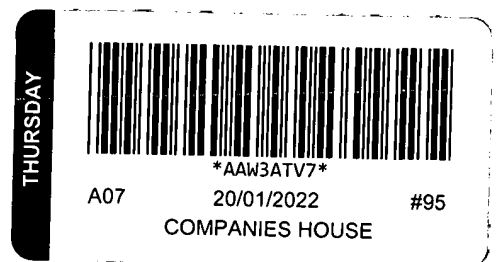


Future Academies

Consolidated Annual Report and Financial Statements

31 August 2021

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



Future Academies

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Future Academies

Reference and Administrative Information

Members

Lord John Nash
Lady Caroline Nash
Gilbert Chalk
Derek Sayer, ceased on 21 June 2021
John Putt, appointed 19 February 2020

Trustees

Lord John Nash (Chairman)
Lady Caroline Nash
Lara Newman
Mike Parish (appointed 14 October 2020)
David Carter (appointed 14 October 2020)
Paul Smith
Gilbert Chalk (resigned 1 September 2020)

Senior Management (during 2020/21)

Paul Smith (Chief Executive)
Samantha Green (Executive Principal, until May 2021)
Daniel Smith (Principal, Pimlico Academy, September 2020 until May 2021)
Tony Maccowall (Principal, Phoenix Academy)
Matt Singh (Principal, Laureate Academy)
Matthew Laban (Principal, Barclay Academy)
Deborah Warwick (Principal, Future Academies, Watford)
Dr Philip Hills (Principal, the Grange Academy, from September 2020)
Antony Faccinello (Principal, Trinity Academy, from December 2020)
Alex Gamon (Executive Principal, Primaries)
Rob Williams (Chief Operating Officer, until January 2021)
David Hughes (Chief Financial Officer)
Oliver Wimborne (Head of Curriculum Centre)
Natalie Parker (Head of Initial Teacher Training and CPD)

Registered office

Pimlico Academy
Lupus Street
London
SW1V 3AT

Company registration number

6543442 (England and Wales)

Auditor

Buzzacott LLP, 130 Wood Street, London. EC2V 6DL

Bankers

HSBC, 69 Pall Mall, London. SW1Y 5EY

Solicitors

Stone King, 16 St John's Lane, London. EC1 4BS

Future Academies

Trustees' Report (including the strategic report)

For the year ended 31 August 2021

The Trustees of Future Academies ("the Academy Trust"), who are also Directors of the Academy Trust for the purposes of the Companies Act, present their statutory report and the audited consolidated financial statements for the year ended 31 August 2021, which include the financial results of the subsidiary company, Future Academies Trading Limited. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 38 to 44 of the attached financial statements and comply with the Academy Trust's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

Future Academies is a company limited by guarantee with no share capital (Company Registration No. 6543442) which was incorporated on 25 March 2008. The Company is an exempt charity and is regulated by the Department for Education (DfE). It has a wholly owned subsidiary, Future Academies Trading Ltd (Company 09744838), which supports the charitable objectives by raising funds through commercial activities centred on the Trust's sites.

The Academy Trust's memorandum and articles of association are the primary governing documents. Members of the Academy Trust are nominated either by the principal Sponsor, Future, a charity (charity number 1114396) founded by Lord John Nash and Lady Caroline Nash, or by the Secretary of State. The articles of association require the members of the Academy Trust to appoint at least one Trustee to be responsible for the affairs of the Academy Trust and the management of Future Academies.

Future Academies

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Constitution and principal activities (continued)

The principal objects of Future Academies are to advance, for the public benefit, education in the United Kingdom by establishing and developing Academies and to advance sport, the arts, culture, citizenship and community development within the communities from which such Academies draw their students. Future Academies is a multi-academy trust (MAT) of ten schools in Central London and Hertfordshire. Two schools are rated “outstanding”, and four schools are rated as “good”. The remaining four schools have yet to be inspected by Ofsted since joining the Trust. The Academy Trust comprises seven secondary schools, Pimlico Academy, Phoenix Academy, Laureate Academy, Barclay Academy, The Grange Academy, Future Academies Watford and, from 1 December 2020, Trinity Academy, along with three primary schools: Churchill Gardens Primary Academy, Millbank Academy and Pimlico Primary. The Academy Trust’s School Centred Initial Teacher Training institute, known as Future Training SCITT at the Future Institute, continues to train both primary and secondary teachers.

Legal status and members’ liability

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

Trustees and Governors

The memorandum of association, articles of association and funding agreements form the basis of how the Trust is governed. Future Academies (the Trust) is the body legally responsible for the operation of each Academy within the group. The Trust Board comprises non-executive Trustees (known within the Trust as Directors) and the chief operating officer, in an ex-officio role. The Board of Future Academies is chaired by Lord Nash, and its members are listed at the start of this report. Throughout the period, in line with best practice, the Trust has created separation between the Directors and the Members.

The Board operates a separate Finance, Audit and Risk Committee as a sub-committee of the Board. This was chaired by Lord Nash in year, who was superseded by Mike Parish from the June 2021 meeting. Throughout lockdowns and Covid-19 restrictions, meetings of the Board and sub-committees have been held virtually, in person, or mixed. In addition, the sponsors meet regularly with the CEO and other executives.

Supporting the Board, each Academy has a Local Governing Body (LGB), which is an advisory body with the remit to help the hold the Principals and Executive Principals to account for the progress, attainment, safeguarding and well-being of pupils.

Future Academies

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees and Governors (continued)

Trustees and Governors are appointed according to their skill sets and the contribution they can make to ensure the Academy Trust's activities are effective. New Trustees and Governors are interviewed by experienced Trustees or Governors, given an introduction to the Academy Trust and an opportunity to meet with the relevant Principal(s) prior to their first full meeting.

The SCITT is governed by the Trustees and has a Management Board made up of Trustees and others with expertise in the field of teacher training.

Organisational structure

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

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

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

The Trust's Chief Executive Officer oversees the work of the Principals within each Academy. The Principals manage the Academies on a day to day basis, implementing the strategy laid down by the Board.

Future Academies

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting the pay and remuneration of the Academy Trust's key management personnel are reviewed by the Finance, Risk and Audit Committee and approved by the Academy Trust Board. Key management personnel comprise the Trustees and the senior management team as listed on page 1. No Trustee or Governor received any remuneration in respect of their governance duties from the Trust during the period.

Head teacher pay is set by the Chief Executive Officer, taking the principles established in the Government's School Teachers Pay and Conditions Document as a guide. All other staff pay is determined with reference to pay policies in place at each Academy, national pay rates and market forces.

Employee Engagement

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

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
8	8

Percentage of time spent on facility time

Percentage of time	Number of employees
1-50%	4

Percentage of pay bill spent on facility time

Total cost of facility time	£2,512
Total pay bill	£25,203,000
Percentage of the total pay bill spent on facility time	0.01%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.5%
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Future Academies

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations

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

Risk management

The Academy Trust has drawn up a formal risk management process to assess business risks and implement risk management strategies. This process has identified the types of risk the Academy Trust faces.

During the period, Trustees reviewed all risks to which the Academy Trust may have been exposed and systems were established to mitigate those risks, including appropriate insurances, suitable financial procedures and other policies and procedures.

OBJECTIVES AND ACTIVITIES

The main activity of the Academy Trust is the operation of the Trust's Academies and educational activity. The purpose is to provide education for pupils of different abilities with an emphasis on a cumulative, knowledge-rich curriculum and the training of teachers.

In setting the Academy Trust's objectives and planning their activities the Trustees have given careful consideration to the Charity Commission general guidance on public benefit.

STRATEGIC REPORT

Achievements and performance and future plans

Overview

The Covid-19 pandemic has created unprecedented challenges for the education sector as well as society more generally. Restrictions put in place by Government to tackle the coronavirus have required a complete shift in how we have delivered education and dealt with the risks associated with the situation, including on-line learning, restrictions on movement and interaction between staff and students, and cancellation of exams.

