REGISTRAR OF COMPANIES

Marylebone School Limited

Annual Report and Financial Statements

31 August 2017

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

Contents

Reference and administrative information

Members	Timothy Carnegie Sarah Clifford Antonia Cox Inigo Woolf (representing LDBS)
Governors	Monica Alvarez Yu Richard Ardron Susan Arndt Andrew Bailey Sarah Brendlor Timothy Carnegie Sarah Clifford Antonia Cox Gary Howells Elizabeth Phillips Sophie Rogers
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	60 Christchurch Avenue London NW6 7BH
Company registration number	08339142
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank 39 Threadneedle Street London EC2R 8AU

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 2017. 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, and up to the date of approval of these financial statements, 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 £10,000,000 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 broad 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 the date of approval of these financial statements and served throughout the year except where shown.

Governor	Position	Appointment/ Resignation
Charlotte Abrahamson		Resigned 21 July 2017
Monica Alvarez Yu		Appointed 9 March 2017
Richard Ardron	Headteacher and accounting officer	
Susan Arndt		
Andrew Bailey		
Sarah Brendlor		
Timothy Carnegie		
Sarah Clifford	Chair of Governors	
Antonia Cox		
Gary Howells		
Elizabeth Phillips		
Sophie Rogers		Appointed 28 September 2017

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 programme 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 ESFA 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 third academic year, fully staffed and with all 360 pupil places filled along with a waiting list for pupil places.

On 10 and 11 May 2017, the school had its first Ofsted inspection and has been formally recognised as a "Good" school. The key findings of the inspection were as follows:

Overall effectiveness	Good
Effectiveness of leadership and management	Good
Quality of teaching, learning and assessment	Good
Personal development, behaviour and welfare	Good
Outcomes for pupils	Good

The school is grateful for the hard work and support from staff, governors and parents in bringing about this successful outcome for all our students.

The school continues its strong focus on teaching and learning, with a particular focus on "academic rigour" to underpin the subjects studied by pupils. Teaching and learning practices are embedded through regular, planned assessment cycles and data monitoring. Progress is measured against GCSE targets. Effective tracking and monitoring of pupil progress is delivered throughout the school through good departmental leadership and a clear line management structure delivered by senior leaders.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities *(continued)*

Senior and middle leaders have prioritised planning and development of the Key Stage 4 GCSE curriculum offer, tracking this back to Key Stage 3 to ensure pupils develop the right knowledge, skills and understanding needed to underpin the GCSE syllabus. Year 9 pupils (our first GSCE cohort) selected their GSCE options this year in readiness to sit their exams in the summer of 2019.

The school has continued its programme of external validation to give assurance that its assessment measures and target setting are consistent with other high performing schools. A regular programme of staff training, development and CPD practice has been embedded with a focus on further developing and strengthening middle leadership.

Two additional Assistant Headteachers were appointed during the year to join the school from September 2017. This will strengthen the senior leadership as the school continues its expansion towards a full cohort of pupils, including a sixth form, by September 2020.

The school has a cohort of disadvantaged pupils of just over 50% and receives Pupil Premium and Catch Up funding from the Department for Education to support them. A full programme of interventions is in place to target this funding at specific pupil groups. Through this funding the school has been able to access a range of specific, external support programmes to enhance its pupil premium offer to complement internally delivered Pupil Premium strategies.

The school operates an extended school day with pupils having access to a range of enrichment and sporting activities.

At the start of the academic year, the school continued to occupy a temporary site at Priory Park Road, leased from the Secretary of State on a short term basis and shared with Kilburn Grange School, a new primary free school. The school was fortunate to secure a short term lease in West End Lane, NW6 from the London Diocesan Board for Schools. This site was used as the Year 7 Campus, with years 8 and 9 continuing to be based at the main school site. These arrangements resulted from a delay in the construction timetable of the school's second temporary site in Christchurch Avenue, NW6, which was not ready for occupation as planned in summer 2016.

