

The Futures Trust
(A company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 August 2016

The Futures Trust

Reference and Administrative Details of the Trust, its Trustees and Advisers For the year ended 31 August 2016

Members	Mr P Crisp Mr C Graham (resigned 12 July 2016) Mrs K Ireland Rev A Randle-Bissell Dr D Wood
Trustees	Mr P Crisp (Chair of the Board of Trustees) Mr D Belcher (appointed 18 August 2016) Mr W Copeland Mr A Fitzpatrick (appointed 12 July 2016) Mr C Graham (resigned 12 July 2016) Mrs H Hutchings (appointed 1 December 2015 / resigned 12 July 2016) Mrs C Issaad (resigned 12 July 2016) Mr M Moseley Mr PJ Thomas (Chief Executive Officer) Mrs M Walker (appointed 1 December 2015 / resigned 31 August 2016) Mr I Mubeen (appointed 14 October 2016) Mrs Y Matthews (Clerk to Governors)
Chief Executive Officer	Mr PJ Thomas
Executive Team	Mr M Baker (Director of Finance) Mr C Jupp (Deputy Headteacher, The Futures Trust) Mr I Neal (Director of ICT) Ms E Rowlands (Trust Development Director) Ms C Bayliss (Trust HR Director)
Academies (as at 31 August 2016)	
President Kennedy School (Academy)	Mr N Clayton (Associate Headteacher) Mr S Toor (Deputy Headteacher)
Barr's Hill School (Academy)	Mr S Calvin (Headteacher)
Principal and Registered Office	President Kennedy School, Rookery Lane Coventry CV6 4GL
Company Registration Number	8678162 (England and Wales)
Independent Auditor	RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) St Philips Point Temple Row Birmingham West Midlands B2 5AF
Bankers	Lloyds Bank plc 30 High Street Coventry CV1 5RA

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Reference and Administrative Details of the Trust, its Trustees and Advisers
For the year ended 31 August 2016

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

The Futures Trust

Trustees' Report

For the year ended 31 August 2016

The trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements and auditors' report of The Futures Trust (the trust) for the period ended 31 August 2016. The trustees confirm that the annual report and financial statements of the trust comply with the current statutory requirements, the requirements of the trust's governing document and the provisions of the Statement of Recommended Practice (SORP) (FRS 102).

The Futures Trust: Background.

The Futures Trust is a Multi Academy Trust (MAT) established on 24th July 2015.

The trust was established by the Governing Body of President Kennedy School, an outstanding academy school, serving a catchment area in north west Coventry. The rationale for the conversion of President Kennedy School into a Multi Academy Trust was to work collaboratively with other local schools in order to improve the educational outcomes for young people.

Barr's Hill School, a nearby secondary school serving a catchment area close to the centre of Coventry, converted to academy status and joined The Futures Trust on 1st October 2015.

Both President Kennedy School and Barr's Hill School, cater for pupils aged 11 to 19 serving adjacent catchment areas in Coventry. President Kennedy School has a capacity of 1,550 and a roll of 1,388 in the school census in 2016. Barr's Hill School has a capacity of 785 and a roll of 725 in the school census in 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Futures Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing document of the trust.

The trustees act as directors of the charitable company for the purposes of company law, as well as fulfilling their obligations as trustees for the charitable activities of The Futures Trust. The charitable company is known as The Futures Trust.

Details of the Trustees are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

In accordance with normal commercial practice, the trust has purchased insurance to protect Directors, governors and Officers from claims arising from negligent actions, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 for any single claim.

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For the year ended 31 August 2016

Method of recruitment and appointment or election of Governors

The members and trustees are responsible for:

- The strategic management of the The Futures Trust
- Agreeing the strategic plans for The Futures Trust including the Development Plans of academy schools within the trust and monitoring educational standards
- Setting and agreeing trust policy
- Reviewing the trust's major risks and ensuring that these are managed within agreed limits
- Agreeing and monitoring the trust's budget and financial health
- Appointing the CEO and holding him or her to account

The method of appointment and election of trustees and members of local governing bodies is set out in the Academy Trust's Articles of Association.

The Board of Trustees meet at least 4 times per year.

The Board of Trustees have established procedures that enable regular reviews of mix of skills and experience that should be available to the board. New trustees with the appropriate skills and experience are sought either as replacements for trustees who retire from the board, or as additional trustees. The majority of Local Governing Body members are drawn from the community served by the school and are often parents or carers of students who attend the school. Trustees and members of the Local Governing Bodies are recruited by advertising in school newsletters, by direct approaches or where specific skills are sought via the SGOSS website.

In accordance with The Futures Trust's Articles of Association, trustees and governors can be elected as follows:

Members can appoint up to 11 Trustees.