Future Academies

STRATEGIC REPORT (continued)

Achievements and performance and future plans (continued)

Overview (continued)

Throughout this period, we have enhanced our IT capability and increased its use and effectiveness. Virtual lessons and teacher-student support became normalised during lockdowns, and have enabled staff to continue to provide a high quality of education. Nonetheless, this has presented challenges to ensuring all groups of students progress at the appropriate rate. We also saw exams replaced by moderated teacher assessment, which has meant we do not have externally validated performance data and comparison between institutions and between years becomes more subjective. Nonetheless, as we enter the 2021-22 academic year, Ofsted have recommenced their inspection programme: to date, they conducted a monitoring visit at Pimlico Academy in June 2021 (section 5 review) and a "section 8" full inspection in September 2021. Ofsted concluded that the academy was "good with outstanding features", and that safeguarding was effective and personal development and the sixth form outstanding. We anticipate inspections at a number of our Academies in the coming period, as well as for our teacher training provision. We continue to focus on education recovery and school improvement, through the provision of high quality education and access to enrichment activities, with a view to providing our students with the best possible preparation for life beyond school.

Corporately, the Trust continued its growth strategy, with Trinity Academy joining the Trust on 1 December 2020. This Brixton-based Academy complements our existing central London portfolio of secondary schools, providing an additional 600 students across key stages 3, 4 and 5. The Trust now has 10 schools and 6,650 students. This provides the Trust with a solid financial position to ensure appropriate investment in all schools in the long term. The Trust has also reached the threshold for automatic allocation of capital funds from DfE; current annual capital funding for the Trust is £1.8million, which will be used to support the replenishment of plant and machinery and infrastructure, along with improving school condition and growth strategies. As part of this, the Trust will invest in initiatives to support the public sector environmental targets.

Vision

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

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

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

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

Future Academies

STRATEGIC REPORT (continued)

Achievements and performance and future plans (continued)

Vision (continued)

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

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

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

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

Our values

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

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

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

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

Future Academies

STRATEGIC REPORT (continued)

Achievements and performance and future plans (continued)

Our values (continued)

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

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

Priorities

The Trust priorities for the period 2021-23 are:

- Develop the Trust operating model to underpin the vision through consistent, efficient and cost-effective operating procedures and structures.
- Evolve the corporate governance throughout the Trust to support Trust leaders.
- Widen the Future Academies Curriculum to support our vision to provide the highest quality of education to all students.
- Develop the Future Academies school improvement offer to all Academies.
- Pursue the Trust growth model.

Key Performance Indicators

Assessments

Due to the unprecedented impact of the Covid-19 pandemic, the Government took the decision to cancel SATs, GCSEs, BTECs and A-Level examinations in 2021. This is the second year where no national exams or tests were taken. Ordinarily, school performance is demonstrated by student attainment and progress across each school phase, but school performance and national league tables have not been prepared or assessed by DfE.

The Trust undertook a rigorous moderation of internal assessment data in line with the requirements of the Teacher Assessed Grades (TAG) policy, which ensured that students received realistic gradings to allow them to progress to the next stage of their education or post-education career. Whilst our schools continued to deliver a high quality of education, there is no benchmarking data against which we can assess performance.

Future Academies

STRATEGIC REPORT (continued)

Key Performance Indicators (continued)

Assessments (continued)

Likewise, Ofsted suspended their inspection regime during this period, and so there was no external validation of school performance. Instead, the Trust continued its programme of school improvement, culminating in the appointment of a Head of Standards and Effectiveness to oversee the Trust priorities in these areas, and to ensure we deliver against our vision, including maintaining consistently high ratings from Ofsted.

Our regulators and DfE stakeholders judge the Trust by our educational performance and our financial standing. As shown in the financial review below, the Trust is financially secure.

Promoting the success of the Trust

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

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

Employee and supplier engagement are covered elsewhere within this report.

FINANCIAL REVIEW

Financial report for the year

The statement of financial activities shows total income for the year of £91.0 million and net income, prior to the actuarial losses on defined benefit pension schemes, of £38.1m (2020: £45.3 million).

During the year, the Trust acquired £38.5 million assets from Trinity London Academy Trust, including £0.6 million restricted (revenue) funds. Under charity accounting, this transfer is accounted for as revenue within the statement of financial activities.

Excluding these incoming reserves, the Trust reported £52.5 million income, generating a deficit of £0.4 million. This income includes £3.0 million capital grant which, under charity accounting, also needs to be accounted as revenue, although related expenditure is taken to the balance sheet with depreciation charged to revenue. Excluding the impact of these capital items, the Trust had an underlying operating surplus before pension adjustment of £2.4 million. This surplus reflects astute financial management and budget discipline, along with the impact of Covid-19, which has seen some expenditure patterns disrupted or deferred.

Future Academies

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

In particular, the restrictions and changes in practice necessitated by the pandemic has had a short term impact in the following areas. Overall, this has increased the surplus for the year to 31 August 2021, but will also require investment in future years in order to support students return and progress.

- Additional costs were incurred in estates management, including extra cleaning to mitigate the risks of the coronavirus. Overall, we invested almost £300k additional funds in the estate and buildings operations throughout this period. This included supporting suppliers through the application of the public sector procurement notice, and additional catering costs;
- Staffing costs were significantly below budget. This reflects more efficient modelling and budget discipline on the one hand, but Covid has also had an impact. In particular, there was a reduced need for agency staff during lockdowns, schools carried some vacancies during the year due to the changed environment in which students were taught. Recruitment to non-teaching posts was also more difficult than normal, resulting in some vacancies being carried, which has also led to a review of how we deliver operational services. Against these savings, we have seen increased recruitment costs;
- Exam costs. There were no external exams at key stage 4 or 5, and no Standard Assessment Tests in the primary phase. Instead, there was a programme of internal assessment and evaluation. Exam Boards initially charged at full cost, but announced rebates in late summer. That reduced our costs by around £200k, and these funds will be carried forward to aid education recovery;
- Lost revenue – successive lockdowns severely restricted the Trust's revenues from commercial letting of school sites, which yielded less than £200k in 2020-21, compared to almost £1m for the ten schools in the last full year pre Covid. The Trust adapted by setting operational budgets to exclude reliance on such revenue, which is now used to meet specific projects or other investments outside day to day running of schools;
- Extra Government grant. The Trust benefited from £1.7m of additional public sector revenue grant secured or granted in year. This took the form of Covid recovery or support grants, additional special educational needs funding, and some growth funding. Much of this matched expenditure in year, but the nature of the coronavirus impact on schools has also meant we have carried forward some funds into 2021-22 to support reintegration of students and aid their progress in a more structured educational setting.

These short term impacts of Covid have seen a highly skewed pattern of expenditure, with some areas of planned spend not occurring due to the restrictions, or otherwise being deferred into 2021-22, temporarily breaking the link between grant revenue and resultant expenditure from the financial year constraints. Ultimately therefore, although much work was undertaken by staff to support students in the periods of lockdown and on return, there is an ongoing need for additional curriculum, intervention and pastoral support over the course of the next two years, and the surplus generated in 2020-21 will be reinvested, alongside future Government funding, to repair the impact of the coronavirus on students' education.

Future Academies

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

The Trust has also embedded budgetary discipline within its operations. Through the application of tools and initiatives such as integrated curriculum and financial planning, which sets an efficient baseline teaching structure to support the number of students, and therefore the funding available, the Trust has been able to establish:

- Financial sustainability at each school. Only one school failed to break even in 2020-21, as the Trust underwrites its financial recovery as student numbers increase. Where student numbers are predicted to fall over time, plans are in place to manage the financial position of those schools, and support the quality of education; and
- A separation between operational budgets and non-recurring or volatile revenue streams, such as commercial lettings. Instead, these funds will support reinvestment against Trust priorities over the course of time in a structured and sustainable way.

At 31 August 2021, the Trust had revenue reserves of £7.8 million, including funds deferred for education recovery. The Board has developed a multi-year investment plan that targets the following key areas within the Trust, whilst continuing to comply with our reserves policy.

- Education recovery. In addition to ring-fenced government grants, including £0.5million carried forward at August 2020, the Trust has set aside funds to support schools recover post-Covid. This will focus on education progress, enrichment and student wellbeing and behaviour across all school phases;
- Cross-Trust systems and structures to provide more efficient and cost-effective support to schools across operational areas and education improvement activities. This will include the supplemental capital programme, where appropriate;
- Trust and school growth, supporting schools through growth phases, and also supporting the transition of new schools into the Trust;
- Short term financial support for schools with falling rolls or new schools overturning a historic deficit in their budgets. This will be temporary funding to engineer change, boosting education performance at the same time as addressing budgetary challenges. Over the longer term, these schools will be expected to replenish reserves through annual surpluses.

