

Future Academies

Consolidated Annual Report and Financial Statements

31 August 2020

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

Future Academies

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Future Academies

Reference and Administrative Information

Members

Lord John Nash
Lady Caroline Nash
Gilbert Chalk
Derek Sayer
John Putt, appointed 19 February 2020

Trustees

Lord John Nash (Chairman)
Lady Caroline Nash
Gilbert Chalk
Lara Newman
Paul Smith
Clare Leech (until 11 September 2019)
Mike Parrish (appointed 14 October 2020)
David Carter (appointed 14 October 2020)

Senior Management (during 2019/20)

Paul Smith (Chief Executive)
Samantha Green (Executive Principal, Pimlico and Phoenix Academy)
Hugo Hutchison (Executive Principal, Laureate and Barclay Academy), until 31 August 2020
Tony Macdowall (Principal, Phoenix Academy)
Matt Singh (Principal, Laureate Academy)
Matthew Laban (Principal, Barclay Academy)
Deborah Warwick (Principal, Francis Combe Academy, now Future Academies, Watford)
Jon Hebblethwaite (Principal, the Bushey Academy, now the Grange Academy), until 31 August 2020
Janella Ajeigbe (Principal, Churchill Gardens Primary Academy), until 31 August 2020
Catherine Jefferson (Principal, Millbank Academy)
Alex Gamon (Principal, Pimlico Primary)
Rob Williams (Chief Operating Officer)
David Hughes (Chief Finance Officer) Joined 1 February 2020
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 2020

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 2020, 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 financial statements have been prepared in accordance with the accounting policies set out on pages 30 to 36 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 nine schools in Central London and Hertfordshire, with three “outstanding” schools and two “good” schools. The Academy Trust is made up of six secondary schools, Pimlico Academy, Phoenix Academy, Laureate Academy, Barclay Academy, The Grange Academy (formerly The Bushey Academy) and Future Academies Watford (formerly Francis Combe 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. At The Grange Academy, consistent with its funding agreement, there is a Local Governing Body, including two parent Governors. At Future Academies Watford, 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, Gilbert Chalk and John Putt 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.

Future Academies

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.

Employee Engagement

The Trust has a joint negotiation and consultation agreement with the unions, and this provides a forum for employee engagement throughout the Trust. In addition, each school has its own process for engagement with staff, such as annual staff surveys and more regular informal communications.

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	0.04%

Paid trade union activities

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

On the 1 February 2020, Future Academies Watford (formerly Francis Combe Academy) and The Grange Academy (formerly The Bushey Academy) opened as part of the Future Academies Trust. The Meller Educational Trust transferred all assets, liabilities and operations of these two schools to Future Academies on this same date.

VISION

Our vision is for Future Academies to become a beacon, a national leader of educational excellence and social mobility. Our Trust motto 'libertas per cultum' encapsulates this vision.

We believe that a good education provides a child with the building-blocks to lead a purposeful and fulfilling life:

- it brings choice
- it brings freedom
- it is empowering
- it levels the playing field

A good education ensures that birth and background will not constrain a child's chances in life.

To become a national leader of educational excellence is an ambitious vision for our Trust, and one that has been a long time in the making and we are moving closer to achieving it.

Our mission is to provide all students with an education that sets them up with the best possible prospects for the future. We will achieve this through:

- the provision of a rigorous, knowledge-rich education;
- knowledgeable, aspirational and compassionate teachers and school staff;
- access to a wide range of outstanding cultural, artistic and sporting opportunities;
- curriculum enhancement activities and careers guidance; and
- a firm but fair approach to behaviour management which encourages self-discipline, hard work and respect.

Certain traits will characterise Future Academies students. Principally, they will be goal-oriented: they will set themselves high standards and work hard to achieve their goals. They will have freedom from prejudice and disadvantage, and freedom to follow whichever path they should choose. Students will embrace the ideals upon which a good education is based: self-discipline, altruism, hard work, confidence, honesty, humility and articulacy.

Future Academies

OUR VALUES

We put our students first, and we accept no excuses.

We aspire to the highest outcomes for all students, regardless of their background or circumstance, and regardless of any limitations that they face in their own ambitions. We will achieve this goal by sponsoring and improving inadequate or failing schools, as well as by opening free schools.

All students will be provided with access to a broad and deep knowledge-rich curriculum. This curriculum, developed and written in-house by our teachers and the Curriculum Centre team, will be the clearest distillation of our vision of what a curriculum should look like: high aspirations in both its coverage and complexity.

Exceptional teachers are essential if our vision is to be achieved. We will recruit teachers that have, first and foremost, the highest expectations for their students. Moreover, all teachers will need to show deep and passionate subject-knowledge, as well as a willingness to develop this further. We are committed to training such teachers through our SCITT programme, the Pimlico-London SCITT; *rated the best in the South of England and the third best in the country by the good teacher training guide.*

Alongside our curriculum and teachers, our bespoke Education Enrichment programme will play a vital role in helping us to achieve our mission. This co-curricular programme incorporates such aspects as:

- university access and outreach;
- high-quality work experience and networking; and
- rich cultural experiences.