Construction work at Christchurch Avenue was completed in February 2017 and the school was able to move all pupils and staff into the site during the February half term holiday. This brand new, purpose built accommodation provides specialist science, art, design technology, computer science and music facilities together with general classroom and office space. This accommodation has greatly enhanced the learning environment for both students and staff. The school appointed a new facilities team to manage the site.

Progress on the school's permanent site on North Wharf Road in Paddington has seen construction well underway and the project is on schedule. The school plans to move into this site during the summer of 2018.

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

STRATEGIC REPORT *(continued)*

Achievements and performance (continued)

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.

Financial review

Financial report for the period

The Academy's total income for the year to 31 August 2017 amounted to £6,027,045 (2016: £4,851,514) of which £3,112,693 (2016: £2,774,810) related to the ESFA capital funding grants and lead-in grants. The Academy held total fund balances of £3,772,362 at 31 August 2017 (2016: £2,924,576). The general fund restricted balance at 31 August 2017, including the net pension liability in respect of the LGPS of £137,000 (2016: liability of £111,000), was £336,522 (2016: £227,465). This surplus will enable the Academy to build reserves in line with its reserve policy (see page 8) and to manage the risks and uncertainties associated with the new school sites. The unrestricted general fund balance at 31 August 2017 was £3,348.

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 school site. 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.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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 permanent site. At this stage of the schools' development, it is difficult to predict these costs with certainty.

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

Plans for the 2017-18 academic year centre around further embedding teaching and learning practices in the school, delivering a rigorous and effective Key Stage 4 curriculum for our first GCSE cohort entering Year 10, continuing to validate pupil progress and planning for Key Stage 5 and the opening of a sixth form in the 2019-20 academic year.

The school's priority remains the delivery of a traditional, academically rigorous education to the boys in our care while continuing to build the school in size year by year in accordance with our funding agreement with the Secretary of State for Education.

The school is continuing to work closely with the Education and Skills Funding Agency on the development of the permanent school site to enable the school to move to Paddington as planned in summer 2018.

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 and signed on its behalf by:

Sarah Clifford

Chair of governors

Date: 7 December 2017

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 expanded its finance team increasing capacity for active supplier management and benchmarking in future. A structured budget has been closely adhered to, which has allowed the school to end the year with a surplus of income over expenditure.

Managing capital expenditure carefully

The school is funded by the Education and Skills Funding Agency for the establishment of premises, ICT and furniture fittings and equipment. The governors are mindful that this funding needs to cover our future permanent site. With this in mind, the school has exercised restraint on 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. One new governor was appointed during the course of the year. One staff governor retired at the end of the year upon leaving the school. One staff governor vacancy remains on the governing body at the year end. 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.

Governance (continued)

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)	7	8
Richard Ardron	8	8
Charlotte Abrahamson	6	8
Monica Alverez	2	2
Susan Arndt	7	8
Andrew Bailey	6	8
Sarah Brendlor	7	8
Timothy Carnegie	6	8
Antonia Cox	8	8
Gary Howells	4	8
Elizabeth Phillips	—	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 2017 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 2017 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 2017 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;
- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- Regular reviews by the Finance Link Governor of management reports which indicate financial performance against forecasts and of major purchase plans, capital works and expenditure programmes;
- Clearly defined purchasing guidelines;
- Delegation of authority and segregation of duties; 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 when requested. The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

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
- 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 Ardon

(Accounting Officer)

Approved on: 7 December 2017

Statement on regularity, propriety and compliance 31 August 2017

As accounting officer of Marylebone School Limited, I have considered my responsibility to notify the Academy board of governors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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 ESFA.

Richard Ardon

Accounting Officer

Date: 7 December 2017

Statement of governors' responsibilities 31 August 2017

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 2016 to 2017;
- 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 ESFA 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 and signed on its behalf by:

Sarah Clifford

Chair of governors

Date: 7 December 2017

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

Opinion

We have audited the financial statements of Marylebone School Limited (the 'charitable company') for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2016 to 2017.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

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 charitable company 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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.

Other information

The governors 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 governors' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the governors' report including 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' report including the strategic report.