The Trust now receives automatic allocations of capital funding from the Department for Education through its School Condition Allocation scheme. In 2020-21, the Trust received £3.0 million including the final instalment of the exceptional 2020 one-off government award (2020: £2.4 million. Expected future annual allocation £1.6m). Supply chain difficulties during 2021 have seen a significant proportion of these funds carried forward into 2021-22, with a number of projects deferred: £2.6million has been carried forward at August 2021 (2020: £0.5m). The Board has agreed to an ambitious multi-year investment plan against the following priorities:

Future Academies

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

- Replenishment of plant and machinery at end of life. The Trust's buildings range from virtually new to Victorian in age, and the Trust has an investment plan to replace such assets on a rolling basis;
- Decarbonisation and energy efficiency will be incorporated within all building work, and the Trust intends to meet the Government's targets on decarbonisation over time;
- IT infrastructure. Lockdowns during the pandemic have identified a need to streamline our IT infrastructure to fit an approach of being a single entity with flexible IT that can support the evolution of teaching over the coming period;
- Growth. In addition to the ongoing works at Laureate Academy, which will deliver a new teaching block in February 2022, we will invest in schools to support student growth and to replace or refurbish archaic facilities that are no longer fit for purpose; and
- School condition. The fund will also support the maintenance of good working spaces for students and staff. This will include health and safety compliance.

Overall, therefore, the Trust remains in a healthy financial position, and has the reserves to support its schools recover from the pandemic and implement its plans for school improvement and development over the course of the coming periods.

Financial and risk management objectives and policies

Reserves policy

The Trust aims to:

- Hold sufficient revenue reserves to meet immediate commitments and cash flow. The Board has determined that this should be at least 5 per cent of overall annual government revenue. This equates to approximately £2.5million; and
- Build capital reserves to replenish plant and equipment at the end of their lifecycle, and to fund capital projects that meet other objectives.

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

The fixed asset reserve represents the value of tangible fixed assets held by the Trust that can only be realised by disposing of those assets, together with any unspent capital grants.

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

Future Academies

FINANCIAL REVIEW (continued)

Financial and risk management objectives and policies (continued)

Reserves policy (continued)

All staff within the Trust are automatically enrolled in either the Teachers' Pension Scheme or the Local Government Pension Scheme, depending on their role. The former is an unfunded pension scheme administered centrally by Government, and the Trust pays employer contributions on a monthly basis per the scheme rules. There is no asset or liability within the balance sheet. For the Local Government Pension Scheme, there are separate administrators within each local authority area. These are funded pension schemes, and the Trust recognises an asset or liability in respect of each sub-scheme in accordance with the triennial valuations, which are updated annually by actuaries to the balance sheet date. The Trust aggregates the valuations for the four local authority schemes staff belong to.

The aggregated pension deficit has increased to £15.6 million at 31 August 2021 (2020: £9.9m). The Trinity Academy deficit taken on by the Trust amounted to £0.5million, but the remaining movement is a result of significant fluctuations in markets linked to the pandemic. The Trustees believe this swing to be temporary, and the pension administrators are not seeking any additional employer contributions as a result. The scheme deficit is underwritten by Government. The administrators are entirely independent of the Trust and individual Academies, and the Trust has no control over contribution levels or investment decisions.

Financial position

The Academy Trust held total fund balances at 31 August 2021 of £186.1 million (2020: £151.3 million - 2020). This incorporates the transfer of Trinity London Trust into the Trust on 1 December 2020. The funds comprise £193.9 million restricted fixed assets reserve (2020: £156.4 million), a pension deficit of £15.6 million (2020: £9.9 million), and revenue reserves of £7.8 million (2020: £4.7 million). The balance of revenue reserves exceeds the minimum Board expectations for both revenue and capital investment reserves. Trustees have reviewed the reserves of the Academy Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the Trustees, and the Board maintains a rolling capital investment plan.

The Trust held net current assets of £10.3 million at 31 August 2021 (2020: £5.2m). This increase represents an increase of £5.1 million since August 2020. Cash balances stood at £12.4 million, 23.8 per cent of the annual turnover.

ENGAGEMENT WITH SUPPLIERS

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

Future Academies

ENGAGEMENT WITH SUPPLIERS (continued)

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risk	Impact	Mitigation
Funding levels fall relative to student numbers as Government recovers from the pandemic.	Reduced income available to operate the schools	Development of long term financial forecasts and plans
Falling number of pupils at school level	Reduced income available for the Trust to operate	Development of long term financial forecasts and plans, plus parent and community engagement to optimise student numbers
Student progress behind expectations due to impact of Covid-19	Students' progress diminished, with an impact into future academic years, and potentially beyond school phase	Creation of a support fund for investment in interventions and supporting progress. Appointment of a Head of Standards and Effectiveness to oversee school improvement
Ancillary income, such as lettings, fails to improve post coronavirus restrictions	Reduced income available for the Trust to operate	Commercial income has been de-coupled from operational budgets to ensure schools are not dependent on such revenue streams. The Trust is developing commercial plans to re-capture lost revenues.
Staff turnover	Reduced continuity of teaching and ability to deliver consistently high quality teaching and support services	Investment in retaining and training and developing staff. This includes training more new teachers through the SCITT. The Trust will also develop staff engagement and retention policies.

Future Academies

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk	Impact	Mitigation
Financial risks of ongoing deficits inherited from convertor schools, and multi-year Trust deficits	Reduction in Trust reserves	Better financial modelling and long term planning, including the application of curriculum led financial planning techniques to drive efficiency in staffing. Plans are in place to balance each school's budget. The growth strategy has included the acquisition of other trusts with financial reserves that strengthen the Trust's position.
Cyber security – attacks on educational institutions have grown rapidly in recent years	The impact could be financial and / or reputational	Financial controls in operation plus enhanced cyber-security and staff awareness programmes.
A damaging event e.g. a safeguarding incident or other compliance failing	Parents would be less likely to want to send their children to a Future Academies school	Development of standardised and consistent policies and staff training. Review, update and dissemination of risk assessments. Appointment of internal auditors for 2020-21 academic year, and implementation of audits for health and safety, data protection and safeguarding. Safeguarding plans in operation at school and MAT level
Underperforming school results, including student outcomes and adverse Ofsted inspections	Parents would be less likely to want to send their children to a Future Academies school	Robust school improvement plans in operation, coupled with clear student performance expectations. Appointment of head of standards and effectiveness to oversee continual school improvement.
Staff and student absences due to the Coronavirus	Poor educational progress Additional coronavirus costs due to the need for temporary staff, additional cleaning and safety materials and other related costs	Risk assessments and contingency plans in place, with investment in IT to support education provision Budget outturns monitored closely, and actions taken to manage costs and to ensure available budget targeted at Trust priorities.

Future Academies

FUNDRAISING

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

STREAMLINED ENERGY AND CARBON REPORTING

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

Energy type	2019/20	2020/21
Mandatory requirements:		
Gas	7,380,049	10,369,531
Purchased electricity from the grid	3,912,892	5,317,211
Transport fuel	95,807	3,135
Total energy (mandatory)	11,388,748	15,689,877
Voluntary requirements:		
District heating	891,662	840,293
Total energy (voluntary)	891,662	840,293
Total energy (mandatory & voluntary)	12,280,411	16,530,170

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

Emission source	2019/20	2020/21
Mandatory requirements:		
<u>Scope 1</u>		
Natural gas	1,193.0	1,745.4
Transport - Trust owned vehicles (mini-buses)	8.0	0.5
<u>Scope 2</u>		
Purchased electricity (location-based)	912.3	1,129.0
<u>Scope 3</u>		
Transport – Business travel in employee-owned vehicles	14.7	0.3
Total gross emissions (mandatory)	2,128.0	2,875.2
<u>Intensity ratios (mandatory emissions only)</u>		
Tonnes of CO ₂ e per pupil	0.348	0.433
Tonnes of CO ₂ e per square meter floor area	0.026	0.033
Voluntary requirements:		
<u>Scope 1</u>		
District heating	153.9	143.5

Future Academies

Total gross emissions (voluntary)	153.9	143.5
Total gross emissions (mandatory & voluntary)	2,281.9	3,018.6
<u>Intensity ratios (mandatory & voluntary emissions)</u>		
Tonnes of CO ₂ e per pupil	0.374	0.455
Tonnes of CO ₂ e per square meter floor area	0.028	0.034

Intensity ratio

Two intensity ratios are reported showing emissions (tCO₂e) per pupil and per square meter floor area.