PRIORITIES

To achieve our aims, we will focus on the following areas:

- the development of a world-class, knowledge-rich curriculum, and the implementation of this curriculum in our academies;
- creating a sector-leading initial teacher training programme;
- developing our Education Enrichment programme to become the preeminent co-curricular syllabus of its type; and
- ensuring that every academy obtains an Ofsted 'Outstanding' judgement.

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Key Performance Indicators

Assessments

Due to the unprecedented impact of the Covid19 pandemic, the government made the decision to cancel SATs, GCSEs, BTECs and A-Levels.

Future Academies undertook a rigorous moderation of internal assessment data in line with the requirements of the Centre Assessed Grades (CAG) policy.

Promoting the success of the Trust

Directors recognise their responsibility under Section 172(1) of the Companies Act to act in a way that is most likely to promote the success of the Trust, taking into account the long term consequences of decision making, the importance of engagement with stakeholders, and the impact of the Trust's operations on the local community and environment.

The key to the Trust's success remains the provision of high quality education, which requires the recruitment and retention of good quality staff. The Trust's Curriculum Centre and cross-Trust initiatives and CPD support the development and delivery of high quality teaching, which is measured by the Ofsted ratings of the Trust's schools in particular. The Trust operates a highly regarded SCITT that trains new teachers for deployment throughout the schools.

Employee and supplier engagement are covered elsewhere within this report.

FINANCIAL REVIEW

Financial report for the year

The statement of financial activities shows total income for the year of £86.2 million, and net income, prior to the actuarial losses on defined benefit pension schemes, of £45.3 million (2019: 32.4million).

During the year, the Trust acquired £45.2 million assets from The Meller Educational Trust, including £1.6 million unrestricted (revenue) funds. Under charity accounting, this transfer is accounted for as revenue within the statement of financial activities.

Excluding these incoming reserves, the Trust reported £41.0 million income and £40.9 million expenditure, a surplus of £0.1 million. The Trust received a capital grant late in the financial year from the Department for Education, totalling £2.7million. Of this, £0.5 million remained unspent by the year end, and is carried forward in the fixed asset reserve.

Future Academies

FINANCIAL REVIEW

Financial report for the year (continued)

The Covid-19 lockdown restrictions had a significant, unbudgeted impact on the Trust's finances, although ultimately the Trust was able to manage the financial impact to avoid an adverse outcome to the ongoing reserves. Lettings income stopped abruptly in March 2020, and we estimate that this resulted in lost opportunity of at least £400,000 in revenue generation. In terms of cost, the Trust incurred additional costs associated with cleaning, hygiene equipment and free school meal vouchers totalling £161,000. Against this, the Trust also saved around £660,000 of staff costs through unfilled vacancies and reduced need for agency staff. The direct financial impact of the coronavirus was therefore largely neutral.

The Trust held net current assets of £5.2 million at 31 August 2020, an increase of £2.4million since August 2019. Cash balances stood at £9.2 million, 21.9 per cent of the annual turnover. The Trust has a healthy financial position.

Financial and risk management objectives and policies

Reserves policy

The Trust aims to:

- Hold sufficient revenue reserves to meet immediate commitments and cash flow. The Board has determined that this should be at least 5 per cent of overall government revenue. This equates to approximately £2million; and
- Build capital reserves to replenish plant and equipment at the end of their lifecycle, and to fund capital projects that meet other objectives.

Individual academies are expected to break even each year, taking account of the need to retain sufficient reserves to invest in the replenishment and replacement of the equipment and plant over a suitable lifecycle.

The fixed asset reserve represents the value of tangible fixed assets held by the Trust that can only be realised by disposing of those assets.

Restricted reserves represent the balance of government funds and any other grants or donations received. Unrestricted funds represent any other source of revenue.

With respect to the pension reserve, the valuation for the financial statements takes account of the latest triennial valuation. Following the last valuation, the pension administrators reduced the employer contribution rates from April 2020 for some schools, and these are reflected in the contributions shown within the statement of financial activities. The balance sheet includes an aggregation of all scheme valuations. The administrators are entirely independent of the Trust and individual academies, and the Trust has no control over contribution levels or investment decisions. Any deficit is funded through future contributions, determined by the pension administrator.

Future Academies

Financial and risk management objectives and policies

Reserves policy (continued)

The Academy Trust balance on unrestricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2020 was £5.9 million. This exceeds the minimum Board expectations for both revenue and capital investment reserves. The Board maintains a rolling capital investment plan.

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.

Financial position

The Academy Trust held total fund balances at 31 August 2020 of £151.3 million (£106.7 million - 2019). This incorporates the transfer of Meller Educational Trust into the Trust on 1 February 2020. The funds comprise £156.4 million restricted fixed assets reserve (2019: £104.0 million), a pension deficit of £9.8 million (2019: £8.3 million), and revenue reserves of £4.7 million (2019: £2.7 million).

Engagement with Suppliers

The Trust has a number of cross-Trust contracts, and supplier engagement occurs at both Trust and school level to ensure delivery of contractual terms, working with those suppliers to meet both parties' interests. Schools also have local contracts, reflecting a desire for delegated decision making and obtaining value for money from opening the market to local providers.

