

REGISTRAR OF COMPANIES

Marylebone School Limited

Annual Report and Financial Statements

31 August 2016

Company Limited by Guarantee
Registration Number
08339142 (England and Wales)

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Reference and administrative information

Members	Timothy C Carnegie Sarah Clifford Antonia M Cox Inigo Woolf representing LDBS
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Governors	Charlotte Abrahamson Richard Ardron Susan P Arndt Andrew F D Bailey Sarah Brendlor Timothy C Carnegie Sarah E Clifford Antonia M Cox Gary Howells Elizabeth Phillips
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Senior Leadership Team	
Headteacher and Accounting Officer	Richard Ardron
Deputy Headteacher	Harriet Watkins
Assistant Headteacher	Adam O'Connor
School Business Manager	Sara Bagnall

Registered address	Priory Park Road London NW6 7UJ
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Company registration number	08339142
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Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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Bankers	Lloyds Bank 39 Threadneedle Street London EC2R 8AU
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Governors' report Year to 31 August 2016

The governors of Marylebone School Limited ('the Academy') present their statutory report together with the financial statements of the charitable company for the year to 31 August 2016. The annual report serves the purposes of both a governors' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 22 to 26 of the attached financial statements and comply with the Academy's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Marylebone School Limited is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. The members of the Academy as defined in the Articles of Association are:

- ◆ The signatories of the Memorandum of Association;
- ◆ Up to one person who may be appointed by the London Diocesan Board for Schools;
- ◆ The chairman of the Governors; and
- ◆ Any person appointed by the Members.

The governors act as the trustees for the charitable activities of Marylebone School Limited and are also the directors of the charitable company for the purposes of company law.

Details of the governors who served throughout the year except as noted are included on page 3.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year they cease to be a member, such amounts as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' indemnities

In accordance with normal commercial practise the School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £5,000,000 on any one claim. It is not possible to quantify the governors' and officers' indemnity element from the overall cost of the RPA scheme.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities

The Academy's objects are specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a board and balanced curriculum.

Governors

The governors are directors of the charitable company for the purposes of the Companies Act 2006. The following trustees were in office at 31 August 2016 and served throughout the year except where shown.

Governor	Position	Appointment/ Resignation
Charlotte Abrahamson	Headteacher and accounting officer	
Richard Ardron		
Susan P Arndt		Appointed 23 February 2016
Andrew F D Bailey		Appointed 3 December 2015
Sarah Brendlor		
Timothy C Carnegie	Chair of Governors	
Sarah E Clifford		
Antonia M Cox		
Scott Durkin		Resigned 25 January 2016
Gary Howells		Appointed 22 October 2015
Elizabeth Phillips		

Method of recruitment and appointment or election of governors

The articles of association provide for the appointment or election of governors, as follows:

- ◆ Up to seven Governors appointed by the Members;
- ◆ A minimum of two Parent Governors;
- ◆ The Headteacher; and
- ◆ One Founding Governor.

Policies and procedures adopted for the induction and training of governors

We expect all governors to undertake training as appropriate to their work at the Academy. New governors will be provided with an induction programmed delivered partly in-house and partly through external sources as required. A log is kept of all governor training and reviewed on a regular basis at governor meetings.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

The Academy is governed by a Governing Body constituted under a Memorandum of Association and Articles of Association. The Governing Body is responsible for ensuring that high standards of governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy, addressing such matters as:

- ◆ Policy development and strategic direction;
- ◆ Ensuring compliance with legal requirements;
- ◆ Ensuring sound management and administration;
- ◆ Establishing and maintaining effective internal controls;
- ◆ Management of all resources;
- ◆ Monitoring of the School's performance; and
- ◆ Assessing and managing risk.

Governors are responsible for setting general policy, adopting an annual School Development Plan and Budget and making major decisions about the direction of the School, capital expenditure and senior staff appointments.

The Headteacher is directly responsible for the day to day running of the Academy. The Senior Leadership Team controls the Academy at an executive level implementing the policies laid down by the governors and reporting back to them and providing evidence, reports and data analysis to Governing Body meetings, enabling governors to monitor effectively.

The Headteacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body agrees pay ranges for all staff roles which are benchmarked against market pay rates. Individual staff salaries are set by the Headteacher with reference to the authorised salary ranges and individual performance objectives and outcomes, and approved by the Governing Body. The Chair and Vice-Chair are authorised to review the Headteacher's performance in conjunction with an external adviser, and to set pay by reference to performance and market pay rates.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations, including related party relationships

The Academy works with the Department for Education and the EFA and maintains links with Westminster City Council.