Members may appoint Staff Trustees through such process as they may determine. The total number of Trustees (including the Chief Executive Officer) who are employees of The Futures Trust shall not exceed one third of the total number of Trustees.

At least two Parent Local Governors shall be elected to each established Local Governing Body and there shall be a minimum of two Parent Trustees and otherwise such number as the Members shall decide who shall be appointed or elected in accordance with the Articles.

Parent Trustees and Parent Local Governors shall be elected or, if the number of parents, or individuals exercising parental responsibility, standing for election is less than the number of vacancies, appointed (in accordance with the terms of reference determined by the Trustees from time to time).

The elected or appointed Parent Trustees must be a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies at the time when he is elected or appointed.

Policies and procedures adopted for the induction and training of Trustees and Governors

Induction and training provided for new trustees is adapted according to their skills and experience. All trustees have been issued with the most recent Governors' Handbook (published by the Department for Education) and the most recent Academies Financial Handbook (issued by the Education Funding Agency). Training opportunities are provided throughout the year and where appropriate will include education, charity, legal and financial training. All Governors have received training and updates from RSM and legal firm Stone King. Training needs and provision will be addressed and co-ordinated by the Trust Company Secretary, a post that commenced 1 September 2016.

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Organisational Structure

The Futures Trust Governance Framework

The Futures Trust is governed by a Board of Trustees who are responsible for, and oversee, the management and administration of the trust and the academies within the trust.

The Futures Trust is the only legal entity accountable for all the academies within the Trust. The Futures Trust has entered into one set of Articles of Association with the Secretary of State which govern all academies in the trust.

The Trustees are accountable to external government agencies including the Charity Commission and the Department for Education for the quality of the education they provide and they are required to have systems in place through which they can assure themselves of quality, safety, probity and good practice.

In order to discharge these responsibilities, the Trustees appoint individuals to serve on sub-committees which focus on specific matters such as Finance, Resources, Risk and Audit.

A Local Governing Body oversees each Academy in the Trust. The Local Governing Body is focused on the day to day running of each academy specifically the educational outcomes for the pupils it serves.

A Scheme of Delegation outlines the ways in which the Trustees fulfil their responsibilities for the leadership and management of The Futures Trust, the respective roles and responsibilities of the Board of Trustees, their sub-committees, the Chief Executive Officer and the Local Governing Body of each Academy and the commitments to each other to ensure the success of The Futures Trust.

The members of the Local Governing Body are responsible for:

- The day to day oversight of the Academy School
- Formulating the Academy School's Development Plan and monitoring educational standards
- Ensuring the Academy School complies with statutory requirements and trust policy
- Reviewing the Academy school's major risks and ensuring that these are managed within agreed limits
- Agreeing and monitoring the Academy school's budget and financial health
- Appointing the Academy School's headteacher and holding him or her to account

The CEO is the appointed accounting officer of The Futures Trust and has the overall responsibility for the day to day financial management of the schools. The CEO has delegated responsibility to specific budget holders for expenditure within strictly controlled limits. These limits are monitored by the trust's Finance Director and items of expenditure with a total BACS payment above £5,000 must be authorised by the CEO.

The head teacher manages the day to day running of each Academy School supported by a leadership team. The leadership team meets regularly to review the school's progress and consider issues, risks and trends which affect the school. The leadership team assist the head teacher to develop and implement school plans. Individual members of the leadership team are allocated specific management responsibility by the head teacher.

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Risk Management

The trustees are responsible for the management of risks to which The Futures Trust is exposed. The trust has formulated its own Risk Management Policy and put in place sound systems of internal governance and control.

The controls used by the trust include:

- Formal agendas for trust meetings
- A detailed Scheme of Delegation
- Detailed terms of reference for all committees
- School Development Plans for each school within the trust identifying key strategic planning objectives and the resources required to achieve them
- Budget planning, monitoring and review
- Clear financial delegation levels
- Formal written policies reviewed on a regular basis
- Clear safeguarding and vetting procedures as required by law to protect children and young people
- Rigorous review of educational achievement to ensure continuing high standards
- Comprehensive planning and review of admissions processes
- A risk based programme of audits throughout the year

The trustees, together with the MAT Central team and the leaders of the trust's schools have identified and assessed material financial, operational and strategic risks which, if unmanaged, could impact educational standards, the trust's reputation and/or financial well-being. These are regularly monitored and updated.

A comprehensive list of these risks has been compiled within the trust's 'Risk Register'. Mitigating actions have been identified and policies have been put in place and are reviewed regularly. Risk factors which are beyond the Academy Trust's control such as a rising staff costs, are monitored and planned for.

