

REGISTRAR OF COMPANIES

Marylebone School Limited

Annual Report and Financial Statements

31 August 2014

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 Laura D Royde Inigo Woolf representing LDBS
Governors	Richard Ardron Sarah Brendlor Timothy C Carnegie Sarah E Clifford Antonia M Cox Scott Durkin Elizabeth Phillips David A McFadden Laura D Royde
Company Secretary	Laura D Royde
Headteacher and Accounting Officer	Richard Ardron
Registered address	Priory Park Road London NW6 7UJ
Company registration number	08339142
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank 39 Threadneedle Street London EC2R 8AU

Governors' report Year to 31 August 2014

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 2014. 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 19 to 21 of the attached financial statements and comply with the Academy's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" ('SORP 2005').

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.

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 2014 and served throughout the year except where shown.

Governor	Position	Appointment/ Resignation
Richard Ardron	Headteacher and accounting officer	Appointed 20 June 2014
Timothy C Carnegie	Chair of Governors	Appointed 9 July 2013
Sarah E Clifford		Appointed 9 July 2013
Antonia M Cox		Appointed 13 March 2014
Elizabeth Phillips		Appointed 31 March 2014
David A McFadden		
Laura D Royde		

In addition, Sarah Brendlor and Scott Durkin were appointed on 10 November 2014.

Method of recruitment and appointment or election of governors

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

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

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 School, 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 School. The Senior Leadership Team controls the School 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.

Risk management

The governing body has developed a risk register during the year in order to limit the Academy's exposure to risk.

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 school.

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

There are no student achievements to report prior to 31 August 2014 as the Academy was not formally open until 3 September 2014.

During the year under review, the principal achievement of the Academy was establishing the school ready for the first cohort of pupils on 3 September 2014.

During the pre-opening period, the founding group appointed the Headteacher Richard Ardron, and the senior leadership team. The school opened fully staffed and, following a successful marketing campaign, with all 120 pupil places filled.

Working in conjunction with the Education Funding Agency and Westminster City Council, the school was able to secure a permanent site for a new school building. The temporary site in Priory Park Road is leased from the Secretary of State for Education on a short-term basis.

The school has established a curriculum in line with the vision of the founders, together with an extended day so that pupils can benefit from enrichment activities as well as a period of private study.

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.

Governors' report Year to 31 August 2014

Financial review

Financial report for the period

The Academy's total incoming resources for the year to 31 August 2014 amounted to £388,120 of which £210,000 related to the EFA lead in grant. The Academy held fund balances of £279,745 at 31 August 2014.

The results for the year are shown on page 16.

PRINCIPAL RISKS AND UNCERTAINTIES

The Academy's principal risks have been identified and there is a risk register in place to mitigate these risks. The risks fall into the following classifications; compliance, financial, operational, and strategic and reputational.

The principal risks identified are: pupil recruitment to ensure that each year group is full; delivery and timing risks of the permanent site and the management challenges arising from a relatively small team in the first year of operation.

Reserves policy

The governors are working towards developing a reserves policy for the Academy in order to provide sufficient working capital to cover delays between spending and receipts of grants and to provide resources to deal with unexpected emergencies.

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 Academy opened on 3 September 2014 and the governors have implemented systems and structures to run the school.

The school's priority is to deliver 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 2014-15 academic year centre around: establishing the teaching and learning practices in the school; identifying and recruiting the teaching and other staff for 2015-16; and working with the Education Funding Agency on the development of the permanent school site.

Governors' report Year to 31 August 2014

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 11 December 2014 and signed on its behalf by:



Sarah Clifford

Chair of governors

Date: 11 December 2014

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.

Governance

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities.

Until August 2014, the Academy was in the implementation phase, which was overseen by a group of six governors supported by sponsors, advisors and the Accounting Officer. Regular governor meetings commenced in February 2014 in advance of the appointment of the first member of staff, the Accounting Officer, in April 2014.

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 that was in place at the Academy for the year ended 31 August 2014 was designed to be appropriate for the lead in phase of the Academy's development. From September 2014 and up to the date of approval of the annual report and financial statements an appropriate system of internal control was developed for an operational Academy.