Emissions per pupil is the recommended ratio for the sector for consistency and comparability and pupil numbers are based on the Autumn census of the respective year. Emissions per square meter floor area is reported to reflect the energy efficiency of the buildings, which are the source of the majority of emissions.

Energy efficiency action during current financial year

Transport usage for Trust minibuses and grey fleet has reduced considerably this year due to the impact of the COVID-19 pandemic and associated precautions and restrictions. The increased use of videoconferencing for meetings among staff has further reduced unnecessary travel. Outside of these behaviour changes, no energy efficiency capital investments have been carried out this year.

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the Academy Trust's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees on 14/12/2021 and signed on its behalf by:



Trustee

Lord John Nash

14 December 2021

Future Academies

Governance Statement

Scope of responsibility

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

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

Governance

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

At the start of the year, the Trust restructured its Board in order to:

- Provide more separation between members and Trustees, in line with best practice. Gilbert Chalk remains a member through the Future charity sponsors, but has relinquished his role as Trustee of the Trust;
- Appoint additional expertise to the Trust Board to support the Trust's development and growth. David Carter brings a wealth of education, school improvement and governance experience, and Mike Parish provides commercial expertise and corporate governance experience in private sector and education settings;
- Expand the Finance Committee remit to cover finance, audit and risk to support the Board and provide a focus on these areas. During the year, the Trust appointed internal auditors MHA Macintyre Hudson, and at the end of the year, Mr Parish superseded Lord Nash as Chair of this Committee, thereby creating a separation between the Chairs of the Board and Committee.

Future Academies

Governance (continued)

The Trust Board has formally met three times during the year. To reflect the restrictions of Covid-19, some meetings were held either partially or fully on-line. This allowed for full debate and participation throughout each meeting. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Number of meetings attended	Out of a possible
Lord John Nash	3	3
Lady Caroline Nash	3	3
Sir David Carter	3	3
Lara Newman	2	3
Mike Parish	3	3
Paul Smith	3	3

Matters relating to the operation of the Academy Trust are considered at Trustees' meetings, including a review of the Academy Trust's financial position and that of the Academies. Whilst the Academy Trust's Board of Trustees has met fewer than six times during the course of the financial year, the Trustees are of the opinion that that they have been able to maintain sufficient oversight of the Academy Trust through the operation of the Finance, Audit and Risk Committee, communication between the Local Governing Bodies and the Board, and weekly accountability meetings between the Chair of the Board and the Chief Executive Officer.

The Finance Audit and Risk Committee is a sub-committee of the main Board of Trustees. This Committee reviews the financial affairs of the Academy Trust including annual accounts, budgets, internal controls and the appointment of auditors. It also reviews the Trust's management of, and approach to, risk.

Committee member	Number of meetings attended	Out of a possible
Lord John Nash	3	3
Lady Caroline Nash	3	3
Mike Parish	2	2

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

Governance reviews

The Academy Trust Board reviews governance, at all levels, regularly. In addition to the restructure above, the Board has also sought to strengthen Local Governing Bodies. Although these forums have no legal status, they act as advisory bodies in support of education improvement at each Academy. This is replicated for the Curriculum Centre and School-Centred Initial Teacher Training centre, Future Teach, to ensure Trustee oversight of two key components in driving the quality of the education we provide.

Future Academies

Governance reviews (continued)

The Board is in the process of appointing independent chairs of the Local Governing Bodies, which will continue into 2021-22. This will provide an independent viewpoint to support the Trust Board's role. The Local Governing Bodies are the forum for staff and parent representation, which also provides a link to the local community.

Review of value for money

Future Academies' central principles of "Knowledge, Aspiration and Respect" have been embedded throughout the organisation and at every level. The Academies place students at the centre of everything they do, with a focus on maintaining a culture of success, a positive climate for learning and student attainment, achievement and social and emotional development. In raising standards for its own students, the Academy Trust contributes to the raising of educational standards and achievement generally across the communities we serve through the mutual sharing of knowledge, expertise and resources. Throughout the coronavirus restrictions, the schools supported students with home learning, providing resources and learning materials, as well as contributing to national on-line education programmes. The schools also operated programmes to support student and staff wellbeing. Once permitted by Government, the schools re-opened in a safe manner to provide on-going support for students. In the particularly difficult environment this pandemic created, staff worked particularly diligently to provide an education that the Trustees consider was value for money in the circumstances.

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy Trust for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements.

Future Academies

Capacity to handle risk

The Trustees have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is an ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements. In particular, the Trust and its staff responded well and quickly to the challenges of the pandemic, supporting our students and staff, and also contributing to the development of national programmes and supports.

This process is regularly reviewed by the Trustees.

The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trustees;
- regular reviews by Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks;
- programme of assurance reviews by our internal auditors, with actions to strengthen controls as appropriate.

The Trustees appointed an internal audit function in year and have agreed a multi-year programme of reviews against general financial controls and key risks. In addition, on an annual basis, the external auditors report to the Trustees on the operations of the system of control. During the year, no material weaknesses were identified.

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

- The monthly payroll;
- The raising and approval of purchase requisitions and purchase orders and purchase invoices from suppliers.

Future Academies

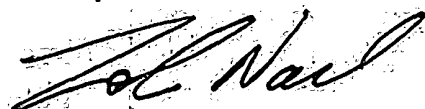
Review of effectiveness

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

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

As a result of the review, the Accounting Officer is satisfied that an adequate system of internal control is in place.

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



Chair of Trustees

Lord John Nash



Paul Smith

Accounting Officer

Approved on: 214-12-21

Future Academies

Statement on Regularity, propriety and compliance

As Accounting Officer of Future Academies, I have considered my responsibility to notify the Academy Trust's Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between Future Academies and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Trust's Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2020.

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



Accounting Officer

Paul Smith

Date: 14-12-21

Future Academies

Statement of Trustees' Responsibilities

Year to 31 August 2021

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

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

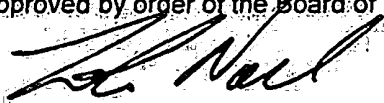
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP FRS102 and the Academies Accounts Direction 2020 to 2021;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy Trust will continue in operation.

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

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

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

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



Chair of the Trustees

Lord John Nash

Date: 14th December 2021

Future Academies

Independent auditor's report to the members of Future Academies

Opinion

We have audited the financial statements of Future Academies (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 August 2021 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, 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 FRS 102) and the Academies Accounts Direction 2020 to 2021.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 August 2021, and of the group's income and expenditure for the period 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 FRS 102 and Academies Accounts Direction 2020 to 2021.

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 group 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Future Academies

Conclusions relating to going concern (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Future Academies

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

- ◆ adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the group's and the charitable parent 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 Trustees either intend to liquidate the group or the charitable parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the group through discussions with management, and from our knowledge of the Academy Trust sector;

Future Academies

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2020 to 2021, the Academies Financial Handbook 2020, and the Academy Trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the group is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of Trustees' meetings and the subsidiary company directors' meetings and papers provided to the Trustees and directors.
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.
- ◆ We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
 - ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.
- ◆ In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
 - ◆ agreeing financial statement disclosures to underlying supporting documentation;

Future Academies

Auditor's responsibilities for the audit of the financial statements (continued)

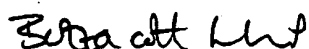
- ◆ reviewing the minutes of Trustees' meetings and subsidiary company directors' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

Use of our report

This report is made solely to the 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.



20 December 2021

Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Future Academies

Independent Accountant's Report

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

In accordance with the terms of our engagement letter dated 16 June 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Future Academies during the period from 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Future Academies' funding agreement with the Secretary of State for Education dated 10 April 2008 and the Academies Financial Handbook 2020, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Future Academies

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA.