A disclosure of the trust's material risks are made within the Strategic Report later in this document. The Futures Trust recognises potential threats which could lead to business interruption and has created a Business Continuity Plan to ensure that its critical activities can be maintained within agreed recovery time objectives.

The Futures Trust has procured comprehensive insurance cover to ensure that if risks materialise the impact is limited within quantifiable limits.

The Board of Trustees is satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised, however, that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

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OBJECTIVES AND ACTIVITIES

Objects and aims

The charitable objectives for which the trust was formed are set out in its Articles of Association:

*The Academy Trust's object ("**the Object**") is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy Trust").*

Objectives, strategies and activities

Strategic Intent: Building Outstanding Schools - Building Brighter Futures

The Futures Trust is committed to building brighter futures for everybody within its community. The trust is passionate about seeking to raise the horizons and ambitions of our students in order that they move beyond their existing environment. The trust endeavors to make a difference to their lives, and in the most profound sense, through their own ability to make a difference to themselves and others. The trust's decision-making and actions focus upon 3 clear values:

1. **Students First – teachers and leaders totally focused upon the educational benefit of our students**
2. **It's about learning – students, teachers and leaders focused upon developing and improving their learning**
3. **No Barriers - no excuses, only support to ensure students, teachers and leaders maximise their performance**

The Futures Trust is committed to the principle of excellence through collaboration and partnership. Our community is committed to a common desire to learn from each other, share experiences and be mutually supportive in order that outstanding learning outcomes and exceptional educational experiences are provided for all our students. From this shared commitment and belief in mutual support we gain our sense of belonging.

The trust's ambition is to achieve the following:

- Improve upon all school OFSTED ratings and ensure all students go to Outstanding academies
- Students make outstanding progress and achieve targets that place their schools in at least the top 10% in the country
- Students are confident, well rounded and have a clear and strong purpose in life
- Teaching and Leadership are outstanding and sustainable
- Staff are clear about their responsibilities and are motivated, recognised and rewarded appropriately
- Current and prospective parents engage effectively with schools via a well thought through marketing plan
- Develop an extensive and successful enrichment programme
- Invest in buildings and facilities to provide outstanding learning environments

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For the year ended 31 August 2016

The trust's approach to school improvement is based upon developing and sharing practical strategies that work in the classroom as well as support all students to achieve their potential. The trust is constantly seeking ways to improve the following:

1. Student Outcomes
2. Teaching and Learning – Quality in the Classroom
3. Communication Skills
4. Support – Systematic Monitoring and Intervention
5. Experience – Curriculum Design
6. Leadership of learning
7. Professional Development

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the trust's objectives and aims and in planning future activities for the year.

In accordance with its charitable objectives, the primary purpose of The Futures Trust is to ensure that students who attend the trust's schools achieve the best possible educational outcomes and life chances beyond school. The students are therefore the beneficiaries of the trust and benefits to students are provided by ensuring the highest standard of teaching and learning in all the trust's schools.

STRATEGIC REPORT

Ensuring The Trust Achieves Value For Money: Achievements and Performance

This section of the report sets out how the accounting officer of The Futures Trust and the Board of Trustees have ensured that the trust's use of its resources has provided good value for money during the period.

For the accounting year ending August 2016, The Futures Trust controlled two academy secondary schools, President Kennedy School judged outstanding in all categories by Ofsted in July 2013 and Barr's Hill School judged required to improve in March 2016.

The trust has set core targets for the school over the next 3 years, as set out in an Improvement Plan. These are:

- Improving upon the OFSTED rating of Barr's Hill School to Good as soon as possible and ensure President Kennedy School retains its Outstanding judgement and develops into an exceptional learning provider.
- Students in both schools are making outstanding progress at Key Stage 4 that places the schools consistently in at least the top 10% in the country
- Students make progress in Post 16 that is outstanding
- Students are confident, well rounded, of strong character and have a clear and strong purpose in life
- Teaching and Leadership are outstanding and sustainable
- Ensuring that staff are clear about their responsibilities and are motivated, recognised and rewarded appropriately
- Engaging current and prospective parents effectively via a well thought through marketing plan
- Developing an extensive and competitively successful enrichment programme
- Implementation of the new school build project at President Kennedy School

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For the year ended 31 August 2016

- Explore opportunities to improve facilities at Barr's Hill School
- Working with new partner schools

In order to secure its mission and aims, the Trust undergoes a very thorough budget setting process before the start of the academic year. This process is driven by the known funding available notified by the Education Funding Agency (EFA), other projected income, the curriculum needs defined to meet our aims and objectives plus strategic initiatives identified by the Leadership Team or Trustees and the needs of the individual curriculum and non-curriculum departments. The Trust is able to measure the effectiveness of the allocation of resources as follows:

Educational Results: Continued Success in GCSE and A Level Results in 2016

President Kennedy School

In 2016 President Kennedy School produced another strong set of Key Stage 4 results. Attainment was above average nationally and progress was exceptional, placing the school in the top 1%-2% nationally for progress between entry at Year 7 and GCSE. This cohort of students joined the school with an Average Points Score (APS) on entry of 25.3 in 2011, significantly below national average. They were the first year group to experience the school's bespoke Year 7 offer at 'The Bridge' incorporating new approaches to teaching. Girls, Boys, pupil premium and EAL students all performed significantly above national in terms of progress. 58% of Pupil Premium students achieved 5A*-C (inc E&M), an increase from the 43% achieved last year. The gap between Pupil Premium and non-Pupil Premium students closed by 3% and now stands at 16%. Pupil Premium students' attainment was above national average in terms of the number achieving good passes in English and maths, and in the EBacc measure.

At Level 3, students achieved a 98% pass rate. Overall, 55% of the students achieved A*-B grades across academic and vocational courses. In the academic courses 42% of students achieved A*-B grades. The national A*-B figure has remained steady at 52%. A*A performance decreased from 18% to 15% and 3.9% achieved the top grade compared to 2.6% last year. Maths saw a significant increase in the number of students achieving A*/A and A*-B making it the best performing subject at A level.

Results in vocational courses in the Professional Pathway were again outstanding, in Business, ICT and Health & Social Care. In excess of 75% of students in the Professional Pathway achieved Distinction or Distinction* - the equivalent of grade A/A*. A large number of Professional Pathway students have been accepted onto extremely competitive Degree Courses.

Barr's Hill School

Barr's Hill School's results improved considerably on the previous two years as can be demonstrated through the legacy measures. The performance of English and Maths significantly improved. The cohorts APS on entry was 26.1 in 2011 and whilst attainment remains below average, rates of progress have accelerated and are in line with national average. 39% of Pupil Premium students achieved 5A*-C (inc E&M), an increase from the 21% achieved last year. The gap between Pupil Premium and non-Pupil Premium students closed by 13% and now stands at 16%.

Pupil Premium students performed particularly well in English and maths.

At Level 3, students achieved a 95% pass rate. In the academic courses 29.3% of students achieved A*-B grades which represents an increase of 4.3% on last year. A*A performance increased from 4.5% to 10.3% and 3.4% achieved the top grade compared to zero last year.

In 2016, results in vocational courses were excellent and a significant improvement on previous years in Business, Sport, Science, Media, Engineering and Sound Engineering. In excess of 75% students achieved a merit grade or above - the equivalent of grade BA*. A large number of students from these courses have been accepted onto competitive Degree Courses.

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Careers Guidance & Destinations

The trust delivers highly effective support and guidance to all students across all three Key Stages. The trust employs its own careers professionals in both schools who ensure that students from year 12 upwards are engaged in work placements and are prepared thoroughly for employment. Both schools enjoy a very high degree of success placing students into higher education, apprenticeships or employment.

FINANCIAL REVIEW

Most of the trust's income is obtained from the Education Funding Agency ("EFA") in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

Unrestricted income comprises sports centre, other lettings and departmental sales.

During the year ended 31 August 2016, the trust's total expenditure was £13,388,000 compared to £16,908,000 total incoming resources including grant funding from the Department for Education together with other incoming resources.

Across the trust, employee costs as a percentage of income remain less than the 80% benchmark target.

In accordance with correct disclosure requirements, the financial information which is presented in the statement of financial activities includes assets and liabilities transferred from local authorities upon conversion and transactions in the restricted fixed asset fund. Such presentation can obscure an overview of the operating performance of the trust. Under the accounting standards, it is necessary to charge projected deficits on the Local Government Pension Scheme ("LPGS"), provided to support staff, to the restricted fund. This resulted in reducing the reserves in the restricted fund. It should be noted that this does not present the Trust with any current liquidity problems.

The trustees consider that the financial position is appropriate in light of the need to balance the immediate expenditure of the trust with their longer term commitments and current cash reserves.