Matters on which we are required to report by exception (continued)

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records or 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.

Responsibilities of trustees

As explained more fully in the governors' responsibilities statement, the governors 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 governors 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 governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company 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.

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

18 December 2017

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

In accordance with the terms of our engagement letter dated 7 July 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 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 Marylebone School Limited and the ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 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.

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

18 December 2017

Statement of financial activities Year to 31 August 2017
(including the income and expenditure account)

	Notes	Un-restricted funds £	Restricted funds General fund £	Restricted funds Fixed assets fund £	**2017 Total funds £**	2016 Total funds £
Income from:						
Donations and capital grants	1	62,050	—	2,930,193	**2,992,243**	2,741,421
Charitable activities						
Funding for the Academy's educational operations	4	—	3,029,062	—	**3,029,062**	2,104,815
Other trading activities	2	5,052	—	—	**5,052**	4,530
Investments	3	688	—	—	**688**	748
Total income		67,790	3,029,062	2,930,193	**6,027,045**	4,851,514
Expenditure on:						
Raising funds	5	5,480	—	—	**5,480**	5,033
Charitable activities						
Academy's educational operations	6	60,000	3,050,259	2,175,520	**5,285,779**	2,528,270
Total expenditure	5	65,480	3,050,259	2,175,520	**5,291,259**	2,533,303
Net income (expenditure) before transfers		2,310	(21,197)	754,673	**735,786**	2,318,211
Transfers between funds	15	—	18,254	(18,254)	**—**	—
Net income (expenditure)		2,310	(2,943)	736,419	**735,786**	2,318,211
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension schemes	19	—	112,000	—	**112,000**	(69,000)
Net movement in funds		2,310	109,057	736,419	**847,786**	2,249,211
Reconciliation of funds						
Fund balances brought forward at 1 September 2016		1,038	227,465	2,696,073	**2,924,576**	675,365
Fund balances carried forward at 31 August 2017		3,348	336,522	3,432,492	**3,772,362**	2,924,576

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 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible fixed assets	12		**3,432,492**		2,658,946
Current assets					
Debtors	13	**114,365**		569,750	
Cash at bank and in hand		**885,359**		676,519	
		999,724		1,246,269	
Liabilities					
Creditors: amounts falling due within one year	14	**(522,854)**		(869,639)	
Net current assets			**476,870**		376,630
Net assets excluding pension liability			**3,909,362**		3,035,576
Pension scheme liability	19		**(137,000)**		(111,000)
Total net assets			**3,772,362**		2,924,576
Restricted funds					
Fixed assets fund	15		**3,432,492**		2,696,073
Restricted income fund	15		**473,522**		338,465
Pension reserve	15		**(137,000)**		(111,000)
			3,769,014		2,923,538
Unrestricted income funds					
General fund	15		**3,348**		1,038
Total funds			**3,772,362**		2,924,576

The financial statements on pages 19 to 39 were approved by the Governors, and authorised for issue on 7 December 2017 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 2017

		2017 £	2016 £
Net cash inflow from operating activities			
Net cash provided by operating activities	A	**293,029**	136,670
Cash flows from investing activities	B	**(84,189)**	75,917
Change in cash and cash equivalents in the year		**208,840**	212,587
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2016		**676,519**	463,932
Cash and cash equivalents at 31 August 2017	C	**885,359**	676,519

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

	2017 £	2016 £
Net income for the year (as per the statement of financial activities)	**735,786**	2,318,211
Adjusted for:		
Depreciation charges (note 12)	**2,175,520**	418,821
Capital grants from DfE/ ESFA	**(2,930,193)**	(2,621,310)
Interest receivable (note 3)	**(688)**	(748)
Defined benefit pension scheme cost less contributions payable (note 19)	**137,000**	25,000
Defined benefit pension scheme finance cost (note 19)	**1,000**	—
Decrease (increase) in debtors	**185,001**	(105,960)
(Decrease) increase in creditors	**(10,397)**	102,656
Net cash provided by operating activities	**293,029**	136,670

B Cash flows from investing activities

	2017 £	2016 £
Dividends, interest and rents from investments	**688**	748
Purchase of tangible fixed assets	**(3,285,454)**	(2,344,816)
Capital grants from DfE/ESFA	**3,200,577**	2,419,985
Net cash provided by investing activities	**(84,189)**	75,917

C Analysis of cash and cash equivalents

	2017 £	2016 £
Cash and cash equivalents: Cash at bank and in hand	**885,359**	676,519

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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.