The London Diocesan Board for Schools is a corporate member of the Academy.

OBJECTIVES AND ACTIVITIES

Objects and aims

The sole activity of the charitable company is the operation of Marylebone Boys' School; an Academy School providing education for pupils aged 11 to 16.

Public Benefit

In setting the Academy's objectives and planning its activities, the governing body have given careful consideration to the Charity Commission's general guidance on public benefit. The governors have complied with their duty to have due regard to the guidance on public benefit, published by the Charity Commission, in exercising their powers or duties.

STRATEGIC REPORT

Achievements and performance

Review of activities

The Academy has successfully completed its second academic year, fully staffed and with all 240 pupil places filled along with a waiting list for pupil places.

The school continues its strong focus on teaching and learning, and invests in teaching most subjects in five learning groups based on pupil ability. During the year, a new system for monitoring pupil progress was implemented to comply with the government's "life after levels" approach. Progress is now measured against target GCSE grades. The school has also put in place a programme of external validation to give assurance that its assessment measures and target setting are consistent with other high performing schools.

Teaching and learning practices have continued to evolve during the year, with more involvement of Middle Leaders and an embedded cycle of reviewing and reporting on pupil progress. To facilitate this, the school recruited a specialist Data Manager during the course of the year.

The curriculum has an academic focus in line with the school's vision. The school was able to improve facilities for science last year by obtaining mobile science benches which allow a greater range of experiments. Sport and music continue to play an important role in the life of the school; the PE department was expanded and the school's sports teams enjoyed success in tournaments and fixtures, and the annual Christmas concert is becoming a highlight of the music calendar.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

School timetables for the extended day continue to allow for private study periods and enrichment activities within school hours. Senior and middle leaders have been planning for Key Stage 4 and reviewing the GCSE options and examination boards.

Free Schools now receive an Ofsted inspection visit in their third year after opening, so the school has no Ofsted rating yet. As planned, we received further monitoring visits during the year from our DfE Educational Adviser.

The school has used Pupil Premium funding from the Department for Education to support disadvantaged students. Now that the school has been open for a second year, further analysis of the progress of disadvantaged pupils (just over 50% of the pupil population) has been carried out and a programme of interventions is in place.

At present the school continues to occupy a temporary site in Priory Park Road which is leased from the Secretary of State for Education on a short-term basis, and shared with Kilburn Grange School which is a newly-opened primary Free School. Progress on the school's permanent site on North Wharf Road in Paddington has seen planning permission granted in March 2016 and a construction contract entered into. The school plans to move in to this site during the summer of 2018.

A setback was suffered on the construction timetable of the school's second temporary site in Christchurch Avenue, NW6, which was not ready for us to move into in summer 2016 as intended. Construction is now well under way and a move is planned for Easter 2017. In the meantime, the school was able to lease part of an additional site in West End Lane, NW6, from the London Diocesan Board for Schools, who are a corporate member of the Academy Trust. This site is used as the Year 7 Campus, with Years 8 and 9 continuing to be based at the main school site.

The Governors appreciate the ongoing support and cooperation of the Education Funding Agency, Kilburn Grange School and the London Diocesan Board for Schools during this time.

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the Academy has adequate resources to continue its operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

STRATEGIC REPORT (continued)

Financial review

Financial report for the period

The Academy's total income for the year to 31 August 2016 amounted to £4,851,514 (2015: £2,102,659) of which £2,774,810 (2015: £912,176) related to the EFA capital funding grants and lead-in grants. The Academy held total fund balances of £2,924,576 at 31 August 2016 (2015: £675,365). The general fund restricted balance at 31 August 2016, including the net pension liability in respect of the LGPS of £111,000 (2015: liability of £17,000), was £227,465 (2015: £167,948). This surplus will enable the Academy to build reserves in line with its reserve policy (see page 7) and to manage the risks and uncertainties associated with the new school sites. The unrestricted general fund balance at 31 August 2016 was £1,038.

The results for the year are shown on page 19.

PRINCIPAL RISKS AND UNCERTAINTIES

The governing body has a risk register which is reviewed twice per year in order to limit the Academy's exposure to risk. The risks fall into the following classifications; compliance, financial, operational, and strategic and reputational.