Key Financial Performance Indicators

The key financial performance indicators monitored by the Leadership Team and Board of Trustees on a regular basis are as follows:

- Employee costs as a percentage of income
- Pupil numbers versus capacity and opportunity cost
- Quarterly management accounts versus budget
- Forecast management accounts up to period end versus budget
- GAG income versus expenditure
- Days lost due to employee absence and percentage of funding spent on supply staff
- Employee and other costs per student benchmarked against national medians
- Average teacher cost benchmarked against national medians

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For the year ended 31 August 2016

- Average support staff cost benchmarked against national medians
- Monthly cash flow forecasts for each school and for the trust

Financial and risk management objectives and policies

For the period ending 31st August 2016, the following significant financial risks have been identified and are being managed by the Trustees:

Lagged Funding & rise in student numbers

Following the school's Ofsted inspection in July 2013, President Kennedy School was judged 'outstanding' and has seen an unprecedented rise in demand for places. Year 7 was again oversubscribed with a waiting list and over the period other year groups have experienced rapid increase in numbers necessitating the provision of additional classes and associated cost of employing additional teaching staff. Schools receive funding per pupils one year in arrears, consequently additional staffing costs are not fully offset by an increase in funding leading to an in year cash deficit. However, the impact of this issue on the trust's cash position is less in this financial year than last, as funding for increased numbers of students has begun to materialise.

Ongoing maintenance costs associated with school buildings

President Kennedy School's buildings were built during the 1960s and are no longer fit for purpose. Due to mechanical failure, the school's swimming pool has been out of action since January 2016. President Kennedy School is scheduled to be rebuilt under the Government's Priority Schools Building Programme (PSBP) in 2017. Barr's Hill School's site is constrained by a lack of space and a steeply sloping site. Some of the school's buildings date back to the 1930s and are in need of replacement. The Trust continues to bid for Condition Improvement Funding and divert GAG funding to patch and repair work in order to ensure all buildings remain operational.

Local Government Pensions Scheme Deficit and Employer Contributions

Currently, the LGPS is in deficit (there are not sufficient assets to meet liabilities) therefore employers (and employees) are having to make increased contributions to support the deficit. LGPS actuaries revalue the fund and set required contributions every three years. The future assets and liabilities and employer contributions within the LGPS are uncertain and are not within the control of the Governors but assumptions relating to the impact of increased contributions are made and modelled within the trust's financial plans. *A full appraisal of the LGPS on the Academy Trust's financial position can be found in the notes to the Financial Statements at the end of this report.*

Uncertainty Over Future Cuts in the Real Value of Government Funding

The trust is operating in a period of considerable financial uncertainty with regard to public funding. Financial planning is focused on maintaining the breadth and quality of future work in the context of static pupil led funding at a time of rising employee costs. Reserves are in place to ensure that the trust is able to preserve cash flow despite this uncertainty.

Reserves policy

The trusts' policy is to generate reserves in order to fund future projects which will improve the educational experiences and outcomes for students. The level and use of reserves are reviewed at least annually by the Board of Trustees.

At 31st August 2016, the trust's reserves totalled £6,431,000.

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Investment policy

The Trustees' powers to invest cash reserves are set out in the trust's Memorandum and Articles of Association, which permit the investment of funds that are not immediately required for educational purposes subject to any restrictions which may from time to time be imposed by law.

Trustees are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk. Trustees consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board.

Trustees' management of cashflow should ensure that there are always sufficient funds in the main bank accounts to cover operational costs. Banks must be selected from the FSA Approved List included in the Financial Services Compensation Scheme (FSCS).

The trust's current policy is to invest in low risk, short term cash deposits. Cash Reserves are currently deposited within Lloyds Bank plc.

Key performance indicators

The trust utilises a number of performance metrics to set strategic targets and monitor its performance. Performance is measured against agreed targets or limits and comparable 'benchmarking' data is used to compare performance with other, similar schools. The main headline KPIs include:

Ofsted Judgement across all 4 categories.

GCSE Results:

- Progress 8 based on students' progress measured across eight subjects: English; mathematics; three other English Baccalaureate (EBacc) subjects (sciences, computer science, geography, history and languages); and three further subjects, which can be from the range of EBacc subjects, or can be any other approved, high-value arts, academic, or vocational qualification. This illustrates the extent to which the Academy Trust delivers academic progress between year 7 and year 11 (GCSE) given the prior attainment of students on entry. Disadvantaged students and high attaining students are critical groups that are measured.
- Attainment 8 - students' average achievement in the same suite of subjects as the Progress 8 measure.
- English and mathematics – the percentage of students achieving a C grade or better in both English (either Language or Literature) and mathematics.
- The EBacc – showing the percentage of students achieving good grades across a range of academic subjects.

A level results:

Percentage of students attaining:

- AS A*-B
- AS A*-E
- A2 A*-B
- A2 A*-E

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- Progress - a value added progress measure to show how well students have progressed when compared with students with the same KS4 prior attainment for students taking Level 3 academic (A level) and Applied General (vocational) qualifications.
- Attainment – the average point score per entry measure expressed as a grade. It is the average grade students attain.
- Retention - a measure showing the proportion of students who get to the end of the programme of study that they enrolled on.
- English and maths – an average change in grade measure for students who did not get a good pass in these subjects at GCSE.