Income recognition (continued)

***Grants** (continued)*
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 in 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.

Tangible fixed assets (continued)

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 at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life, as follows:

♦ Leasehold buildings and 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.

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.

Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 to the charity'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.

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 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.

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

Restricted ESFA funds comprise all other grants received 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.

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.

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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

1 Donations and capital grants

	Unrestricted funds £	Restricted fixed assets funds £	**2017 Total funds £**	2016 Total funds £
Capital grants	—	2,930,193	**2,930,193**	2,621,310
Donated building space	60,000	—	**60,000**	120,000
Other donations	2,050	—	**2,050**	111
	62,050	2,930,193	**2,992,243**	2,741,421

2 Other trading activities

	Unrestricted funds £	Restricted general funds £	**2017 Total funds £**	2016 Total funds £
Miscellaneous income	5,052	—	**5,052**	4,530

3 Investment income

	Unrestricted funds £	Restricted general funds £	**2017 Total funds £**	2016 Total funds £
Interest receivable	688	—	**688**	748

4 Funding for the Academy's educational operations

	Unrestricted funds £	Restricted general funds £	**2017 Total funds £**	2016 Total funds £
DfE / ESFA grants				
. General Annual Grant (GAG)	—	2,439,295	**2,439,295**	1,702,135
. Start Up Grants	—	182,500	**182,500**	153,500
. Pupil Premium Grant	—	159,638	**159,638**	108,616
. Other ESFA/DFE Grants	—	11,584	**11,584**	3,500
	—	2,793,017	**2,793,017**	1,967,751
Other Government grants				
. Local authority grants	—	107,976	**107,976**	24,476
	—	107,976	**107,976**	24,476
Other income from the Academy's educational operations	—	128,069	**128,069**	112,588
	—	3,029,062	**3,029,062**	2,104,815

5 Expenditure

	Staff costs £	Non pay premises £	Other costs £	**Total 2017 £**	Total 2016 £
Expenditure on raising funds	—	—	5,480	**5,480**	5,033
Academy's educational operations (note 6)					
. Direct costs	1,723,212	1,972,050	248,903	**3,944,165**	1,621,029
. Allocated support costs	482,595	478,791	380,228	**1,341,614**	907,241
	2,205,807	2,450,841	634,611	**5,291,259**	2,533,303

Net income for the period includes:

	Total 2017 £	Total 2016 £
Depreciation	**2,175,520**	418,821
Fees payable to auditor for		
. Audit	10,200	9,925
. Other services	6,995	7,890

6 Charitable activities – Academy's educational operations

	2017 Total funds £	2016 Total funds £
Direct costs	**3,944,165**	1,621,029
Support costs	**1,341,614**	907,241
	5,285,779	2,528,270

Analysis of support costs	2017 Total funds £	2016 Total funds £
Support staff costs	**482,595**	236,510
Depreciation	**203,470**	107,155
Technology costs	**38,301**	30,666
Premises costs	**275,321**	239,393
Other support costs	**319,417**	271,527
Governance costs	**22,510**	21,990
Total support costs	**1,314,614**	907,241

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2016 between restricted and unrestricted funds:

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

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 2017, £25 of expenses were reimbursed to one governor (2016 - £nil).

