academies joined Future Academies from Local Authority control. At the date of transfer the operations and assets and liabilities were transferred for £nil consideration.

The transfers have 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 as voluntary income.

The following table sets out the aggregate fair values of the identifiable assets and liabilities transferred from both schools and an analysis of their recognition in the statement of financial activities.

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total 2019 £'000 |
|---------------------------------|--------------------------------|---|---|------------------------|
| Tangible fixed assets | | | | |
| · Freehold land and buildings | — | — | 15,876 | 15,876 |
| · Leasehold land and buildings | — | — | 21,737 | 21,737 |
| LGPS pension deficit | — | (1,472) | — | (1,472) |
| Net assets/(liabilities) | — | (1,472) | 37,613 | 36,141 |

Future Academies

24. Transfer from Local Authority on conversion (continued)

The fair values of the identifiable assets and liabilities transferred by each school is given below.

Laureate Academy

On 1 January 2019 Laureate Academy was transferred to Future Academies.

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total 2019 £'000 |
|---------------------------------|--------------------------------|---|---|------------------------|
| Tangible fixed assets | | | | |
| Freehold land and buildings | — | — | 15,876 | 15,876 |
| LGPS pension deficit | — | (852) | — | (852) |
| Net assets/(liabilities) | — | (852) | 15,876 | 15,024 |

Barclay Academy

On 1 February 2019 Barclay Academy transferred to Future Academies.

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total 2019 £'000 |
|---------------------------------|--------------------------------|---|---|------------------------|
| Tangible fixed assets | | | | |
| Leasehold land and buildings | — | — | 21,737 | 21,737 |
| LGPS pension deficit | — | (620) | — | (620) |
| Net assets/(liabilities) | — | (620) | 21,737 | 21,117 |

25 Post balance sheet events

On 23 October 2019 the Head Teachers Board agreed that The Bushey Academy and Francis Combe Academy, which are currently schools within the Meller Educational Trust, will join the Future Academies Trust. The date of conversion is to be confirmed.