The principal risks identified are in relation to:

- ◆ Pupil recruitment to ensure that each year group is full. The school continues to deliver a targeted and impactful programme of ongoing student recruitment and engages with all potentially interested students and staff to build their interest in the school.
- ◆ Delivery and timing risks of the permanent and second temporary sites. The school requests regular updates on permanent site progress to enable effective management of the risks.
- ◆ Management challenges arising from a relatively small staff team in the early years of operation. Regular and comprehensive financial reports are provided to the governing body and the Senior Leadership Team regularly reviews staffing requirements. The Senior Leadership Team also considers the use of external advice and resources where additional support is needed.

Reserves policy

The Governors will aim to set a budget each year that will achieve a surplus representing 3% of general fund income. It is intended that these reserves will enable the Academy to provide for exceptional staff absence while the school has a relatively small staff in its early years. While the school is still situated in temporary accommodation, the governors wish to hold reserves to provide for potential additional expenditure which may be necessary to equip the school permanent site. At this stage of the schools' development, it is difficult to predict these costs with certainty.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Investment policy

The governors are working towards developing an investment policy which would enable the Academy to make better use of surplus funds, whilst maintaining adequate account balances to meet cash flow fluctuations.

FUTURE ACTIVITIES AND PLANS

The school's priority remains the delivery of a traditional, academically rigorous education to the boys in our care. It is also our task to build the school in size year by year in accordance with our Funding Agreement with the Secretary of State for Education.

Plans for the 2016-17 academic year centre around: further embedding the teaching and learning practices in the school; preparing for Key Stage 4; continuing to validate measures of pupil progress; and working with the Education Funding Agency on the development of the permanent site and the planned move to the second temporary site.

AUDITOR

In so far as the governors are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the governors 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.

Governors' report, incorporating a strategic report, approved by order of the members of the board of governors on 1 December 2016 and signed on its behalf by:



Chair of governors

Date: 1 December 2016

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that the Marylebone School Limited 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 board of governors have delegated the day-to-day responsibility to the Headteacher, 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 it in the funding agreement between the Academy and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Review of value for Money

As accounting officer the Headteacher has responsibility for ensuring that the Academy delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during the academic year, and reports to the board of trustees where value for money can be improved, including the use on benchmarking data where available. The accounting officer for the Academy has delivered and improved value for money during the year by:

Prudent financial management

Expenditure in a newly established and growing school does not follow established patterns and is potentially unpredictable. During the year the school invested in a new financial management system. A structured budget has been closely adhered to, which has allowed the school to end the year with a surplus of income over expenditure. Additionally, a procurement exercise to price benchmark key supplier contracts was undertaken.

Delivering good educational outcomes

We invest in small class sizes so that our pupil year group of 120 can be taught in five teaching groups. This means that we can give extra support and challenge where it is needed. Our pupils' progress has been well above national average for Years 7 and 8 (the year groups in the school in 2015-16).

Managing capital expenditure carefully

The school is funded by the Education Funding Agency for the establishment of premises, ICT and furniture fittings and equipment. The governors are mindful that this funding needs to cover our futures sites and moves. With this in mind, the school has aimed to incur minimal capital expenditure while occupying temporary accommodation to ensure sufficient capital funding remains to be invested in our permanent site.

Governance

The full Governing Body meets monthly in term time and deals with all school business; there are no committees. Three new governors were appointed during the course of the year, two of whom replaced retiring governors. One vacancy remains on the governing body. The Governors continue to hold the school to the vision of the founders in governing body meetings and in a Strategy Afternoon held in the summer term.

The information on governance included here supplements that described in the governors' report and in the Statement of Governors' responsibilities. The governors have formally met eight times during the year. Attendance during the year at governors' meetings was as follows:

Governor	Number of meetings attended	Out of a possible
Sarah Clifford (Chair)	8	8
Richard Ardron	8	8
Charlotte Abrahamson	7	8
Susan Arndt	4	4
Andrew Bailey	5	6
Sarah Brendlor	7	8
Timothy Carnegie	5	8
Antonia Cox	8	8
Scott Durkin	2	3
Gary Howells	6	7
Elizabeth Phillips	5	8

Governance review

During the year, the governing body held a strategy session which included a review of the governors' vision for the school and its ethos.

Each governor has responsibility for a specific area of school life ("link governor") with regular visits to school and updates at the governing body meetings. The effectiveness of the link governor system was reviewed and was found to be working effectively. The governors endorsed the approach of not using committees at this stage of the schools development.