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

9 Staff costs

(a) *Staff costs*

Staff costs during the period were:

	2017 Total funds £	2016 Total funds £
Wages and salaries	**1,430,773**	1,042,270
Social security costs	**147,861**	92,293
Pension costs	**361,533**	187,782
	1,940,167	1,322,345
Supply staff costs	**265,640**	33,393
	2,205,807	1,355,738

(b) *Staff numbers*

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2017 was as follows:

Charitable activities	2017 No.	2016 No.
Teachers	**25**	18
Administration support	**16**	10
Management	**1**	1
	42	29

(c) *Higher paid staff*

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

	2017 No.	2016 No.
£60,001 - £70,000	—	1
£70,001 - £80,000	**1**	—
£80,001 - £90,000	—	1
£90,001 - £100,000	**1**	—
	2	2

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 employer's pension contributions for these staff amounted to £26,945.

(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 £407,365 (2016 - £385,423), relating to four members of the Senior Leadership Team and one staff governor who is not part of the Senior Leadership Team.

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:

	2017 £'000	2016 £'000
Richard Ardron (Headteacher and Governor)		
. Remuneration	**90 - 95**	85 – 90
. Employer's pension contributions	**15 – 20**	10 – 15
Charlotte Abrahamson (Staff Governor until July 2017)		
. Remuneration	**40 – 45**	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 £10,000,000 on any one claim. It is not possible to quantify the governors' and officers' indemnity element from the overall cost of the RPA scheme.

12 Tangible fixed assets

	Assets under construction £	Leasehold buildings and improvements £	Furniture, fittings and equipment £	Computer and office equipment £	**Total funds £**
Cost					
At 1 September 2016	2,301,664	790,975	119,433	249,802	**3,461,874**
Additions	2,597,082	65,629	153,798	132,557	**2,949,066**
Transfers	(4,898,746)	4,898,746	—	—	**—**
Disposals	—	(856,604)	(36,874)	—	**(893,478)**
At 31 August 2017	—	4,898,746	236,357	382,359	**5,517,462**
Depreciation					
At 1 September 2016	—	605,735	33,684	163,509	**802,928**
Charge in year	—	1,972,050	76,018	127,452	**2,175,520**
Disposals	—	(856,604)	(36,874)	—	**(893,478)**
At 31 August 2017	—	1,721,181	72,828	290,961	**2,084,970**
Net book value					
At 31 August 2017	—	3,177,565	163,529	91,398	**3,432,492**
At 31 August 2016	2,301,664	185,240	85,749	86,293	**2,658,946**

During the year ended 31 August 2017, the Academy vacated its first temporary site and moved to its second temporary site.

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

13 Debtors

	2017 £	2016 £
Trade debtors	**89**	2,309
VAT recoverable	**16,707**	147,929
Capital grant debtor	**71,519**	341,903
Prepayments and accrued income	**26,050**	77,609
	114,365	569,750

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	**103,931**	80,598
Taxation and social security	**41,609**	30,693
VAT creditor	**—**	14,054
Capital creditors	**71,519**	407,907
Other creditors	**30,461**	103,364
Accruals and deferred income	**275,334**	233,023
	522,854	869,639
Deferred income		
Deferred income at 1 September 2016	**—**	45,160
Released during the year	**—**	(45,160)
Resources deferred in the year	**—**	—
Deferred income at 31 August 2017	**—**	—

15 Restricted funds

	At 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	**At 31 August 2017 £**
Restricted general funds					
General Annual Grant (GAG)	338,465	2,439,295	(2,382,492)	18,254	**413,522**
Start Up Grant	—	182,500	(122,500)	—	**60,000**
Pupil Premium	—	159,638	(159,638)	—	—
Other government grants	—	119,560	(119,560)	—	—
Other educational income	—	128,069	(128,069)	—	—
Pension reserve	(111,000)	—	(138,000)	112,000	**(137,000)**
	227,465	3,029,062	(3,050,259)	130,254	**336,522**
Restricted fixed asset funds					
DfE/ESFA capital grants	2,696,073	2,930,193	(2,175,520)	(21,127)	**3,429,619**
Capital expenditure from GAG	—	—	—	2,873	**2,873**
	2,696,073	2,930,193	(2,175,520)	(18,254)	**3,432,492**
Total restricted funds	2,923,538	5,959,255	(5,225,779)	112,000	**3,769,014**
Unrestricted funds					
General funds	1,038	67,790	(65,480)	—	**3,348**
Total unrestricted funds	1,038	67,790	(65,480)	—	**3,348**
Total funds	2,924,576	6,027,045	(5,291,259)	112,000	**3,772,362**

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

ESFA 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 2017.