Throughout the coronavirus restrictions, the Trust supported suppliers in line with the Government's Public Procurement Notice. This particularly applied to catering provision and some short term staff providers. This supported those organisations throughout the economic difficulties, but also secured ongoing provision for the Trust's schools, and the flexibility to restart supply at the appropriate time.

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PRINCIPAL RISKS AND UNCERTAINTIES

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

Risk	Impact	Mitigation
Funding levels fall relative to student numbers	Reduced income available to operate the schools	Development of long term financial forecasts and plans
Falling number of pupils	Reduced income available for the Trust to operate	Development of long term financial forecasts and plans, plus parent and community engagement to optimise student numbers
Ancillary income, such as lettings, levels fail to improve post coronavirus restrictions	Reduced income available for the Trust to operate	Assumptions on non-government income revised downwards, and budgets set to manage day to day operations without such additional income sources
Staff turnover	Reduced continuity of teaching and ability to deliver consistently high quality teaching and support services	Investment in retaining and training and developing staff
Financial risks of ongoing deficits inherited from convertor schools, and multi-year Trust deficits	Reduction in Trust reserves	Better financial modelling and long term planning, including the application of curriculum led financial planning techniques to drive efficiency in staffing. In addition, the Trust acquired another multi academy Trust in year, which added £1.6 million revenue reserves, strengthening the underlying financial position, which remains strong.
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

Future Academies

A serious breach of the Health and Safety regulations	Injury to students / staff / contractors / visitors	Regular Health and Safety audits and follow up
Staff and student absences due to the Coronavirus	Poor educational progress Additional coronavirus costs due to the need for temporary staff, additional cleaning and safety materials and other related costs	Risk assessments and contingency plans in place, with investment in IT to support education provision Budget outturns monitored closely, and actions taken to manage costs and to ensure available budget targeted at Trust priorities.

FUNDRAISING

The Academy Trust did not undertake any direct fundraising activities in the year. Non government funding comes primarily from letting school facilities, grants or other donations.

STREAMLINED ENERGY AND CARBON REPORTING

Breakdown of energy consumption used to calculate emissions (kWh):

Energy type	2019/20
Mandatory energy:	
Gas	7,380,049
Purchased electricity	3,912,892
Transport fuel	95,807
Total mandatory energy	11,388,748

Breakdown of emissions associated with the reported energy use (tCO₂e):

Emission source	2019/20
Mandatory emissions:	
<u>Scope 1</u>	
Natural gas	1,193.0
Transport – Trust-owned vehicles (minibuses)	8.0
<u>Scope 2</u>	
Purchased electricity (location-based)	912.3
District heating	153.9
<u>Scope 3</u>	
Transport – Business travel in employee owned vehicles	14.7

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Total gross mandatory emissions	2,281.9
<u>Intensity ratios (mandatory emissions only)</u>	
Tonnes of CO ₂ e per pupil	0.374
Tonnes of CO ₂ e per square meter floor area	0.028

Intensity ratio

The primary intensity ratio is total gross emissions in metric tonnes CO₂e (mandatory emissions) per pupil, which is the recommended ratio for the sector for consistency and comparability. Pupil numbers are based on the Autumn 2019 Census.

A secondary intensity ratio based on floor area (Gross Internal Area) is also provided to reflect the energy efficiency of the buildings, which are the source of the majority of emissions.

Energy efficiency action during current financial year

Energy consumption is expected to be below average this year due to the reduced occupancy across all sites following COVID-19 restrictions from 23 March 2020. From this date, the schools were open to key worker's children only, with a phased and partial reopening for certain year groups occurring in June 2020.

Outside of the COVID-19 response, the Trust has implemented measures at Pimlico Academy that will result in the more efficient use of electricity:

- In March 2020, energy monitoring was improved by installing electricity submeters. This has enabled the measurement of electricity consumption in each part of the building, helping to identify potential energy saving opportunities.
- In August 2020, LED lighting was installed in all the corridors, resulting in a lower electrical demand.

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 17 December 2020 and signed on its behalf by:



John Nash
Trustee

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)	0	0
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. Whilst the Academy Trust's Board of Trustees has met fewer than six times during the course of the financial year, the Trustees are of the opinion that that they have been able to maintain sufficient oversight of the Academy Trust's finances through the establishment of the Audit & Finance Committee. The purpose of this sub-committee is to assist the decision-making of the full Board of Trustees by enabling more detailed consideration of the Academy's finances and resources. The Committee draws any matters of significance or concern to the attention of the full Board of Trustees.

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The Finance and Audit Committee 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.

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. Throughout the coronavirus restrictions, the schools supported students with home learning, providing resources and learning materials, as well as contributing to national on-line education programmes. The schools also operated programmes to support student and staff wellbeing. Once permitted by Government, the schools re-opened in a safe manner to provide on-going support for students. In the particularly difficult environment this pandemic created, staff worked particularly diligently to provide an education that the Trustees consider was value for money in the circumstances.

The refinement of our support systems continues. The Academy Trust continues to drive the streamlining of our finance and administration systems. Throughout the coronavirus restrictions, the Trust supported suppliers in line with the Government's Public Procurement Notice. This particularly applied to catering provision and some short term staff providers. This supported those organisations throughout the economic difficulties, but also secured ongoing provision for the Trust's schools, and the flexibility to restart supply at the appropriate times. In the Trustees' view, this secured value for money for the Trust, whilst also complying with the terms of the master funding agreement.