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 2014 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 Academy's system of internal financial control for the year ended 31 August 2014 was designed to meet the requirements of the lead in phase of the Academy's development and was designed to be effective given the small number of staff available at the Academy during this period. The internal control framework was developed from September 2014 following the appointment of a Business Manager and other staff. During the year ended 31 August 2014, the Academy's system of internal financial control included:

- ◆ a project steering group, which met regularly including representation from the Board of Governors;
- ◆ Maintenance of a project risk log, which was monitored on a regular basis by the Board of Governors;
- ◆ an established budget for the lead in phase with monitoring of expenditure in the context of the budget;
- ◆ Input from external advisors including assistance from London Diocesan Board of Schools and advice from EFA; 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 are in the process of appointing John McDonald from St Marylebone CE School as Responsible Officer ('RO') under a peer review arrangement.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. When appointed, on a termly basis, the RO reports will be 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
- ◆ the work of the project steering group during the lead in phase.

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:

11 December 2014

Statement on regularity, propriety and compliance 31 August 2014

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.

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.

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: 11/12/14

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Statement of governors' responsibilities 31 August 2014

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' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 11 December 2014 and signed on its behalf by:



Chair of governors

Date: 11 December 2014

Independent auditor's report 31 August 2014

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

We have audited the financial statements of Marylebone School Limited for the period ended 31 August 2014 which comprise the statement of financial activities, the balance sheet, 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).

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 2014

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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006.

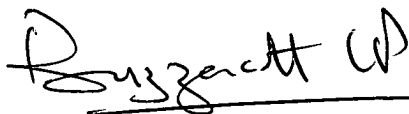
Opinion on other matter prescribed by the Companies Act 2006

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 returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of 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

15 December 2014

Independent reporting accountant's report on regularity 31 August 2014

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 3 October 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 2013 to 31 August 2014 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 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 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 2014

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.

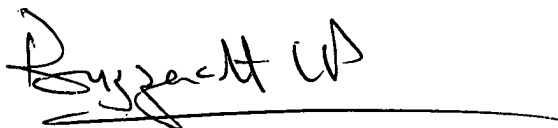
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

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 2013 to 31 August 2014 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

15 December 2014

Statement of financial activities Year to 31 August 2014
(including the income and expenditure account)

			Restricted funds			
		Un- restricted funds	EFA	Fixed assets fund	2014 Total funds	2013 Total funds
	Notes	£	£	£	£	£
Incoming resources						
Incoming resources from charitable activities						
Voluntary income	1	10,000	—	—	10,000	—
Activities for generating funds		2,246	—	—	2,246	—
Incoming resources from charitable activities:						
. Funding for the Academy's development	2	—	214,304	161,570	375,874	90,000
Total incoming resources		12,246	214,304	161,570	388,120	90,000
Resources expended						
Charitable activities						
. Academy's development costs	4	10,000	174,997	—	184,997	—
Governance costs	5	—	13,378	—	13,378	—
Total resources expended	3	10,000	188,375	—	198,375	—
Net incoming resources before transfers		2,246	25,929	161,570	189,745	90,000
Transfers		—	(2,096)	2,096	—	—
Net movement in funds		2,246	23,833	163,666	189,745	90,000
Fund balances brought forward at 1 September 2013		—	90,000	—	90,000	—
Fund balances carried forward at 31 August 2014		2,246	113,833	163,666	279,745	90,000

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 and therefore no separate statement of recognised gains and losses is presented.

Balance sheet 31 August 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible fixed assets	9		152,615		—
Current assets					
Debtors	10	149,865		—	
Cash at bank and in hand		148,492		90,000	
		<u>298,357</u>		<u>90,000</u>	
Creditors: amounts falling due within one year	11	<u>(171,227)</u>		<u>—</u>	
Net current assets			127,130		90,000
Net assets			<u>279,745</u>		<u>90,000</u>
Funds of the Academy					
Restricted funds					
Fixed assets fund	12	163,666		—	
EFA fund	12	<u>113,833</u>		<u>90,000</u>	
			277,499		90,000
Unrestricted funds					
General fund			2,246		—
Total funds			<u>279,745</u>		<u>90,000</u>

The financial statements on pages 16 to 29 were approved by the Governors, and authorised for issue on 11 December 2014 and are signed on their behalf by:



Sarah Clifford

Chair of governors

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

Cash flow statement Year to 31 August 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	18	49,536	90,000
Capital expenditure	19	8,955	—
Increase in cash in the year		58,492	90,000
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		90,000	—
Net funds at 31 August 2014		148,492	90,000

Analysis of changes in net funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash at bank and in hand	90,000	58,492	148,492
	90,000	58,492	148,492

Principal accounting policies 31 August 2014

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Gifts in Kind

The value of gifts in kind relating to accommodation provided free of charge that is provided to the Academy is recognised at open market value in the period in which it is receivable as incoming resources, 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.

Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Principal accounting policies 31 August 2014

Charitable activities

These are costs incurred in relation to the Academy's development.

Governance costs

These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable 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.

Depreciation will be charged on assets purchased during the period when the Academy becomes operational in 2014/15 and the assets come into use, as follows:

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

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.

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 are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme, contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

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 quinquennial valuations using a prospective benefit method. As stated in note 16, the TPS is a multi employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The academy trust is a member of the London Borough of Westminster Local Government Pension Scheme. During the year ended 31 August 2014, the academy trust had two members of the LGPS, who were appointed in July 2014. The underlying assets and liabilities of the scheme as at 31 August 2014 are therefore expected to be immaterial to the overall financial statements and the scheme has been accounted for as a defined contribution scheme for the year ended 31 August 2014.

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.

Notes to the Financial Statements Year to 31 August 2014

1 Voluntary income

	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Donated building space (see note 21)	10,000	—	10,000	—

2 Funding for the Academy's development

	Unrestricted funds £	Restricted general funds £	2014 Total funds £	2013 Total funds £
DfE / EFA capital grant				
. Capital grants	—	161,570	161,570	—
DfE / EFA revenue grant				
. Lead-in funding grant	—	210,000	210,000	90,000
. Capital grants	—	4,304	4,304	—
	—	375,874	375,874	90,000

3 Resources expended

	Staff costs £	Other costs £	Total 2014 £	Total 2013 £
Charitable activities				
. Academy's development costs (note 4)	47,334	137,663	184,997	—
Governance costs (note 5)	—	13,378	13,378	—
	47,334	151,041	198,375	—

4 Charitable activities – Academy's development costs

	Unrestricted general funds £	Restricted general funds £	2014 Total funds £	2013 Total funds £
Staff costs - teaching	—	3,106	3,106	—
Staff costs – support	—	44,228	44,228	—
Lead-in costs	10,000	110,720	120,720	—
Marketing	—	16,912	16,912	—
Bank interest and charges	—	31	31	—
	10,000	174,997	184,997	—

5 Governance costs

	Unrestricted general funds £	Restricted general funds £	2014 Total funds £	2013 Total funds £
Legal and professional costs	—	5,678	5,678	—
Auditor's remuneration	—	—	—	—
. Audit of financial statements	—	5,500	5,500	—
. Other services	—	2,200	2,200	—
	—	13,378	13,378	—

Notes to the Financial Statements Year to 31 August 2014

6 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 2014, travel and subsistence expenses totalling £39 were reimbursed to two governors (2013 - £nil).

Other related party transactions involving the governors are set out in note 8.

7 Staff costs

(a) Staff costs

Staff costs during the period were:

	Year to 31 August 2014 Total funds £	Year to 31 August 2013 Total funds £
Wages and salaries	37,977	—
Social security costs	4,024	—
Pension costs	5,333	—
	47,334	—

(b) Staff severance payments

There were no non-statutory/non-contractual severance payments during the year.

(c) Staff numbers

The Headteacher was employed for the last four months of the year. Additionally, from July 2014, four other persons became employees (1 management, 1 administration/support, and 2 teachers). Taken over the year as a whole, the total average number of employees was 1.

(d) Higher paid staff

There were no (2013 – nil) employees who (including taxable benefits but excluding employer pension contributions) earned £60,000 per annum or more during the year.

8 Governors' remuneration and expenses

The Headteacher only receives remuneration in respect of services he provides undertaking the roles of Headteacher and not in respect of his service 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 was as follows:

	2014 £	2013 £
R Ardron, Headteacher and governor	32,250	—

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for this member of staff amounted to £4,547 (2013 - £Nil).

Notes to the Financial Statements Year to 31 August 2014

9 Tangible fixed assets

	Leasehold buildings improvement £	Furniture, fittings and equipment £	Computer and office equipment £	Total funds £
Cost/valuation				
At 1 September 2013	—	—	—	—
Additions	121,470	29,049	2,096	152,615
At 31 August 2014	121,470	29,049	2,096	152,615
Depreciation				
At 1 September 2013	—	—	—	—
Charge in period*	—	—	—	—
At 31 August 2014	—	—	—	—
Net book value				
At 31 August 2014	121,470	29,049	2,096	152,615

*The depreciation charge for the period is £nil as the assets were not brought into use until after the year ended 31 August 2014.