Pupil attendance data relative to city and national average.

Plans for Future Periods

The trust will remain committed to building brighter futures for everybody within our community and improving the educational outcomes, destinations and life chances for those students that attend its academy schools.

The Trustees are committed to a policy of measured strategic expansion of the number of primary and secondary academies which are welcomed into the trust. Particular priority will be given to new academies in Coventry and adjacent counties.

The Futures Trust believes in ensuring that each academy maintains and develops its individual character and uniqueness whilst also sharing a commitment to collaboration and the mutual support for all academies in the trust especially those that are in need of assistance at any particular time.

At a time of heightened regulation and increasingly constrained resources, it is essential that schools work together to share business best practice and benefit from economies of scale in areas such as H.R., ICT, facilities, finance and procurement. The Futures Trust will continue to develop effective and efficient professional business services that are fit for purpose, compliant with standards required from academy schools and add real value to the educational outcomes for the young people served by each and every school.

Principal risks and uncertainties

- Safeguarding students
- Securing outstanding educational outcomes for all students given changes to national curriculum and measures of success
- Recruitment and retention of outstanding teachers
- Maintaining the growing reputation of the trust
- Securing 'Outstanding' Ofsted judgements for all academies
- Rising Employee costs
- LGPS Deficit and the Volatility of Employer Contributions
- Maintaining ageing buildings
- Uncertainty regarding future Government Funding
- President Kennedy School new build
- Failure to comply with statutory requirements

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GOING CONCERN

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

AUDITORS

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as directors at a meeting on 14th December 2016 and signed on its behalf by:

Mr P Crisp
Chair



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Governance statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between The Futures Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of 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 Governors' Responsibilities. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of Possible
Paul Crisp (Chair)	5	5
Mr D Belcher (appointed 18 August 2016)	0	0
Mr W Copeland	5	5
Mr A Fitzpatrick (appointed 12 July 2016)	1	1
Mr C Graham	4	5
Mrs H Hutchings	4	5
Mrs C Issaad	1	5
Mr M Moseley	0	5
Mr PJ Thomas (Headteacher)	5	5
Mrs M Walker	1	5

The Finance, Resources, Audit and Risk Committee is a sub-committee of the Board of Trustees. Its purpose is to exercise responsibility for, and oversight of, the finances, assets and staff within the Trust and its academies. In addition, the Committee shall oversee all systems of governance and internal control and ensure risk management processes and audit functions are in place and fit for purpose across the Trust and its academies.

During the year M Baker, a part qualified ACCA accountant with over 25 years of financial management experience, advised the Trust. Attendance at meetings in the year is as follows:

Trustee	Meetings attended	Out of Possible
Mr W Copeland (Chair)	3	3
Mr P Crisp	3	3
Mr C Graham	2	3
Mrs H Hutchings	2	3
Mrs C Issaad	0	3
Mr M Moseley	0	3
Mr PJ Thomas (Headteacher)	3	3
Mrs M Walker	0	3

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Governance statement

Review of Value for Money

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

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

Staffing To Add Value

The Futures Trust has enhanced staffing capacity and expertise both within the central team and at academy level to ensure that it is well placed to deliver the best possible outcomes for students and deliver sustainable growth and leadership quality for the trust as a whole.

- Despite a national shortage of teachers, the trust continues to attract good quality teaching staff across all subject disciplines including 'shortage' subjects such as maths and science.
- The C.E.O is a designated National Leader of Education (NLE) and there are two senior leaders who are Ofsted trained and periodically undertake inspections. The trust employs 3 designated Specialist Leaders of Education (SLE), a senior leader developing a professional learning community across the schools and has a structured Career Stage professional development programme as well as 5 teachers undertaking Masters level research, and 9 staff working towards becoming 'Teaching Leaders Fellows'. The trust is committed to developing a quality professional learning environment focused upon leadership of learning, succession planning and quality in the classroom.
- The Futures Trust has employed a highly experienced HR Director and an ICT Director within its central team. More recently a professional Company Secretary has been added to the team to strengthen further the quality of its governance arrangements.