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'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 in Marylebone School Limited for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of governors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

The risk and control framework

The school's system of internal financial control for the year ended 31 August 2016 was designed to meet the requirements of an operational Academy and was designed to be effective given the small number of staff available during this time. The school's system of internal financial control includes:

- ◆ Maintenance of a long term risks log, which is monitored on a regular basis by the Board of Governors;
- ◆ An established budget with monitoring of expenditure in the context of the budget;
- ◆ Regular independent external review and systems testing of the schools' system of internal financial control, and
- ◆ Dual payment authorisation for all transactions.

The governors have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed the external auditor to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the auditor reports are presented to the governors on the operation of the systems of control and on the discharge of the board of governor's financial responsibilities.

Review of effectiveness

As Accounting Officer, the Headteacher 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;
- ◆ work performed by the sponsor; and

Review of effectiveness (continued)

- ♦ the work of the project steering group during the Academy's development.

The Accounting Officer will advise the board of governors of the implications of his review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



Sarah Clifford
(Chair of governors)



Richard Ardron
(Accounting Officer)

Approved on: 1 December 2016

Statement on regularity, propriety and compliance 31 August 2016

As accounting officer of Marylebone School Limited, I have considered my responsibility to notify the Academy board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy board of governors are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2015.

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 governors and EFA.



Richard Ardron

Accounting Officer

Date: 11/12/2016

Statement of governors' responsibilities 31 August 2016

The governors (who act as trustees for the charitable activities of Marylebone School Limited and are also the directors of the Academy for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law, the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Academy and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these financial statements, the governors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- ◆ 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 will continue in operation.

The governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Academy 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 and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the governing body on 1 December 2016 and signed on its behalf by:



Chair of governors

Date: 1 December 2016

Independent auditor's report to the members of Marylebone School Limited

We have audited the financial statements of Marylebone School Limited for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2015/16 issued by the EFA.

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

The governors act as trustees for the charitable activities of Marylebone School Limited and are also the directors of the charity for the purpose of company law.

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

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

Scope of the audit of the financial statements

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

Independent auditor's report 31 August 2016

Opinion

In our opinion:

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

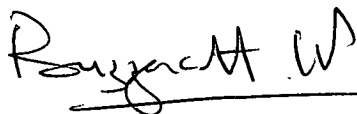
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' report, including the strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



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

13 December 2016

Independent reporting accountant's report on regularity 31 August 2016

Independent reporting accountant's assurance report on regularity to Marylebone School Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 7 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Marylebone School Limited during the period from 1 September 2015 to 31 August 2016 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 Marylebone School Limited and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Marylebone School Limited and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Marylebone School Limited and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Marylebone School Limited accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Marylebone School Limited funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

Independent reporting accountant's report on regularity 31 August 2016

Approach (continued)

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.

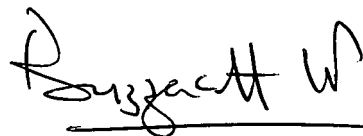
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy'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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

12 December 2016

Statement of financial activities Year to 31 August 2016
(including the income and expenditure account)

	Notes	Un- restricted funds £	Restricted funds		2016 Total funds £	2015 Total funds £
			General fund £	Fixed assets fund £		
Income from:						
Donations and capital grants	1	120,111	—	2,621,310	2,741,421	847,422
Charitable activities						
Funding for the Academy's educational operations	4	—	2,104,815	—	2,104,815	1,249,284
Other trading activities	2	4,530	—	—	4,530	5,609
Investments	3	748	—	—	748	344
Total income		125,389	2,104,815	2,621,310	4,851,514	2,102,659
Expenditure on:						
Raising funds	5	5,033	—	—	5,033	7,763
Charitable activities						
Academy's educational operations	6	120,000	1,989,449	418,821	2,528,270	1,694,276
Total expenditure	5	125,033	1,989,449	418,821	2,533,303	1,702,039
Net income before transfers		356	115,366	2,202,489	2,318,211	400,620
Transfers between funds	15	—	13,151	(13,151)	—	—
Net income		356	128,517	2,189,338	2,318,211	400,620
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	19	—	(69,000)	—	(69,000)	(5,000)
Net movement in funds		356	59,517	2,189,338	2,249,211	395,620
Reconciliation of funds						
Fund balances brought forward at 1 September 2015		682	167,948	506,735	675,365	279,745
Fund balances carried forward at 31 August 2016		1,038	227,465	2,696,073	2,924,576	675,365

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

The charitable company has no recognised gains and losses other than those shown above.