The building in which the Academy is situated is rented and hence has not been capitalised in these financial statements.

10 Debtors

	2014 £	2013 £
VAT recoverable	18,906	—
Prepayments and accrued income	6,051	—
Other debtors	124,908	—
	149,865	—

11 Creditors: amounts falling due within one year

	2014 £	2013 £
Taxation and social security	4,057	—
Other creditors	8,193	—
Accruals	158,977	—
	171,227	—

Notes to the Financial Statements Year to 31 August 2014

12 Restricted funds

	At 1 September 2013 £	Incoming resources £	Resources expended £	Transfers £	At 31 August 2014 £
EFA revenue grant fund					
EFA lead-in grants	90,000	210,000	(184,071)	(2,096)	113,833
EFA capital grant spent on non-capitalised equipment	—	4,304	(4,304)	—	—
	90,000	214,304	(188,375)	(2,096)	113,833
Fixed assets fund					
Fixed assets funded from Lead-In grant	—	—	—	2,096	2,096
EFA Capital grant	—	161,570	—	—	161,570
Total fixed assets funds	—	161,570	—	2,096	163,666
Total restricted funds	90,000	375,874	(188,375)	—	277,499
Unrestricted funds	—	12,246	(10,000)	—	2,246
Total funds	90,000	388,120	(198,375)	—	279,745

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

EFA revenue grant fund

This fund includes the EFA grant towards lead-in and project management costs incurred by the Academy during the period.

Fixed asset fund

These funds are for the purchase of fixed assets.

13 Analysis of net assets between funds

	Unrestricted funds £	Restricted general Funds £	Restricted fixed asset fund £	Total 2014 £
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	—	—	152,615	152,615
Current assets	2,246	309,359	11,051	322,656
Current liabilities	—	(195,526)	—	(195,526)
Total net assets	2,246	113,833	163,666	279,745

14 Guarantees, letters of comfort and indemnities

The trust provided no guarantees, letters of comfort, indemnities during the year ended 31 August 2014.

15 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.

16 Related party transactions

Owing to the nature of the academy trust'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 trust'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 trust and a charitable organisation (charity registration number 313000).

LDBS provided the following services during the year ended 31 August 2014:

Description	Amount	Due at year end
Staff secondment for project management and admissions	21,952	2,205
Education consulting advice	3,140	1,970
Rent of temporary offices	6,833	6,833
DBS checking service	285	nil
GROW recruitment and retention subscription	420	nil

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

In entering into the above transactions the academy trust has complied with the requirements of the EFA's Academies Financial Handbook.

17 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 Westminster City Council. Both are defined-benefit schemes.

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

17 Pension and similar obligations (continued)

Contributions amounting to £3,110 were payable to the schemes at 31 August 2014 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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 (currently 14.1%);
- ◆ total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

17 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme (LGPS)

The academy trust is a member of the London Borough of Westminster Local Government Pension Scheme. During the year ended 31 August 2014, the academy trust had two members of the LGPS, who were appointed in July 2014. The underlying assets and liabilities of the scheme as at 31 August 2014 are therefore expected to be immaterial to the overall financial statements and the scheme has been accounted for as a defined contribution scheme for the year ended 31 August 2014.

Notes to the Financial Statements Year to 31 August 2014

18 Reconciliation of net income to net cash inflow from operating activities

	2014 £'000	2013 £'000
Net income	189,744	90,000
Capital grants from EFA	(161,570)	—
Increase in debtors	(4,096)	—
Increase in creditors	25,458	—
Net cash inflow from operating activities	49,536	90,000

19 Capital expenditure and financial investment

	2014 £	2013 £
Purchase of tangible fixed assets	(31,145)	—
Capital grants from EFA and other capital income	40,100	—
	8,955	—

20 Capital commitments

	2014 £	2013 £
Contracted for, but not provided in the financial statements	254,453	—

21 Financial Commitments

Operating lease

At 31 August 2014 the academy trust had entered into a non-cancellable operating lease for the use of the Academy building. At the year-end, the lease has a remaining term of slightly less than two years. Under the terms of the lease, a service charge is payable, but no rent. The estimated value of the building space received at no cost was £10,000 (2013 - £nil), which is included as a donation in note 1 to the financial statements. The amount of the service charge is not quantifiable in advance.