Additional Initiatives Which Add Value for Students

During 2015/16 the trust has implemented new initiatives and programmes to directly benefit learning outcomes for students:

- Free Easter and Summer Schools for year 6 students in advance of joining President Kennedy School.
- Free 'Seven for Year 7' activities programme for year 6 students in advance of joining Barr's Hill School.
- University taster days for students from Year 7 upwards
- Highly successful Vocational Curriculum at Post 16 at both Barr's Hill and President Kennedy School
- Enhanced Behaviour for Learning programme incorporating 'character education'
- High Attainers programme
- STEM clubs and Duke of Edinburgh Awards Scheme
- KS4 data monitoring and targeted intervention at GCSE at both Barr's Hill and President Kennedy School
- Professionally led careers and guidance programmes at both Barr's Hill and President Kennedy School
- Educational visits to destinations both home and abroad

The Futures Trust

Governance statement

Sharing Best Practice With Other Schools

The Trust has deployed resources to enable other local schools to support them in their drive to improve teaching and learning outcomes for their students.

- A number of teachers from President Kennedy School have regularly worked with staff in local primary and secondary schools in order to raise standards of teaching and learning in their classrooms.
- The trust had hosted workshops sharing outstanding teaching and learning practice for senior leaders from schools from all over the country and leaders from other Multi Academy Trusts.
- The trust has launched its own School to School offer and has supported several schools who are seeking to improve standards both in the classroom and within business functions such as HR and finance.
- The schools in the trust are individual members of the Coventry Secondary Head Teachers Partnership. The CEO is Chair of a School Improvement Partnership of six schools.
- President Kennedy School was designated a 'National Support School' in 2014 and achieved the World Class Schools mark in December 2016.
- Barr's Hill School have offered support to a local school in improving the quality of teaching in creative subjects.

Investment in Infrastructure: New School Build Project

The trust has been able to secure a new school building for President Kennedy School within the Priority Schools Building Programme. The new school is scheduled to open in the summer of 2017 and will directly and materially improve the quality and reliability of facilities available to students.

The trustees entered into a 'Governing Body Agreement' with the Education Funding Agency on 12th August 2015, a legally binding arrangement which has secured the rebuild. The GBA is a 25 year agreement supported by a Private Finance Initiative. The trust has agreed to pay a contribution of £11.63 per square metre (£135,000 per annum) for the duration of the contract, in exchange for its use of the new building and the provision of hard facilities management by the EFA's contractor, Carrilion Equitix.

The Trust has budgeted prudently in order to allocate the following resources to the project:

- Allocation of key staff to work with representatives from the Education Funding Agency during the planning phase.
- Appointment of Legal Representatives to act for the trust in relation to the programme.
- £350,000 has been set aside to furnish the new school when it opens in 2017.

Schools that are First Choice in their Community

In 2016, President Kennedy School again secured 270, its maximum Pupil Admission Number (PAN). In addition, the school admitted 70 students into years 8, 9, 10 and 11. It is expected that the school will again be oversubscribed in Year 7 for entry in September 2017.

In 2016, Barr's Hill School admitted 216 students into year 7, just 15 below its PAN and since the 2015 census has gained 20 additional students. The school is working to a well thought through marketing plan towards establishing itself as its first choice school within its catchment area.

The Futures Trust

Governance statement

Best Value Procurement

The Trustees and officers apply the principles of best value when making any spending decisions. Decisions are taken on a 'students first' basis; deployment of resources must be evaluated in terms of achieving the very best educational outcomes for students.

The trust follows policies and procedures which ensure that best value is secured in exchange for public resources. A highly skilled Finance Team oversees all ordering and procurement activities. Orders and contracts must be supported by written quotations before the decision is taken to proceed. A register of established and reliable suppliers is used and any deviation from the list must be justified to the Finance Director.

Approval	Procurement	Best Value Process
Board of Trustees	£300K + Competitive Tender unless light touch	EU Tender
TFT FRC	£164,176-£300K goods and services £589,148 services used solely to deliver education (e.g. staff salaries)	EU Tender
CEO	£30-£164K	3 quotations minimum or formal tender (framework)
HT & FD	£20-£30K	3 quotations
HT	£5-£20K	3 quotations
SBM	£2-£5K	Approved suppliers with benchmarking to prove value
Budget Holder	£0-£2K	Approved suppliers with benchmarking to prove value

The trust is a member of the Crescent Purchasing Consortium and the Crown Purchasing framework and uses both to secure and benchmark significant contracts.

Reviewing Controls and Mitigating Risk

The trust's Finance, Resources, Audit and Risk Committee acts as the Audit Committee. The committee reviews the Trust's risk register and identifies areas that require further review or mitigating action.

The Finance, Resources, Audit and Risk Committee received regular budget reports which are scrutinised to ensure the most effective use of resources to meet the objectives of the Trust.

The trustees have appointed specialists from ASCL, to undertake specified internal audit work. In addition, specialist health and safety audits have also been commissioned.

Insurance cover is procured via tender and is reviewed annually with the provider to ensure that risk is mitigated within defined limits.