Balance sheet 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible fixed assets	12		2,658,946		493,739
Current assets					
Debtors	13	569,750		262,465	
Cash at bank and in hand		<u>676,519</u>		<u>463,932</u>	
		1,246,269		726,397	
Liabilities					
Creditors: amounts falling due within one year	14	<u>(869,639)</u>		<u>(527,771)</u>	
Net current assets			<u>376,630</u>		<u>198,626</u>
Net assets excluding pension liability			<u>3,035,576</u>		<u>692,365</u>
Pension scheme liability	19		<u>(111,000)</u>		<u>(17,000)</u>
Total net assets			<u>2,924,576</u>		<u>675,365</u>
Restricted funds					
Fixed assets fund	15		2,696,073		506,735
Restricted income fund	15		338,465		184,948
Pension reserve	15		<u>(111,000)</u>		<u>(17,000)</u>
			<u>2,923,538</u>		<u>674,683</u>
Unrestricted income funds					
General fund	15		<u>1,038</u>		<u>682</u>
Total funds			<u>2,924,576</u>		<u>675,365</u>

The financial statements on pages 19 to 40 were approved by the Governors, and authorised for issue on 1 December 2016 and are signed on their behalf by:

Sarah Clifford

Sarah Clifford
Chair of governors

Marylebone School Limited
Company Limited by Guarantee
Registration Number: 08339142 (England and Wales)

Statement of cash flows Year to 31 August 2016

		2016 £	2015 £
Net cash inflow from operating activities			
Net cash provided by operating activities	A	136,670	172,572
Cash flows from investing activities	B	75,917	142,868
Change in cash and cash equivalents in the year		212,587	315,440
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2015		463,932	148,492
Cash and cash equivalents at 31 August 2016	C	676,519	463,932

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

	2016 £	2015 £
Net income for the year (as per the statement of financial activities)	2,318,211	400,620
Adjusted for:		
Depreciation charges (note 12)	418,821	384,107
Capital grants from DfE and other capital income	(2,621,310)	(727,176)
Interest receivable (note 3)	(748)	(344)
Defined benefit pension scheme cost less contributions payable (note 19)	25,000	12,000
Increase in debtors	(105,960)	(112,600)
Increase in creditors	102,656	215,965
Net cash provided by operating activities	136,670	172,572

B Cash flows from investing activities

	2016 £	2015 £
Dividends, interest and rents from investments	748	344
Purchase of tangible fixed assets	(2,344,816)	(584,652)
Capital grants from DfE/EFA	2,419,985	727,176
Net cash provided by investing activities	75,917	142,868

C Analysis of cash and cash equivalents

	2016 £	2015 £
Cash and cash equivalents: Cash at bank and in hand	676,519	463,932

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 the Academy, 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Marylebone School Limited meets the definition of a public benefit entity under FRS 102.

Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Marylebone School Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Marylebone School Limited for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

It is the first year that the Academy has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

In preparing the financial statements, the governors have considered whether in applying the accounting policies required by FRS 102 and SORP 2015 a restatement of comparative items was needed. Other than presentational adjustments to reanalyse expenditure for the year ended 31 August 2015 to accord with the format prescribed in the SORP 2015, no further restatements were required. Specifically, governance costs which were previously reported as a separate line of expenditure within the statement of financial activities are now allocated to expenditure on charitable activities.

Going concern

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

Income recognition

All incoming resources are recognised when the Academy 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.

The 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.

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.

Gifts in kind

The value of gifts in kind relating to accommodation provided to the Academy free of charge is recognised at open market value in the period in which it is receivable and where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading the statement of financial activities.

Other income

Other income, including income from catering, is recognised in the period it is receivable and to the extent the Academy has provided the goods or services.

Expenditure recognition

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.

Expenditure on raising funds

This includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and 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's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost/valuation of each asset on a straight-line basis over its expected useful economic life, as follows:

♦ Leasehold improvements	Term of the lease
♦ Fixtures, fittings and equipment	5 years straight line
♦ ICT equipment	3 years straight line

Assets under construction are not depreciated until the asset is available for use.

Tangible fixed assets (continued)

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

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.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy 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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Pensions benefits (continued)

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 income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the governors.