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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 2020 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 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustees.

The risk and control framework

The 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.

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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 Management 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: 17 December 2020

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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 2019.

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 2019.

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: 17 December 2020

Future Academies

Statement of Trustees' Responsibilities

Year to 31 August 2020

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 FRS102 and the Academies Accounts Direction 2019 to 2020;
- 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: 17 December 2020

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 2020 which comprise the group statement of financial activities, the group and Academy Trust balance sheet, the group 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 FRS102) and the Academies Accounts Direction 2019 to 2020.

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 2020 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 FRS102 and Academies Accounts Direction 2019 to 2020.

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.



23 December 2020

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

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 2019 to 2020, 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 2019 to 31 August 2020 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 2019, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



23 December 2020

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Future Academies

Consolidated statement of financial activities: Year ended 31 August 2020 (Including Income and Expenditure Account)

	Notes	Unrestricted general fund £'000	Restricted general funds £'000	Restricted fixed assets fund £'000	2020 Total funds £'000	2019 Total funds £'000
Income from:						
Donations and capital grants	1	—	1,148	2,711	3,859	1,299
Transfer on conversion	24	—	—	—	—	36,141
Transfers on existing Academies joining the Trust	25	1,602	(598)	44,191	45,195	—
Charitable activities						
. Funding for the Academy Trust's educational operations	4	14	36,128	—	36,142	25,925
Teaching Schools	4	—	40	—	40	40
Other trading activities	2	917	—	—	917	1,480
Investments	3	8	—	—	8	15
Total income		2,541	36,718	46,902	86,161	64,900
Expenditure on:						
Charitable activities:						
. Academy Trust's educational operations	6	—	36,843	3,984	40,827	32,434
Teaching Schools	6	—	40	—	40	40
Total	5	—	36,883	3,984	40,867	(32,474)
Net income / (expenditure) before transfers		2,541	(165)	42,918	45,294	32,426
Transfers between funds	15	(530)	(652)	1,182	—	—
Net income / (expenditure) for the year		2,011	(817)	44,100	45,294	32,426
Other recognised gains and losses						
Actuarial losses on defined benefit pension scheme	20	—	(718)	—	(718)	(2,246)
Net movement in funds		2,011	(1,535)	44,100	44,576	30,180
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019		2,734	(8,316)	112,274	106,692	76,512
Total fund balances carried forward at 31 August 2020		4,745	(9,851)	156,374	151,268	106,692

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 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Intangible fixed assets	12		21		33
Tangible fixed assets	12		<u>155,865</u>		<u>112,192</u>
			155,886		112,225
Current assets					
Stock		—		32	
Debtors	13	<u>2,222</u>		<u>2,164</u>	
Cash at bank and in hand		<u>9,206</u>		<u>3,675</u>	
		11,428		5,871	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(6,195)</u>		<u>(3,088)</u>	
Net current assets			5,233		2,783
Total assets less current liabilities			161,119		115,008
Net assets excluding pension scheme liability			161,119		115,008
Defined benefit pension scheme liability	20		<u>(9,851)</u>		<u>(8,316)</u>
Total net assets			151,268		106,692
Restricted funds:					
Fixed assets fund	15		<u>156,374</u>		<u>112,274</u>
Restricted income fund	15		—		—
Pension reserve	15		<u>(9,851)</u>		<u>(8,316)</u>
Total restricted funds			146,523		103,958
Unrestricted income funds					
General fund	15		<u>4,745</u>		<u>2,734</u>
Total funds			151,268		106,692

Approved by the Trustees and signed on their behalf by:



Chair of Trustees
 Future Academies
 Company Limited by Guarantee
 Registration Number 6543442
 (England and Wales)
 Approved on: 17 December 2020

Future Academies

Academy Trust Balance Sheet

As at 31 August 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Intangible fixed assets	12		21		33
Tangible fixed assets	12		155,865		112,192
			155,886		112,225
Current assets					
Stock		—		32	
Debtors	13	2,571		2,184	
Cash at bank and in hand		8,850		3,651	
		11,421		5,867	
Liabilities					
Creditors: Amounts falling due within one year	14	(6,188)		(3,088)	
Net current assets			5,233		2,783
Total assets less current liabilities					
			161,119		115,008
Net assets excluding pension scheme liability					
Defined benefit pension scheme liability	20		(9,851)		(8,316)
Total net assets			151,268		106,692
Restricted funds:					
Fixed assets fund	15		156,374		112,274
Restricted income fund	15		—		—
Pension reserve	15		(9,851)		(8,316)
Total restricted funds			146,523		103,958
Unrestricted income funds					
General fund	15		4,745		2,734
Total funds			151,268		106,692

Approved by the Trustees and signed on their behalf by:

Chair of Trustees
 Future Academies
 Company Limited by Guarantee
 Registration Number 6543442
 (England and Wales)
 Approved on: 17 December 2020