Fixed asset fund
These funds are for the purchase of fixed assets.

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset fund £	**Total 2017 £**
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	—	—	3,432,492	**3,432,492**
Current assets	3,348	996,376	—	**999,724**
Current liabilities	—	(522,854)	—	**(522,854)**
Pension scheme liability	—	(137,000)	—	**(137,000)**
Total net assets	3,348	336,522	3,432,492	**3,772,362**

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).

The Academy paid LDBS for the following services during the year ended 31 August 2017:

	Total 2017 £	**Due at 31 August 2017 £**	Total 2016 £	Due at 31 August 2016 £
Description				
Rent	35,000	—	—	—
Utilities	15,823	—	—	—
DBS checking service	1,770	—	1,048	—
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 ESFA'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 2016.

Contributions amounting to £30,462 were payable to the schemes at 31 August 2017 (2016: £22,276) 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

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 is currently underway based on April 2016 data, 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 £168,533 (2016: £129,805).

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 2017 was £79,000 (2016: £44,000), of which employer's contributions totalled £56,000 (2016: £31,000) and employees' contributions totalled £23,000 (2016: £13,000). The agreed contribution rates for future years are 16.3% for employers and 5.8% to 8.5% for 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 2017**	At 31 August 2016
Rate of increase in salaries	**4.2%**	4.1%
Rate of increase for pensions in payment / inflation	**2.7%**	2.3%
Discount rate for scheme liabilities	**2.6%**	2.2%
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 2017	At 31 August 2016
Retiring today		
Males	**24.4**	22.1
Females	**26.0**	25.3
Retiring in 20 years		
Males	**26.7**	24.4
Females	**28.3**	27.7

The below changes in assumptions would increase (decrease) the net pension liability as follows:

Sensitivity analysis	**At 31 August 2017 £**
Discount rate +0.1%	**(10,000)**
Discount rate -0.1%	**10,000**
Mortality assumption – 1 year increase	**11,000**
Mortality assumption – 1 year decrease	**(11,000)**
Pension increase +0.1%	**10,000**
Pension decrease -0.1%	**(10,000)**

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	**155,000**	62,000
Gilts	**7,000**	2,000
Corporate bonds	**21,000**	9,000
Property	**18,000**	8,000
Cash and other liquid assets	**3,000**	—
Total market value of assets	**204,000**	81,000

The actual return on scheme assets was £22,000 (2016: £5,000).

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	2017 £	2016 £
Current service cost	**193,000**	25,000
Interest income	**(3,000)**	(2,000)
Interest cost	**4,000**	2,000
Total amount recognised in the SOFA	**194,000**	25,000

Changes in the present value of defined benefit obligations were as follows:	2017 £	2016 £
At 1 September 2016	**192,000**	49,000
Current service cost	**193,000**	56,000
Interest cost	**4,000**	2,000
Employee contributions	**23,000**	13,000
Actuarial (gain)/loss	**(70,000)**	72,000
Benefits paid	**(1,000)**	—
At 31 August 2017	**341,000**	192,000

Changes in the fair value of the Academy's share of scheme assets:	2017 £	2016 £
At 1 September 2016	**81,000**	32,000
Interest income	**3,000**	2,000
Actuarial gain	**42,000**	3,000
Employer contributions	**56,000**	31,000
Employee contributions	**23,000**	13,000
Benefits paid	**(1,000)**	—
At 31 August 2017	**204,000**	81,000

20 Capital commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	**168,141**	2,698,474

21 Commitments under operating leases

The Academy's temporary site at Brondesbury Park is occupied on a short term lease which expires on 30 September 2018. Peppercorn rent is payable.