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

Restricted EFA funds comprise all other grants received from the Education Funding Agency.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Academy 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 discussed below.

The net book value of tangible fixed assets is based on the original cost of the asset net of provision for depreciation. The depreciation provision to date is based on the governors' assessment of the estimated useful economic lives of such assets.

The value of donated building space has been assigned a notional rent. The estimate of this rent has been benchmarked against market rates.

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions (continued)

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 19, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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

Other than the estimates discussed above, the governors do not consider that there are any key judgements made in the preparation of the financial statements.

Notes to the financial statements Year to 31 August 2016

1 Donations and capital grants

	Unrestricted funds £	Restricted fixed assets funds £	2016 Total funds £	2015 Total funds £
Capital grants	—	2,621,310	2,621,310	727,176
Donated building space	120,000	—	120,000	120,000
Other donations	111	—	111	246
	120,111	2,621,310	2,741,421	847,422

2 Other trading activities

	Unrestricted funds £	Restricted general funds £	2016 Total funds £	2015 Total funds £
Miscellaneous income	4,530	—	4,530	5,609

3 Investment income

	Unrestricted funds £	Restricted general funds £	2016 Total funds £	2015 Total funds £
Interest receivable	748	—	748	344

Notes to the financial statements Year to 31 August 2016

4 Funding for the Academy's educational operations

	Unrestricted funds £	Restricted general funds £	2016 Total funds £	2015 Total funds £
DfE / EFA grants				
. General Annual Grant (GAG)	—	1,702,135	1,702,135	955,864
. Start Up Grants	—	153,500	153,500	185,000
. Pupil Premium Grant	—	108,616	108,616	51,425
. Other EFA/DFE Grants	—	3,500	3,500	2,500
	—	1,967,751	1,967,751	1,194,789
Other Government grants				
. Local authority grants	—	24,476	24,476	9,494
	—	24,476	24,476	9,494
Other income from the Academy's educational operations	—	112,588	112,588	47,501
	—	2,104,815	2,104,815	1,251,784

5 Expenditure

	Staff costs £	Non pay premises £	Other costs £	Total 2016 £	Total 2015 £
Expenditure on raising funds	—	—	5,033	5,033	7,763
Academy's educational operations (note 6)					
. Direct costs	1,119,228	311,666	190,135	1,621,029	1,123,461
. Allocated support costs	236,510	346,548	324,183	907,241	570,815
	1,355,738	658,214	519,351	2,533,303	1,702,039

Net income for the period includes:

	Total 2016 £	Total 2015 £
Depreciation	418,821	384,107
Fees payable to auditor for		
. Audit	9,925	8,910
. Other services	7,890	8,340

Notes to the financial statements Year to 31 August 2016

6 Charitable activities – Academy's educational operations

	2016 Total funds £	2015 Total funds £
Direct costs	1,621,029	1,123,461
Support costs	907,241	570,815
	2,528,270	1,694,276

	2016 Total funds £	2015 Total funds £
Analysis of support costs		
Support staff costs	236,510	120,022
Depreciation	107,155	90,038
Technology costs	30,666	21,804
Premises costs	239,393	209,010
Other support costs	271,527	102,105
Governance costs	21,990	27,836
Total support costs	907,241	570,815

Notes to the financial statements Year to 31 August 2016

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2015 between restricted and unrestricted funds:

	Un-restricted funds £	Restricted funds		2015 Total funds £
		General fund £	Fixed assets fund £	
Income from:				
Donations and capital grants	120,246	—	727,176	847,422
Charitable activities				
Funding for the Academy's educational operations	—	1,249,284	—	1,249,284
Other trading activities	5,609	—	—	5,609
Investments	344	—	—	344
Total income	126,199	1,249,284	727,176	2,102,659
Expenditure on:				
Raising funds	7,763	—	—	7,763
Charitable activities				
Academy's educational operations	120,000	1,190,169	384,107	1,694,276
Total expenditure	127,763	1,190,169	384,107	1,702,039
Net (expenditure) income	(1,564)	59,115	343,069	400,620
Other recognised gains and losses				
Actuarial losses on defined benefit pension schemes	—	(5,000)	—	(5,000)
Net movement in funds	(1,564)	54,115	343,069	395,620

8 Governors' remuneration and expenses

The governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors.

During the year ended 31 August 2016, no travel and subsistence expenses were reimbursed to governors (2015 - £nil).