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

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



20 December 2021

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Future Academies

Consolidated statement of financial activities: Year ended 31 August 2021 (Including Income and Expenditure Account)

	Notes	Unrestricted general fund £'000	Restricted general funds £'000	Restricted fixed assets fund £'000	2021 Total funds £'000	2020 Total funds £'000
Income from:						
Donations and capital grants	1	—	422	3,158	3,580	3,859
Transfers on existing Academies joining the Trust	24	—	98	38,448	38,546	45,195
Charitable activities						
Funding for the Academy Trust's educational operations	4	8	47,654	—	47,662	36,142
Teaching Schools	4	—	—	—	—	40
Other trading activities	2	1,257	—	—	1,257	917
Investments	3	—	—	—	—	8
Total income		1,265	48,174	41,606	91,045	86,161
Expenditure on:						
Charitable activities:						
Academy Trust's educational operations	6	—	48,861	4,035	52,896	40,827
Teaching Schools	6	—	—	—	—	40
Other		2	—	—	2	—
Total	5	2	48,861	4,035	52,898	40,867
Net income / (expenditure) before transfers		1,263	(687)	37,571	38,147	45,294
Transfers between funds	15	—	—	—	—	—
Net income / (expenditure) for the year		1,263	(687)	37,571	38,147	45,294
Other recognised gains and losses						
Actuarial losses on defined benefit pension scheme	20	—	(3,289)	—	(3,289)	(718)
Net movement in funds		1,263	(3,976)	37,571	34,858	44,576
Reconciliation of funds						
Total fund balances brought forward at 1 September 2020		4,745	(9,851)	156,374	151,268	106,692
Total fund balances carried forward at 31 August 2021		6,008	(13,827)	193,945	186,126	151,268

All activities are derived from continuing operations.

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

Future Academies

Future Academies Consolidated Balance Sheet

As at 31 August 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Intangible fixed assets	12		6		21
Tangible fixed assets	12		191,402		155,865
			191,408		155,886
Current assets					
Debtors	13	3,288		2,222	
Cash at bank and in hand		12,441		9,206	
		15,729		11,428	
Liabilities					
Creditors: Amounts falling due within one year	14	(5,411)		(6,195)	
Net current assets			10,318		5,233
Total assets less current liabilities			201,726		161,119
Net assets excluding pension scheme liability			201,726		161,119
Defined benefit pension scheme liability	20		(15,600)		(9,851)
Total net assets			186,126		151,268
Restricted funds:					
Fixed assets fund	15		193,945		156,374
Restricted income fund	15		1,773		—
Pension reserve	15		(15,600)		(9,851)
Total restricted funds			180,118		146,523
Unrestricted income funds					
General fund	15		5,929		4,745
Funds retained within subsidiary	15		79		—
Total funds			186,126		151,268

Approved by the Trustees and signed on their behalf by:

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



14.12.21

Future Academies


Academy Trust Balance Sheet

As at 31 August 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Intangible fixed assets	12		6		21
Tangible fixed assets	12		<u>191,402</u>		<u>155,865</u>
			<u>191,408</u>		<u>155,886</u>
Current assets					
Debtors	13	3,288		2,571	
Cash at bank and in hand		<u>12,317</u>		<u>8,850</u>	
		<u>15,605</u>		<u>11,421</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(5,366)</u>		<u>(6,188)</u>	
Net current assets			<u>10,239</u>		<u>5,233</u>
Total assets less current liabilities			<u>201,647</u>		<u>161,119</u>
Net assets excluding pension scheme liability			<u>201,647</u>		<u>161,119</u>
Defined benefit pension scheme liability	20		<u>(15,600)</u>		<u>(9,851)</u>
Total net assets			<u>186,047</u>		<u>151,268</u>
Restricted funds:					
Fixed assets fund	15		<u>193,945</u>		<u>156,374</u>
Restricted income fund	15		<u>1,773</u>		<u>—</u>
Pension reserve	15		<u>(15,600)</u>		<u>(9,851)</u>
Total restricted funds			<u>180,118</u>		<u>146,523</u>
Unrestricted income funds					
General fund	15		<u>5,929</u>		<u>4,745</u>
Funds retained with subsidiary	15		<u>—</u>		<u>—</u>
Total funds			<u>186,047</u>		<u>151,268</u>

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Future Academies

Consolidated statement of cash flows

For year ended 31 August 2021

		2021 £'000	2020 £'000
Cash flows from operating activities			
Net cash provided by operating activities	A	327	2,750
Cash flows from investing activities	B	2,049	649
		2,376	3,399
Cash transferred from existing Academy Trusts		859	2,132
		3,235	5,531
Change in cash and cash equivalents in the year			
Cash and cash equivalents at 1 September 2020		9,206	3,675
Cash and cash equivalents at 31 August 2021		12,441	9,206

A Reconciliation of net income to net cash flows from operating activities

	2021 £'000	2020 £'000
Net income for the reporting period (as per the statement of financial activities)	38,147	45,294
Adjusted for:		
Amortisation charges	22	24
Depreciation charges	4,013	2,576
Transfer in from existing Academy Trusts	(39,046)	(45,195)
Capital grants from DfE and other capital income	(2,977)	(2,711)
Donated fixed assets	(181)	—
Interest receivable	—	(8)
Defined benefit pension scheme obligation inherited	500	598
Defined benefit pension scheme cost less contributions payable	1,778	1,289
Defined benefit pension scheme finance (income) / cost	182	(1,070)
Decrease in stocks	—	32
(Increase) in debtors	(297)	(273)
(Decrease) increase in creditors	(1,814)	2,194
Net cash provided by operating activities	327	2,750

B Cash flows from investing activities

	2021 £'000	2020 £'000
Dividends, interest and rents from investments	—	8
Purchase of intangible fixed assets	(7)	(12)
Purchase of tangible fixed assets	(921)	(2,058)
Capital grants from DfE/ESFA	2,977	2,711
Net cash provided by investing activities	2,049	649

Future Academies

C Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash in hand and at bank	12,441	9,206
Total cash and cash equivalents	12,441	9,206

D Analysis of changes in net debt

Group	At 1 September 2020 £'000	Cash flows £'000	Transfer in from existing Trust £'000	At 31 August 2021 £'000
Cash at bank	9,206	2,376	859	12,441
Total	9,206	2,376	859	12,441

Future Academies

Principal accounting policies

31 August 2021

Statement of accounting policies

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

Basis of Preparation

The financial statements of Future Academies, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The consolidated financial statements consolidate the financial statements of Future Academies and its subsidiary undertaking, Future Academies Trading Limited, drawn up to the 31 August 2021.

Future Academies has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of financial activities in these financial statements. The parent Academy Trust's net income for the year was £37,996,000 (2020 – £45,294,000).

Going Concern

The Trustees assess whether the use of going concern is appropriate and whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. The Trustees have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. This assessment included a consideration of the impact of coronavirus on the day to day operations of the Academy Trust and possible financial consequences. The Academy Trust continues to develop contingency plans which are being successfully implemented.

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

Future Academies

Income

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

Grants

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

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

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

Sponsorship Income

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

Donations

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

Other trading income

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

Transfer of existing Academies into the Academy Trust

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

Future Academies

Expenditure

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

Charitable activities

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

All expenditure is stated exclusive of recoverable VAT.

Agency agreements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Academy Trust does not have control over the charitable application of the funds. The funds received and paid, and any balances held are disclosed in note 22.

Intangible fixed assets

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

- ◆ Finance computer software 33.3% p.a.

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

Future Academies

Tangible fixed assets

All assets costing more than £5,000 and with an expected useful life exceeding one year are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provisions for impairment. Single purchases of less than £5,000 may be capitalised where they are part of a more comprehensive scheme where the total is more than £5,000.

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

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

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

Donated Assets

Assets donated to the Trust for use within the Academies are recognised at fair value, by reference to current market price. They are depreciated over the remaining useful economic in accordance with the depreciation rates for purchased assets.

For Trinity Academy, the Trust inherited the lease to the whole Brixton Hill site, but only has beneficial interest to the part of the site occupied by Trinity Academy. Discussions continue with the landlord and other occupants regarding the split of the lease. As a result, the land and buildings have been recognised at cost and immediately revalued to fair value. Land has been revalued to open market value (£12million), and the buildings have been valued at depreciated replacement cost (£21.1million). The buildings are being depreciated over the remaining estimated useful economic lives (50 years from the point of acquisition).

Assets under construction

Building works ongoing at the balance sheet date are recorded as assets under construction until such point as they are brought into use. Assets under construction are not depreciated.

Future Academies

Liabilities

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

Provisions

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

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

Leased assets

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

Financial instruments

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

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

Stock

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

Future Academies

Taxation

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

Pensions benefits

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

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

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

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

Fund accounting

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

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

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

Future Academies

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Under the funding agreement with the Secretary of State, only Pimlico Academy was subject to limits at 31 August 2021 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

Pimlico Academy did not exceed the limits during the year ended 31 August 2021.