Future Academies

Consolidated statement of cash flows

For year ended 31 August 2020

		2020 £'000	2019 £'000
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	A	2,750	(466)
Cash flows from investing activities			
	B	649	65
		3,399	401
Cash transferred from existing academy trust		2,132	—
		5,531	(401)
Change in cash and cash equivalents in the year			
Cash and cash equivalents at 1 September 2019		3,675	4,076
Cash and cash equivalents at 31 August 2020		9,206	3,675
A Reconciliation of net income to net cash flows from operating activities			
		2020 £'000	2019 £'000
Net income for the reporting period (as per the statement of financial activities)			
		45,294	32,426
Adjusted for:			
Amortisation charges		24	22
Depreciation charges		2,576	1,761
Transfer in from existing academy trust		(45,195)	(37,613)
Capital grants from DfE and other capital income		(2,711)	(75)
Interest receivable		(8)	(15)
Defined benefit pension scheme obligation inherited		598	1,472
Defined benefit pension scheme cost less contributions payable		1,289	1,126
Defined benefit pension scheme finance (income) / cost		(1,070)	111
Defined benefit pension scheme admin expense		—	7
Decrease in stocks		32	55
(Increase) in debtors		(273)	(151)
Increase in creditors		2,194	408
Net cash provided by / (used in) operating activities		2,750	(466)
B Cash flows from investing activities			
		2020 £'000	2019 £'000
Dividends, interest and rents from investments		8	15
Purchase of intangible fixed assets		(12)	—
Purchase of tangible fixed assets		(2,058)	(25)
Capital grants from DfE/ESFA		2,711	75
Net cash provided by investing activities		649	65
C Analysis of cash and cash equivalents			
		2020 £'000	2019 £'000
Cash in hand and at bank		9,206	3,675
Total cash and cash equivalents		9,206	3,675

Future Academies

D Analysis of changes in net debt

Group	At 1 September 2019 £'000	Cash flows £'000	Transfer in from existing trust £'000	At 31 August 2020 £'000
Cash at bank	3,675	3,399	2,132	9,206
Total	3,675	3,399	2,132	9,206

Future Academies

Principal accounting policies

31 August 2020

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 2019 to 2020 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 2020.

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 £45,294,000 (2019 – net income £32,426,000).

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. The Trustees 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. This assessment included a consideration of the impact of coronavirus on the day to day operations of the Academy Trust and possible financial consequences. The Academy Trust continues to develop contingency plans which are being successfully implemented.

The Trustees consider that the Academy Trust has sufficient cash resources to continue operating despite the current pandemic and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Future Academies

Income

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

Grants

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

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

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

Sponsorship Income

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

Donations

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

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.

Transfer of existing academies into the Academy Trust

Where assets and liabilities are received on the transfer of an existing academy trust into the Academy Trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer of an existing academy into the Academy Trust within donations and capital grant income to the net assets acquired.

Future Academies

Expenditure

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

Charitable activities

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

All expenditure is stated exclusive of recoverable VAT.

Agency agreements

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

Future Academies

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.

◆ 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.

Future Academies

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.

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.

Future Academies

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.

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.

Future Academies

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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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 2020 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 2020.

Future Academies

Notes to the financial statements

Year ended 31 August 2020

1 Donations and capital grants

	Restricted funds £'000	Restricted fixed assets funds £'000	2020 Total funds £'000	2019 Total funds £'000
Capital grants	—	2,711	2,711	75
Other donations (note 21)	1,148	—	1,148	1,224
	<u>1,148</u>	<u>2,711</u>	<u>3,859</u>	<u>1,299</u>

	Restricted funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Capital grants	—	75	75
Other donations (note 21)	1,224	—	1,224
	<u>1,224</u>	<u>75</u>	<u>1,299</u>

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Hire of facilities	424	—	424	632
Trip income	27	—	27	81
Catering income	137	—	137	153
Special music contributions	40	—	40	36
Uniform sales	3	—	3	88
Other income	286	231	517	490
	<u>917</u>	<u>231</u>	<u>1,148</u>	<u>1,480</u>

	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	—	490
	<u>1,480</u>	<u>—</u>	<u>1,480</u>

Future Academies

3 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Interest receivable	8	—	8	15
	8	—	8	15

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

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
DfE / ESFA grants				
. General Annual Grant (GAG)	—	30,250	30,250	20,807
. Start Up / Pre-opening Grants	—	68	68	295
. Other DfE / ESFA	—	3,816	3,816	2,286
Teaching School grants	—	40	40	40
	—	34,174	34,174	23,428
Other government grants				
. Local authority grants	—	1,887	1,887	2,474
. Special educational projects	—	32	32	—
	—	1,919	1,919	2,474
Exceptional government funding				
Coronavirus exceptional support	—	75	75	—
	—	75	75	—
Other income from the Academy Trust's educational operations	14	—	14	63
	14	36,168	36,182	25,965

The Academy Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding". The funding received for coronavirus exceptional support covers £75,000 of exceptional costs incurred. These primarily related to food vouchers purchased at the outset of the first lockdown for students eligible for free school meal, prior to the implementation of the national Government scheme. These costs are included in notes 5 and 6 below as appropriate.