Other related party transactions involving the governors are set out in note 10.

Notes to the financial statements Year to 31 August 2016

9 Staff costs

(a) Staff costs

Staff costs during the period were:

	2016 Total funds £	2015 Total funds £
Wages and salaries	1,042,270	564,582
Social security costs	92,293	42,748
Pension costs	187,782	91,406
	1,322,345	698,736
Supply staff costs	33,393	44,993
	1,355,738	743,729

(b) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2016 was as follows:

Charitable activities	2016 No.	2015 No.
Teachers	18	7
Administration support	10	6
Management	1	1
	29	14

(c) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2016 No.	2015 No.
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1
	2	2

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employer's pension contributions for these staff amounted to £26,203.

(d) Key management personnel

The key management personnel of the Academy comprise the governors and the senior leadership team as listed on page 1. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the Academy was £349,592 (2015 - £328,075), relating to four members of the Senior Leadership Team and one staff governor who is not part of the Senior Leadership Team.

Notes to the financial statements Year to 31 August 2016

10 Governors' remuneration and expenses

The Headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as a governor. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

	2016 £'000	2015 £'000
Richard Ardron (Headteacher and Governor)		
. Remuneration	85 – 90	85 – 90
. Employer's pension contributions	10 – 15	10 – 15
Charlotte Abrahamson (Staff Governor)		
. Remuneration	35 – 40	35 – 40
. Employer's pension contributions	5 – 10	5 – 10

11 Governors' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim. It is not possible to quantify the governors' and officers' indemnity element from the overall cost of the RPA scheme.

Notes to the financial statements Year to 31 August 2016

12 Tangible fixed assets

	Assets under construction £	Leasehold buildings improvement £	Furniture, fittings and equipment £	Computer and office equipment £	Total funds £
Cost					
At 1 September 2015	—	588,138	48,984	240,724	877,846
Additions	2,301,664	202,837	70,449	9,078	2,584,028
At 31 August 2016	2,301,664	790,975	119,433	249,802	3,461,874
Depreciation					
At 1 September 2015	—	294,069	9,797	80,241	384,107
Charge in period	—	311,666	23,887	83,268	418,821
At 31 August 2016	—	605,735	33,684	163,509	802,928
Net book value					
At 31 August 2016	2,301,664	185,240	85,749	86,293	2,658,946
At 31 August 2015	—	294,069	39,187	160,483	493,739

The building in which the Academy is currently situated is occupied on a short term lease and hence has not been capitalised in the financial statements. Improvements to the current site have been capitalised as leasehold building improvements.

As at 31 August 2016, the Academy's second temporary site was under construction. The costs of clearing the site and the construction of teaching accommodation are shown as assets under construction.

13 Debtors

	2016 £	2015 £
Trade debtors	2,309	—
VAT recoverable	147,929	51,314
Capital grant debtor	341,903	140,578
Prepayments and accrued income	77,609	70,573
	569,750	262,465

14 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	80,598	114,182
Taxation and social security	30,693	13,797
VAT creditor	14,054	—
Capital creditors	407,907	168,695
Other creditors	103,364	10,795
Accruals and deferred income	233,023	220,302
	869,639	527,771
Deferred income		
Deferred income at 1 September 2015	45,160	—
Released during the year	(45,160)	—
Resources deferred in the year	—	45,160
Deferred income at 31 August 2016	—	45,160

Notes to the financial statements Year to 31 August 2016

15 Restricted funds

	At 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	At 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	169,539	1,705,635	(1,549,860)	13,151	338,465
Start Up Grant	—	153,500	(153,500)	—	—
Pupil Premium	9,433	108,616	(118,049)	—	—
Other government grants	5,976	24,476	(30,452)	—	—
Other Educational Income	—	112,588	(112,588)	—	—
Pension reserve	(17,000)	—	(25,000)	(69,000)	(111,000)
	<u>167,948</u>	<u>2,104,815</u>	<u>(1,989,449)</u>	<u>(55,849)</u>	<u>227,465</u>
Restricted fixed asset funds					
DfE/EFA capital grants	506,735	2,621,310	(418,821)	(13,151)	2,696,073
	<u>506,735</u>	<u>2,621,310</u>	<u>(418,821)</u>	<u>(13,151)</u>	<u>2,696,073</u>
Total restricted funds	<u>674,683</u>	<u>4,726,125</u>	<u>(2,408,270)</u>	<u>(69,000)</u>	<u>2,923,538</u>
Unrestricted funds					
General funds	682	125,389	(125,033)	—	1,038
Total unrestricted funds	<u>682</u>	<u>125,389</u>	<u>(125,033)</u>	<u>—</u>	<u>1,038</u>
Total funds	<u>675,365</u>	<u>4,851,514</u>	<u>(2,533,303)</u>	<u>(69,000)</u>	<u>2,924,576</u>

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

EFA revenue grant fund and other restricted funds

General Annual Grant (GAG)

Under the funding agreement with the secretary of state, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Fixed asset fund

These funds are for the purchase of fixed assets.