Future Academies

Notes to the financial statements

Year ended 31 August 2021

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2021 Total funds £'000	2020 Total funds £'000
Capital grants	—	—	2,977	2,977	2,711
Donated fixed assets	—	—	181	181	—
Other donations (note 21)	—	422	—	422	1,148
	—	422	3,158	3,580	3,859

	Restricted funds £'000	Restricted fixed assets funds £'000	2020 Total funds £'000
Capital grants	—	2,711	2,711
Other donations (note 21)	1,148	—	1,148
	1,148	2,711	3,859

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
Hire of facilities	454	—	454	424
Trip income	—	—	—	27
Catering income	178	—	178	137
Special music contributions	19	—	19	40
Uniform sales	11	—	11	3
Other income	595	—	595	286
	1,257	—	1,257	917

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000
Hire of facilities	424	—	424
Trip income	27	—	27
Catering income	137	—	137
Special music contributions	40	—	40
Uniform sales	3	—	3
Other income	286	—	286
	917	—	917

Future Academies

3 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
Interest receivable	—	—	—	8
	—	—	—	8

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

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020* Total funds £'000
DfE / ESFA grants				
General Annual Grant (GAG)	—	40,314	40,314	30,250
Start Up / Pre-opening grants	—	98	98	68
UIFSM	—	109	109	87
Pupil Premium	—	2,386	2,386	1,992
Other grants	—	2,037	2,037	1,737
Teaching School grants	—	—	—	40
	—	44,944	44,944	34,174
Other government grants				
Local authority grants	—	2,240	2,240	1,887
Special educational projects	—	72	72	32
	—	2,312	2,312	1,919
Exceptional government funding				
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	—	63	63	—
Other DfE/ESFA COVID-19 funding	—	335	335	—
COVID-19 additional funding (non-DfE /ESFA)				
Coronavirus Job Retention Scheme grant	—	—	—	75
	—	398	398	75
Other income from the Academy Trust's educational operations	8	—	8	14
	8	47,654	47,662	36,182

The Trust received £495,390 of funding for catch-up premium and costs incurred in respect of this funding totalled £63,054, with the remaining £432,336 deferred to be spent in 2021/22.

Future Academies

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

*Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the Academy Trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000
<i>DfE / ESFA grants</i>			
. General Annual Grant (GAG)	—	30,250	30,250
. Start Up / Pre-opening Grants	—	68	68
. UIFSM	—	87	87
. Pupil Premium	—	1,992	1,992
. Others	—	1,737	3,737
Teaching School grants	—	40	40
	—	34,174	34,174
<i>Other government grants</i>			
. Local authority grants	—	1,887	1,887
. Special educational projects	—	32	32
	—	1,919	1,919
<i>Exceptional government funding</i>			
Coronavirus Job Retention Scheme grant	—	75	75
	—	75	75
<i>Other income from the Academy Trust's educational operations</i>	14	—	14
	14	36,168	36,182

5 Expenditure

	Staff costs £'000	Premises £'000	Other costs £'000	2021 Total funds £'000	2020 Total funds £'000
<i>Academy Trust's educational operations</i>					
. Direct costs	28,955	4,035	2,868	35,858	27,337
. Support costs	8,508	4,382	4,150	17,040	13,530
	37,463	8,417	7,018	52,898	40,867

Future Academies

5 Expenditure (continued)

	Staff costs £'000	Premises £'000	Other costs £'000	2020 Total funds £'000
<i>Academy Trust's educational operations</i>				
· Direct costs	22,501	2,576	2,260	27,337
· Support costs	6,600	4,157	2,773	13,530
	<u>29,101</u>	<u>6,733</u>	<u>5,033</u>	<u>40,867</u>

	2021 £'000	2020 £'000
Net income for the year includes:		
Operating lease rentals	250	286
Depreciation	4,013	2,576
Amortisation of intangible fixed assets	22	24
Fees payable to auditor for		
-Statutory audit	29	26
-Non statutory audit	13	10
-Other services	3	3

6 Charitable activities – Academy Trust's educational operations

	2021 Total funds £'000	2020 Total funds £'000
Direct costs	35,858	27,337
Support costs	17,040	13,530
	<u>52,898</u>	<u>40,867</u>

	2021 Total funds £'000	2020 Total funds £'000
Support staff costs	8,508	6,600
Governance costs	355	346
Premises building costs	4,382	4,158
Legal costs	235	143
Other support costs	2,788	1,702
Technology costs	772	581
	<u>17,040</u>	<u>13,530</u>

Future Academies

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2020 between restricted and unrestricted funds:

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

Future Academies

8 Staff

(a) Staff costs

Staff costs during the year were as follows:

	2021 Total funds £'000	2020 Total funds £'000
Wages and salaries	25,203	20,581
Social security costs	2,620	2,128
Pension costs	6,962	4,436
Apprenticeship levy	112	88
Supply staff costs	2,340	1,765
	37,237	28,998
Staff restructuring costs	226	103
	37,463	29,101
Staff restructuring costs comprise:		
Redundancy payments	64	89
Severance payments	162	14
	226	103

(b) Staff severance payments

Included in staff restructuring costs above are non-statutory / non-contractual severance payments totalling £136,837 (2020 - £14,000) that was paid to seven employees (2020 - one employee). Individually the payments were: £40,000, £30,000, £28,500, £18,987, £9,860, £5,240, and £4,250.

(c) Staff numbers

The average number of persons (including the senior management team) employed during the year ended 31 August 2021 was as follows:

Headcount	2021 Total No.	2020 Total No.
Teachers	375	379
Administration and support	298	267
Management	57	38
	730	684

FTE	2021 Total FTE.	2020 Total FTE.
Teachers	349	323
Administration and support	240	252
Management	57	49
	646	624

Future Academies

8 Staff (continued)

(d) Higher paid staff

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

	2021 No.	2020 No.
£60,001 - £70,000	33	25
£70,001 - £80,000	11	7
£80,001 - £90,000	4	—
£90,001 - £100,000	5	3
£100,001 - £110,000	3	1
£110,001 - £120,000	3	2
£130,001 - £140,000	—	1
£160,001 - £170,000	—	1
£180,001 - £190,000	1	—
	60	40

The above employees earning more than £60,000 per annum participated in either the Teachers' Pension Scheme or Local Government Pension Scheme. During the year ended 31 August 2021, pension contributions for these staff amounted to £984,994 (2020 - £583,842).

(e) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,774,084 (2020 - £1,469,117).

9 Trustees' remuneration and expenses

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

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

	2021 £'000	2020 £'000
Paul Smith		
Remuneration	180 – 185	165 – 170
Employer's pension contribution	40 – 45	35 – 40

During the year ended 31 August 2021, travel and subsistence expenses of £1,740 were reimbursed (2020 - £800).

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

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10 Trustees' and Officers' insurance

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

11 Commercial trading operations

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

	2021 Total funds £'000	2020 Total funds £'000
Turnover	81	313
Gross profit	81	313
Administrative expenses	(2)	(313)
Profit on ordinary activities before taxation	79	—
Profit on ordinary activities before and after taxation	79	—

The assets and liabilities of the subsidiary were:

	2021 Total funds £'000	2020 Total funds £'000
Current assets	124	356
Creditors: amounts falling due within one year	(45)	(356)
Net assets	79	—

12 Tangible and intangible fixed assets

Intangible fixed assets

	Computer software £'000	Total 2021 £'000
Group and Academy Trust		
Cost		
At 1 September 2020	78	78
Additions	7	7
At 31 August 2021	85	85
Amortisation		
At 1 September 2020	57	57
Charges for the year	22	22
At 31 August 2021	79	79
At 31 August 2021	6	6
At 31 August 2020	21	21

Future Academies

12 Tangible and intangible fixed assets (continued)

Tangible Fixed Assets - Group and Academy Trust

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total funds £'000
Cost/valuation						
At 1 September 2020	41,864	124,383	2,434	1,310	40	170,031
Transfer on conversion (note 25)	—	38,340	61	47	—	38,448
Additions	—	291	248	563	—	1,102
At 31 August 2021	41,864	163,014	2,743	1,920	40	209,581
Depreciation						
At 1 September 2020	2,011	9,319	1,692	1,104	40	14,166
Charge in period	503	3,067	233	210	—	4,013
At 31 August 2021	2,514	12,386	1,925	1,314	40	18,179
Net book value						
At 31 August 2021	39,350	150,628	818	606	—	191,402
At 31 August 2020	39,853	115,064	742	206	—	155,865

The addition of leasehold land and buildings reflects the transfer of Trinity London Academy Trust to Future Academies on 1 December 2020. The leasehold land and buildings are held on a long lease (125 years) at a peppercorn rent.