Future Academies

4 Funding for the Academy Trust's educational operations (continued)

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

5 Expenditure

	<i>Staff costs £'000</i>	<i>Premises £'000</i>	<i>Other costs £'000</i>	2020 Total funds £'000	<i>2019 Total funds £'000</i>
Academy Trust's educational operations					
. Direct costs	22,501	2,576	2,261	27,337	19,784
. Support costs	6,600	4,157	2,772	13,530	12,690
	29,101	6,733	5,033	40,867	32,474

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

Net income for the year includes :	2020 £'000	<i>2019 £'000</i>
Operating lease rentals	286	75
Depreciation	2,576	1,761
Amortisation of intangible fixed assets	24	22
Fees payable to auditor for		
-Statutory audit	26	23
-Non statutory audit	10	11
-Other services	3	4

Future Academies

6 Charitable activities – Academy Trust’s educational operations

	2020 Total funds £'000	2019 Total funds £'000
Direct costs	27,337	19,784
Support costs	13,530	12,690
	40,867	32,474

	2020 Total funds £'000	2019 Total funds £'000
Support staff costs	6,600	6,056
Governance costs	346	121
Premises & building	4,158	3,229
Legal costs - conversion	—	39
Legal costs - other	143	84
Other support costs	1,702	2,763
Technology costs	581	398
	13,530	12,690

Future Academies

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

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

Future Academies

8 Staff

(a) Staff costs

Staff costs during the year were as follows:

	2020 Total funds £'000	2019 Total funds £'000
Wages and salaries	20,581	16,012
Social security costs	2,128	1,688
Pension costs	4,436	2,442
Apprenticeship levy	88	66
Supply staff costs	1,765	1,202
	28,998	21,410
Staff restructuring costs	103	651
	29,101	22,061
Staff restructuring costs comprise		
Redundancy payments	89	580
Severance payments	14	71
	103	651

(b) Staff severance payments

Included in staff restructuring costs above are non-statutory / non-contractual severance payments totalling £14,000 (2019 - £70,606) that was paid to one employee (2019 - four employees).

(c) Staff numbers

The average number of persons (including the senior management team) employed during the year ended 31 August 2020 was as follows:

	2020 Total No.	2019 Total No.
Headcount		
Teachers	379	234
Administration and support	267	217
Management	38	36
	684	487
FTE		
Teachers	323	236
Administration and support	252	174
Management	49	51
	624	461

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:

	2020 No.	2019 No.
£60,001 - £70,000	25	13
£70,001 - £80,000	7	7
£80,001 - £90,000	—	1
£90,001 - £100,000	3	2
£100,001 - £110,000	1	—
£110,001 - £120,000	2	1
£130,001 - £140,000	1	1
£150,001 - £160,000	—	1
£160,001 - £170,000	1	1
	40	27

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 2020, pension contributions for these staff amounted to £583,842 (2019 - £308,691).

(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 £1,469,117 (2019 - £931,686).

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:

	2020 £'000	2019 £'000
Paul Smith		
. Remuneration	165-170	165-170
. Employer's pension contribution	35-40	25-30

During the year ended 31 August 2019, travel and subsistence expenses of £800 were reimbursed (2019 £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:

	2020 Total funds £'000	2019 Total funds £'000
Turnover	313	548
Gross profit	313	548
Administrative expenses	(313)	(548)
Profit on ordinary activities before and after taxation	—	—

The assets and liabilities of the subsidiary were:

	2020 Total funds £'000	2019 Total funds £'000
Current assets	356	188
Creditors: amounts falling due within one year	(356)	(188)
Net assets	—	—

12 Tangible and intangible fixed assets

Intangible fixed assets

Group and Academy Trust	Computer software £'000	Total 2020 £'000
Cost		
At 1 September 2019	66	66
Additions	12	12
At 31 August 2020	78	78
Amortisation		
At 1 September 2019	33	33
Charges for the year	24	24
At 31 August 2020	57	57
At 31 August 2020	21	21
At 31 August 2019	33	33

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 2019	57,726	63,174	1,734	1,108	40	123,782
Transfer on conversion (note 25)	—	43,960	144	87	—	44,191
Additions	—	1,387	556	115	—	2,058
At 31 August 2020	57,726	105,521	2,434	1,310	40	170,031
Depreciation						
At 1 September 2019	1,509	7,454	1,568	1,024	35	11,590
Charge in period	1,117	1,250	124	80	5	2,576
At 31 August 2020	2,626	8,704	1,692	1,104	40	14,166
Net book value						
At 31 August 2020	99,060	55,184	741	208	—	155,865
At 31 August 2019	56,217	55,720	166	84	5	112,192

The addition of leasehold land and buildings reflect the transfer of The Meller Educational Trust to Future Academies on 1 February 2020. The leasehold land and buildings are held on a long lease (125 years) at a peppercorn rent.

Future Academies

13 Debtors

	Consolidated		Academy Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	315	784	315	784
VAT recoverable	888	491	888	491
Other debtors	8	5	8	5
Prepayments and accrued income	1,011	884	1,011	720
Amount due from subsidiary undertaking	—	—	349	184
	2,222	2,164	2,571	2,184

14 Creditors: amounts falling due within one year

	Consolidated		Academy Trust	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade creditors	2,539	959	2,539	959
Taxation and social security	617	461	617	461
Other creditors	627	129	624	129
Accruals	2,009	1,016	2,005	1,016
Deferred income	403	523	403	523
	6,195	3,088	6,188	3,088
Deferred income (included above)				
Deferred income at 1 September 2019	523	299	523	299
Amounts released from previous years	(523)	(299)	(523)	(299)
Resources deferred in the year	403	523	403	523
Deferred income at 31 August 2020	403	523	403	523

Deferred income comprises grants received in advance for rates relief, universal free school meals, tailored support programmes, early years support and tuition fees, all received in advance of the 2020/21 academic year.