Notes to the financial statements Year to 31 August 2016

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset fund £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	—	—	2,658,946	2,658,946
Current assets	1,038	1,208,104	37,127	1,246,269
Current liabilities	—	(869,639)	—	(869,639)
Pension scheme liability	—	(111,000)	—	(111,000)
Total net assets	1,038	227,465	2,696,073	2,924,576

17 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

18 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The trust procured services from the London Diocesan Board for Schools (LDBS) during the year, which is a corporate member of the Academy and a charitable organisation (charity registration number 313000).

LDBS provided the following services during the year ended 31 August 2016:

Description	Total 2016 £	Due at 31 August 2016 £	Total 2015 £	Due at 31 August 2015 £
Staff secondment for project management and admissions	—	—	1,250	—
Room Hire	—	—	3,140	—
DBS checking service	1,048	—	1,083	—
Safeguarding training course	60	—	—	—

There is a formal agreement in place that LDBS provides services at cost to the Academy.

The Academy has complied with the requirements of the EFA's Academies Financial Handbook when entering into the above transactions.

19 Pension and similar obligations

The Academy'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 City of Westminster Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £22,276 were payable to the schemes at 31 August 2016 (2015: £10,795) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (previously 14.1%)
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

19 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £129,805 (2015: £65,167).

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

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

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 2016 was £44,000, of which employer's contributions totalled £31,000 and employees' contributions totalled £13,000. The agreed contribution rates for future years are 16.3% of employers and 6.5% to 8.5% of employees, depending on the salary band.

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

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	4.1%	4.5%
Rate of increase for pensions in payment / inflation	2.3%	2.7%
Discount rate for scheme liabilities	2.2%	4.0%
Inflation assumption (CPI)	2.3%	2.7%
Commutation of pensions to lump sums	50%	50%

19 Pension and similar obligations (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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.1	22.1
Females	25.3	25.2
<i>Retiring in 20 years</i>		
Males	24.4	24.2
Females	27.7	27.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	62,000	23,000
Bonds	2,000	5,000
Property	9,000	3,000
Cash	8,000	1,000
Total market value of assets	81,000	32,000
Present value of scheme liabilities		
Funded	(192,000)	(49,000)
Deficit in the scheme	(111,000)	(17,000)

The actual return on scheme assets was £5,000 (2015: £1,000).

	2016 £	2015 £
Amounts recognised in statement of financial activities		
Current service costs (net of employee contributions)	25,000	12,000
Net interest cost	—	—
Total operating charge	25,000	12,000
Analysis of pension finance costs		
Expected return on pension scheme assets	2,000	(1,000)
Interest on pension liabilities	(2,000)	1,000
Pension finance costs	—	—

Notes to the financial statements Year to 31 August 2016

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the present value of defined benefit obligations were as follows:	2016 £	2015 £
At 1 September 2015	49,000	—
Current service cost	56,000	34,000
Interest cost	2,000	1,000
Employee contributions	13,000	9,000
Actuarial loss	72,000	5,000
At 31 August 2016	192,000	49,000

Changes in the fair value of the Academy's share of scheme assets:	2016 £	2015 £
At 1 September 2015	32,000	—
Interest income	2,000	1,000
Actuarial gain	3,000	—
Employer contributions	31,000	22,000
Employee contributions	13,000	9,000
At 31 August 2016	81,000	32,000

20 Capital commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements	2,698,474	34,483

21 Commitments under operating leases

The lease under which the Academy is occupying the premises at Priory Park Road expired on 19 August 2016. The Academy continues to occupy the premises with the permission of the landlord under the same arrangements as the expired lease. Under the terms of the lease, a service charge is payable, but no rent is payable. The estimated value of the building space received at no cost during the year was £120,000 (2015 - £120,000). This is included as a donation in note 1 to the financial statements.