13 Debtors

	Group		Academy Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	768	315	768	315
VAT recoverable	930	888	930	888
Other debtors	33	8	33	8
Prepayments and accrued income	1,557	1,011	1,557	1,011
Amount due from subsidiary undertaking	—	—	—	349
	3,288	2,222	3,288	2,571

Future Academies

14 Creditors: amounts falling due within one year

	Group		Academy Trust	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	799	2,539	796	2,539
Taxation and social security	629	617	629	617
Other creditors	1,141	627	1,103	624
Accruals	1,993	2,009	1,989	2,005
Deferred income	849	403	849	403
	5,411	6,195	5,366	6,188
Deferred income (included above)				
Deferred income at 1 September 2020	403	523	403	523
Amounts released from previous years	(403)	(523)	(403)	(523)
Resources deferred in the year	849	403	849	403
Deferred income at 31 August 2021	849	403	849	403

Deferred income comprises grants received in advance for rates relief, universal free school meals, tailored support programmes, early years support and tuition fees, all received in advance of the 2021/22 academic year.

Future Academies

15 Funds

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds					
General Annual Grant (GAG)	—	40,314	(38,541)	—	1,773
Start Up Grant	—	98	(98)	—	—
UIFSM	—	109	(109)	—	—
Pupil Premium	—	2,386	(2,386)	—	—
Catch-up premium	—	63	(63)	—	—
Other DfE/ESFA COVID-19 funding	—	335	(335)	—	—
Other DfE/ESFA grants	—	2,037	(2,037)	—	—
Other grants	—	2,910	(2,910)	—	—
Donations	—	422	(422)	—	—
Pension reserve	(9,851)	(500)	(1,960)	(3,289)	(15,600)
	<u>(9,851)</u>	<u>48,174</u>	<u>(48,861)</u>	<u>(3,289)</u>	<u>(13,827)</u>
Restricted fixed asset funds					
Transfer on conversion	127,661	38,448	—	—	166,109
DfE/ESFA capital grants	2,000	3,158	(4,035)	—	1,123
Construction of Pimlico Primary	3,812	—	—	—	3,812
Capital expenditure from GAG	265	—	—	—	265
Capital expenditure from reserves	1,321	—	—	—	1,321
Other fixed assets	21,315	—	—	—	21,315
	<u>156,374</u>	<u>41,606</u>	<u>(4,035)</u>	<u>—</u>	<u>193,945</u>
Total restricted funds	<u>146,523</u>	<u>89,780</u>	<u>(52,896)</u>	<u>(3,289)</u>	<u>180,118</u>
Unrestricted funds					
General funds	4,745	1,184	—	—	5,929
Funds retained with subsidiary	—	81	(2)	—	79
Total unrestricted funds	<u>4,745</u>	<u>1,265</u>	<u>(2)</u>	<u>—</u>	<u>6,008</u>
Total funds	<u>151,268</u>	<u>91,045</u>	<u>(52,898)</u>	<u>(3,289)</u>	<u>186,126</u>

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

Restricted income funds

These funds relate to the Academy Trust's development and operational activities.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, only Pimlico Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2021. Pimlico Academy did not exceed the limits during the year ended 31 August 2021.

Future Academies

15 Funds (continued)

Pension reserve

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

Restricted fixed asset fund

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

Analysis of fund balances by Academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 Total funds £'000	2020 Total funds £'000
Pimlico Academy	3,908	3,611
Pimlico Primary	661	444
Millbank Academy	326	268
Churchill Gardens Primary Academy	718	530
Phoenix Academy	(633)	(806)
Laureate Academy	(147)	(9)
Barclay Academy	(291)	(286)
Future Academies Watford (was Francis Combe)	1,319	706
The Grange Academy (was Bushey Academy)	1,716	1,025
Trinity Academy	773	—
Central Services	(569)	(738)
Total before fixed assets and pension reserve	7,781	4,745
Restricted fixed asset fund	193,945	156,374
Pension liability	(15,600)	(9,851)
TOTAL	186,126	151,268

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

Future Academies

15 Funds (continued)

Analysis of costs by Academy (excluding depreciation)

	Teaching and educational support costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total 2021 £'000
Pimlico Academy	5,791	1,335	577	2,116	9,819
Pimlico Primary	1,266	245	106	416	2,033
Millbank Academy	1,540	331	93	531	2,495
Churchill Gardens Primary Academy	919	316	77	441	1,753
Phoenix Academy	2,135	757	319	1,168	4,379
Laureate Academy	2,590	973	248	862	4,673
Barclay Academy	2,397	754	281	801	4,233
Future Academies Watford (was Francis Combe)	3,455	1,308	323	1,435	6,521
The Grange Academy (was Bushey Academy)	3,648	1,184	376	1,262	6,470
Trinity Academy	2,114	453	328	1,007	3,902
Central Services	762	1,413	141	640	2,956
Total	26,617	9,069	2,869	10,679	49,234

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

Future Academies

15 Funds (continued)

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

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	—	30,250	(29,598)	(652)	—
Start Up Grant	—	68	(68)	—	—
UIFSM	—	87	(87)	—	—
Pupil Premium	—	1,992	(1,992)	—	—
Other DfE/ESFA grants	—	1,737	(1,737)	—	—
Teaching school	—	40	(40)	—	—
Donations	—	1,148	(1,148)	—	—
Pension reserve	(8,316)	(598)	(219)	(718)	(9,851)
	<u>(8,316)</u>	<u>34,724</u>	<u>(34,889)</u>	<u>(1,370)</u>	<u>(9,851)</u>
Restricted fixed asset funds					
Transfer on conversion	83,470	44,191	—	—	127,661
DfE/ESFA capital grants	617	2,711	(1,328)	—	2,000
Construction of Pimlico Primary	3,812	—	—	—	3,812
Capital expenditure from GAG	265	—	—	—	265
Capital expenditure from reserves	195	—	(56)	1,182	1,321
Other fixed assets	23,915	—	(2,600)	—	21,316
	<u>112,274</u>	<u>46,902</u>	<u>(3,984)</u>	<u>1,182</u>	<u>156,374</u>
Other restricted funds					
Local authority grants	—	1,887	(1,887)	—	—
Special educational projects	—	32	(32)	—	—
Covid support	—	75	(75)	—	—
	<u>—</u>	<u>1,994</u>	<u>(1,994)</u>	<u>—</u>	<u>—</u>
Total restricted funds	<u>103,958</u>	<u>83,620</u>	<u>(40,867)</u>	<u>(188)</u>	<u>146,523</u>
Unrestricted funds					
General funds	2,734	2,541	—	(530)	4,745
Total unrestricted funds	<u>2,734</u>	<u>2,541</u>	<u>—</u>	<u>(530)</u>	<u>4,745</u>
Total funds	<u>106,692</u>	<u>86,161</u>	<u>(40,867)</u>	<u>(718)</u>	<u>151,268</u>

16 Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by

Group	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2021 £'000	Total 2020 £'000
Intangible fixed assets	—	—	6	6	21
Tangible fixed assets	—	—	191,402	191,402	155,865
Current assets	6,008	7,184	2,537	15,729	11,428
Current liabilities	—	(5,411)	—	(5,411)	(6,195)
Pension scheme liability	—	(15,600)	—	(15,600)	(9,851)
Total net assets	<u>6,008</u>	<u>(13,827)</u>	<u>193,945</u>	<u>186,126</u>	<u>151,268</u>

Future Academies

16 Analysis of net assets between funds (continued)

<i>Group</i>	<i>Unrestricted funds £'000</i>	<i>Restricted general funds £'000</i>	<i>Restricted fixed asset funds £'000</i>	<i>Total 2020 £'000</i>
<i>Intangible fixed assets</i>	—	—	21	21
<i>Tangible fixed assets</i>	—	—	155,865	155,865
<i>Current assets</i>	10,940	—	488	11,428
<i>Current liabilities</i>	(6,195)	—	—	(6,195)
<i>Pension scheme liability</i>	—	(9,851)	—	(9,851)
<i>Total net assets</i>	4,745	(9,851)	156,374	151,268

	<i>Unrestricted funds £'000</i>	<i>Restricted general funds £'000</i>	<i>Restricted fixed asset funds £'000</i>	<i>Total 2021 £'000</i>	<i>Total 2020 £'000</i>
<i>Academy Trust</i>					
<i>Intangible fixed assets</i>	—	—	6	6	21
<i>Tangible fixed assets</i>	—	—	191,402	191,402	155,865
<i>Current assets</i>	5,929	7,139	2,537	15,605	11,421
<i>Current liabilities</i>	—	(5,366)	—	(5,366)	(6,188)
<i>Pension scheme liability</i>	—	(15,600)	—	(15,600)	(9,851)
<i>Total net assets</i>	5,929	(13,827)	193,945	186,047	151,268