Future Academies

15 Funds

Consolidated and Academy Trust	Balance at 1 September 2019 £'000	Incoming resources £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	—	30,250	(29,598)	(652)	—
Start Up Grant	—	68	(68)	—	—
Pupil Premium	—	1,992	(1,992)	—	—
Other DfE/ESFA grants	—	1,824	(1,824)	—	—
Teaching school	—	40	(40)	—	—
Donations	—	1,148	(1,148)	—	—
Pension reserve	(8,316)	(598)	(219)	(718)	(9,851)
	(8,316)	34,724	(34,889)	(1,370)	(9,851)
Restricted fixed asset funds					
Transfer on conversion	83,470	44,191	—	—	127,661
DfE/ESFA capital grants	617	2,711	(1,328)	—	2,000
Construction of Pimlico Primary	3,812	—	—	—	3,812
Capital expenditure from GAG	265	—	—	—	265
Capital expenditure from reserves	195	—	(56)	1,182	1,321
Other fixed assets	23,915	—	(2,599)	—	21,316
	112,274	46,902	(3,984)	1,182	156,374
Other restricted funds					
Local authority grants	—	1,887	(1,887)	—	—
Special educational projects	—	32	(32)	—	—
Covid support	—	75	(75)	—	—
	—	1,994	(1,994)	—	—
Total restricted funds	103,958	83,620	(40,867)	(188)	146,523
Unrestricted funds					
General funds	2,734	2,541	—	(530)	4,745
Total unrestricted funds	2,734	2,541	—	(530)	4,745
Total funds	106,692	86,161	(40,867)	(718)	151,268

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 2020. Pimlico Academy did not exceed the limits during the year ended 31 August 2020.

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 2020 were allocated as follows:

	2020 Total funds £'000	2019 Total funds £'000
Pimlico Academy	3,611	3,566
Pimlico Primary	444	274
Millbank Academy	268	300
Churchill Gardens Primary Academy	530	372
Phoenix Academy	(806)	(735)
Laureate Academy	(9)	(24)
Barclay Academy	(286)	(123)
Future Academies Watford (was Francis Combe)	706	—
The Grange Academy (was Bushey Academy)	1,025	—
Central Services	(738)	(896)
Total before fixed assets and pension reserve	4,745	2,734
Restricted fixed asset fund	156,374	112,274
Pension liability	(9,851)	(8,316)
TOTAL	151,268	106,692

The Trust is in overall surplus. Within this, we have three school with historic deficits, and a number of other schools with low reserves. The Trust has plans to ensure that all schools balance their budgets on an annual basis from September 2021. Over time, the Trust will set budgets to ensure that each school contributes to overall reserves in order to fund future investment, and maintain individual positive school balances. The central services deficit reflects historic set up costs, cross-trust activities that have not been allocated to schools, and on certain on-boarding and related costs that have not been re-allocated.

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 2020 £'000
Pimlico Academy	2,489	1,039	270	825	4,623
Pimlico Primary	2,261	823	275	721	4,080
Millbank Academy	964	254	85	377	1,680
Churchill Gardens Primary Academy	2,205	583	264	1,004	4,056
Phoenix Academy	2,447	951	286	789	4,473
Laureate Academy	1,597	355	108	534	2,594
Barclay Academy	5,624	1,357	485	1,866	9,332
Future Academies Watford (was Francis Combe)	1,903	884	247	1,839	4,873
The Grange Academy (was Bushey Academy)	1,149	156	91	378	1,774
Central Services	910	929	129	(1,186)	782
Total	21,549	7,331	2,240	7,147	38,267

Future Academies

15. Funds (continued)

Analysis of costs by Academy (excluding depreciation) (continued)

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

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

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

Future Academies

16. Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by

Group	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2020 £'000	Total 2019 £'000
Intangible fixed assets	—	—	21	21	33
Tangible fixed assets	—	—	155,865	155,865	112,192
Current assets	10,940	—	488	11,428	5,871
Current liabilities	(6,195)	—	—	(6,195)	(3,088)
Pension scheme liability	—	(9,851)	—	(9,851)	(8,316)
Total net assets	4,745	(9,851)	156,374	151,268	106,692

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

Academy Trust	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2020 £'000	Total 2019 £'000
Intangible fixed assets	—	—	21	21	33
Tangible fixed assets	—	—	155,865	155,865	112,192
Current assets	10,933	—	488	11,421	5,871
Current liabilities	(6,188)	—	—	(6,188)	(3,088)
Pension scheme liability	—	(9,851)	—	(9,851)	(8,316)
Total net assets	4,745	(9,851)	156,374	151,268	106,692

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

Future Academies

17. Capital commitments

The Academy Trust had capital commitments of £150,000 31 August 2020 (2019 – none).

18. Commitments under operating leases

Operating leases

At 31 August 2020, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases as follows:

	2020 £'000	2019 £'000
Amounts due within one year	286	75
Amounts due between one and five years	448	165
	<u>141</u>	<u>240</u>

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.

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 2019.

Contributions amounting to £494,000 were payable to the schemes at 31 August 2020 (2019 - £87,708) 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.

Future Academies

20. Pension commitments (continued)

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 below 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.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and

Future Academies

20. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £3.334m (2019 - £1.740m).

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

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 2020 was £1.524m (2019 - £938,000), of which employer's contributions totalled £1.176m (2019 - £692,000) and employees' contributions totalled £0.348m (2019 - £246,000). 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 2020	At 31 August 2019
Rate of increase in salaries	3.0%	3.3%
Rate of increase for pensions in payment	2.2%	2.2%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	2.2%	2.2%
Commutation of pensions to lump sums	50%	50%

Future Academies

20. Pension commitments (continued)

Local Government Pension Scheme (LGPS) (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 2020	At 31 August 2019
<i>Retiring today</i>		
Males	21.8	22.9
Females	24.3	24.5
<i>Retiring in 20 years</i>		
Males	23.1	24.3
Females	25.8	26.2

	At 31 August 2020 £'000	At 31 August 2019 £'000
Sensitivity analysis: impact of a change in assumptions on the net pension liability		
Discount rate +0.1%	1,104	557
Discount rate -0.1%	(1,122)	(573)
Mortality assumption – 1 year increase	(902)	(748)
Mortality assumption – 1 year decrease	869	721
CPI rate +0.1%	(923)	(519)
CPI rate -0.1%	1,090	504

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

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	23,143	11,415
Other bonds	6,084	3,037
Property	3,057	1,636
Cash and other liquid assets	191	144
Cash plus funds	677	264
Inflation opportunity funds	—	100
Total market value of assets	33,152	16,596

The return on scheme assets including interest was £1,941,000 (2019 - £556,000).

	2020 £'000	2019 £'000
Amounts recognised in statement of financial activities		
Current service cost	2,465	1819
Net interest (income) / cost	(1,070)	117
Total amount recognised in the SOFA	1,395	1,936

Future Academies

20. Pension commitments (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the present value of defined benefit obligations were as follows:	2020 £'000	2019 £'000
At 1 September 2019	24,912	16,093
Conversion of academy trust	—	3,640
Transfer in of academy trust joining the Trust	14,223	—
Current service cost	2,465	1,557
Interest cost	366	494
Employee contributions	348	246
Actuarial loss	1,066	2,914
Benefits paid	(377)	(293)
Plan introductions, benefit changes, curtailments and settlements	—	261
At 31 August 2020	43,003	24,912

Changes in the fair value of the Academy Trust's share of scheme assets:	2020 £'000	2019 £'000
At 1 September 2019	16,596	12,739
Conversion of academy trust	—	2,168
Transfer in of academy trust joining the Trust	13,625	—
Interest income	1,436	383
Actuarial gain	348	668
Employer contributions	1,176	692
Employee contributions	348	246
Benefits paid	(377)	(293)
Admin expense	—	(7)
At 31 August 2020	33,152	16,596

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 received in the year ended 31 August 2020 of £1,147,815 (2019 - £1,224,000) from Future which are shown net of £921,362 (2019 - £664,000) that was specifically provided for costs incurred by the Academy Trust in connection with the redevelopment of the Phoenix Academy.

Future Academies

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 2020, the Academy Trust received £48,211 and disbursed £50,186 of 16-19 bursary funds. These amounts have been excluded from income and expenditure. An amount of £16,409 (2019 - £18,384) is included in other creditors relating to undistributed funds that are repayable to the ESFA.

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:

	2020 £'000	2019 £'000
Pimlico Academy	485	474
Millbank Academy	128	139
Churchill Gardens Primary Academy	94	113
Pimlico Primary	97	80
Phoenix Academy	194	230
Laureate Academy	224	177
Barclay Academy	223	152
The Grange Academy (was Bushey Academy)	140	-
Future Academies Watford (was Francis Combe)	92	-
	1,677	1,366

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)

Future Academies

Net assets/(liabilities)	—	(1,472)	37,613	36,141
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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 Transfer in on academies joining the Trust

On 1 February 2020, under the terms of a Transfer Agreement, Future Academies received all assets, liabilities and operation of the Meller Educational Trust, which consisted of two academies, for no 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 within a corresponding net amount recognised as net income in the statement of financial activities as voluntary income.

The following tables sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

No fair value adjustments were made to the value reported by the transferring trust.

Future Academies

25 Transfer in on academies joining the Trust (continued)

	Transfer in recognised £'000
Tangible fixed assets	
. Leasehold land and buildings	43,960
. Other tangible fixed assets	231
	<u>44,191</u>
Current assets	
Debtors	331
Bank and cash	2,132
	<u>2,463</u>
Current liabilities	
Creditors	(861)
LGPS pension deficit	(598)
	<u>45,195</u>
Net assets on transfer	<u>45,195</u>

26 Post balance sheet events

On 1 December 2020, Trinity London Academy Trust, company number 07847013, transferred into the Trust as a going concern. Trinity consists one 11-18 secondary free school, and the Trust acquired all of its assets and liabilities at that date.