	<i>Unrestricted funds £'000</i>	<i>Restricted general funds £'000</i>	<i>Restricted fixed asset funds £'000</i>	<i>Total 2020 £'000</i>
<i>Academy Trust</i>				
<i>Intangible fixed assets</i>	—	—	21	21
<i>Tangible fixed assets</i>	—	—	155,865	155,865
<i>Current assets</i>	10,933	—	488	11,421
<i>Current liabilities</i>	(6,188)	—	—	(6,188)
<i>Pension scheme liability</i>	—	(9,851)	—	(9,851)
<i>Total net assets</i>	4,745	(9,851)	156,374	151,268

17 Capital commitments

The Trust had the following unrecognised financial obligations at the balance sheet date. In each case, work started prior to 31 August 2021, with contractual commitments to complete the works in 2021-22:

- ◆ Laureate Academy new teaching block. This is a DfE funded project to deliver a new building at Laureate Academy. It is due to open in February 2022, and the Trust exposure is up to £383,519; and
- ◆ Completion of summer works that continued into September 2021, amounting to £172,000.

Future Academies

17 Capital commitments (continued)

In addition, the Trust is seeking to rebuild Phoenix school, subject to appointment of a developer and receipt of planning permission. At 31 August 2021, the Trust had incurred costs for professional fees, but no contracts had been signed for development.

The Trust is committed to spending the full value of the School Condition Allocation grant that was unspent at the balance sheet date (£2.6 million. 2020: £0.5m). This grant has to be spent by March 2023 or returned to the DfE. Plans are in place, but no other contracts signed, for investment of this fund.

18 Commitments under operating leases

Operating leases

At 31 August 2021, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases as follows:

	2021 £'000	2020 £'000
Amounts due within one year	234	286
Amounts due between one and five years	389	448
	623	734

19 Members' liability

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

20 Pension commitments

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

Contributions are also made to the NEST workplace pension scheme. This is a defined contribution scheme and contributions are recognised as they are paid each year.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £491,857 were payable to the schemes at 31 August 2021 (2020 - £494,000) and are included within creditors.

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

Future Academies

20 Pension commitments (continued)

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

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

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

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

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

Valuation of the Teachers' Pension Scheme

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

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

Future Academies

20 Pension commitments (continued)

Valuation of the Teachers' Pension Scheme (continued)

The employer's pension costs paid to TPS in the period amounted to £3.855m (2020 - £3.334m).

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £1.681m (2020 - £1.524m), of which employer's contributions totalled £1.262m (2020 - £1.176m) and employees' contributions totalled £0.419m (2020 - £0.348m). The agreed contribution rates for future years are 9.3% of employers and between 5.5% and 7.5% for employees.

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

Principal Actuarial Assumptions	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	3.6%	3.0%
Rate of increase for pensions in payment	2.9%	2.2%
Discount rate for scheme liabilities	1.7%	1.7%
Inflation assumption (CPI)	2.9%	2.2%
Commutation of pensions to lump sums	50%	50%

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 2021	At 31 August 2020
<i>Retiring today</i>		
Males	21.8	21.8
Females	24.3	24.3
<i>Retiring in 20 years</i>		
Males	23.0	23.1
Females	25.9	25.8

Future Academies

20 Pension commitments (continued)

Local Government Pension Scheme (LGPS) (continued)

	At 31 August 2021 £'000	At 31 August 2020 £'000
Sensitivity analysis: impact of a change in assumptions on the net pension liability		
Discount rate +0.1%	(1,423)	(1,104)
Discount rate -0.1%	1,446	1,122
Mortality assumption – 1 year increase	2,222	902
Mortality assumption – 1 year decrease	(2,177)	(869)
CPI rate +0.1%	1,332	923
CPI rate -0.1%	(1,312)	(1,090)

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

	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000
Equities	25,376	23,143
Other bonds	8,627	6,084
Property	3,569	3,057
Cash	2,405	868
Total market value of assets	39,977	33,152

The return on scheme assets including interest was £5,178,000 (2020 - £1,941,000).

	2021 £'000	2020 £'000
Amounts recognised in statement of financial activities		
Current service cost	3,040	2,465
Net interest (income)	182	(1,070)
Total amount recognised in the SOFA	3,222	1,395

	2021 £'000	2020 £'000
Changes in the present value of defined benefit obligations were as follows:		
At 1 September 2020	43,003	24,912
Transfer in of Academy Trust joining the Trust	941	14,223
Current service cost	3,040	2,465
Interest cost	738	366
Employee contributions	419	348
Actuarial loss	7,899	1,066
Benefits paid	(463)	(377)
At 31 August 2021	55,577	43,003

Future Academies

20 Pension commitments (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Academy Trust's share of scheme assets:	2021 £'000	2020 £'000
At 1 September 2020	33,152	16,596
Transfer in of Academy Trust joining the Trust	441	13,625
Interest income	556	1,436
Actuarial gain	4,610	348
Employer contributions	1,262	1,176
Employee contributions	419	348
Benefits paid	(463)	(377)
At 31 August 2021	39,977	33,152

21 Related party transactions

Future

Future is a registered charity (Charity Registration No. 1114396) and sponsor of Future Academies. Two of the Trustees of Future Academies are also Trustees of Future.

In the year ended 31 August 2010, Lord John Nash, Joint Chair of Trustees of Future Academies, gifted £2m to Future. Under the Deed of Gift, Future will ring-fence the money in a separate fund and it will be used to support the work of Pimlico Academy and any further Academies of which Future becomes the Principal Sponsor. This fund is called 'The Future Academies Fund'. Monies will be disbursed from the fund at the discretion of the Trustees of Future. The gift has been paid in full to Future.

Included in note 1 are donations received in the year ended 31 August 2021 of £407,533 (2020 - £1,147,815) from Future which include £83,511 (2020 - £921,362) that was specifically provided for costs incurred by the Academy Trust in connection with the redevelopment of the Phoenix Academy.

22 Agency arrangements

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

In the year ended 31 August 2021, the Academy Trust received £47,643 and disbursed £49,422 of 16-19 bursary funds. These amounts have been excluded from income and expenditure. An amount of £14,630 (2020 - £16,409) is included in other creditors relating to undistributed funds.

Future Academies

23 Central services

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

The actual contributions charged during the year were as follows:

	2021 £'000	2020 £'000
Pimlico Academy	490	485
Millbank Academy	127	128
Churchill Gardens Primary Academy	89	94
Pimlico Primary	105	97
Phoenix Academy	212	194
Laureate Academy	222	224
Barclay Academy	209	223
The Grange Academy (was Bushey Academy)	335	140
Future Academies Watford (was Francis Combe)	348	92
Trinity Academy	195	—
	2,332	1,677

24 Transfer in on Academies joining the Trust

On 1 December 2020, under the terms of a Transfer Agreement, Future Academies received all assets, liabilities and operation of Trinity London Academy Trust for no consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings within a corresponding net amount recognised as net income in the statement of financial activities as voluntary income. The Trust recognised the land and buildings at valuation on acquisition. This valuation was conducted by a qualified, independent valuer in accordance with the Charities SORP and FRS102. Land was valued using a market based approach, whilst buildings have been valued using a depreciated replacement cost basis.

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

Future Academies

24 Transfer in on Academies joining the Trust (continued)

	Value reported by transferring trust £'000	Fair value adjustments £'000	Transfer in recognised £'000
Tangible fixed assets			
· Leasehold land and buildings	41,362	(3,022)	38,340
· Other tangible fixed assets	108	—	108
	41,470	(3,022)	38,448
Current assets			
Debtors	769	—	769
Bank and cash	859	—	859
	1,628	—	1,628
Current liabilities			
Creditors	(1,030)	—	(1,030)
LGPS pension deficit	(500)	—	(500)
Net assets on transfer	41,568	(3,022)	38,546

Comparative period

On 1 February 2020, under the terms of a Transfer Agreement, Future Academies received all assets, liabilities and operation of the Meller Educational Trust, which consisted of two Academies, for no consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings within a corresponding net amount recognised as net income in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities. No fair value adjustments were made to the value reported by the transferring Trust.

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