The trust ensures that all surplus cash balances are invested in interest bearing accounts with well-established UK banks to maximise interest earning potential whilst minimising counterparty risk.

The Futures Trust

Governance statement

The Board of Trustees review the reserve levels of the trust regularly. The review includes a five year income and expenditure forecast which encompasses stress testing of funding levels and staff costs.

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 on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the period ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

The Futures 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 Board of 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;
- benchmarking performance against national standard metrics;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed ASCL's internal audit specialist, to perform additional checks.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On an annual basis, the internal auditor reports to the trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

The internal auditor conducted an appraisal of the trust's system of internal controls focusing on financial management. No material weaknesses were found.

Review of effectiveness

As Accounting Officer, the Chief Executive 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 auditor
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework

The Futures Trust

Governance statement

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the finance and resources committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 14th December 2016 and signed on its behalf by:

The image shows two handwritten signatures in black ink. The signature on the left is for Mr P Crisp and is a long, flowing cursive script. The signature on the right is for Mr P J Thomas and is a shorter, more compact cursive script.

Mr P Crisp
Chair of the Board of Trustees

Mr P J Thomas
Accounting Officer

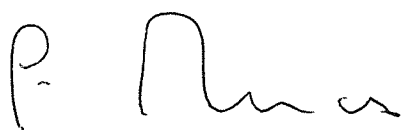
The Futures Trust

Statement on regularity, propriety and compliance

As Accounting Officer of The Futures Trust I have considered my responsibility to notify the Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregular, 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 EFA.



Mr P J Thomas
Accounting Officer

Date: 14 December 2016

The Futures Trust

Statement of Trustees' Responsibilities

The Trustees, who are also the directors of the Charitable Company for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company 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 Charitable Company 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 Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company'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 members of the Board of Trustees on 14 December 2016 and signed on its behalf by:

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a series of loops and a long horizontal stroke.

Mr P Crisp
Chair of the Board of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FUTURES TRUST

We have audited the financial statements of The Futures Trust for the year ended 31 August 2016 on pages 24 to 47. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies: Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Trustees Responsibilities set out on page 22, the governors (who act as trustees for the charitable activities of the charitable company, and 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.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

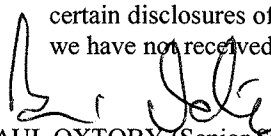
Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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


PAUL OXTOBY (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Date 15 Dec 2016

The Futures Trust

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

for the year ended 31 August 2016

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2016 £'000	Total 2015 £'000
INCOME FROM						
Donations and capital grants	1	275	(1,801)	5,349	3,823	-
Charitable activities:						
Academy Trust's educational operations	2	-	12,805	-	12,805	7,529
Other trading activities		274	-	-	274	237
Investments		6	-	-	6	4
Total		555	11,004	5,349	16,908	7,770
EXPENDITURE ON:						
Raising funds		214	-	-	214	190
Charitable activities:						
Academy Trust's educational operations	4	18	12,904	252	13,174	7,851
Total	3	232	12,904	252	13,388	8,041
Net income/(expenditure) before Transfers		323	(1,900)	5,097	3,520	(271)
TRANSFERS						
Transfers between funds	14	-	(49)	49	-	-
OTHER RECOGNISED GAINS AND LOSSES						
Actuarial losses on defined benefit scheme	20	-	(2,266)	-	(2,266)	(163)
NET MOVEMENT IN FUNDS		323	(4,215)	5,146	1,254	(434)
RECONCILIATION OF FUNDS						
Total funds brought forward		690	(2,923)	7,410	5,177	5,611
TOTAL FUNDS CARRIED FORWARD	15	1,013	(7,138)	12,556	6,431	5,177

All the Academy Trusts activities derive from continuing activities.

The Futures Trust

BALANCE SHEET

31 August 2016

Company Registration No. 8678162

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
FIXED ASSETS					
Tangible assets	10		12,556		7,410
CURRENT ASSETS					
Debtors	11	524		262	
Cash at bank and in hand		1,584		963	
		<u>2,108</u>		<u>1,225</u>	
CREDITORS: Amounts falling due within one year	12	<u>(1,095)</u>		<u>(535)</u>	
NET CURRENT ASSETS			1,013		690
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,569</u>		<u>8,100</u>
Defined Benefit Pension scheme liability	20		<u>(7,138)</u>		<u>(2,923)</u>
NET ASSETS			<u>6,431</u>		<u>5,177</u>
FUNDS OF THE ACADEMY TRUST:					
RESTRICTED FUNDS					
Fixed asset fund	14		12,556		7,410
General fund	14		(18)		-
Pension reserve	14		<u>(7,138)</u>		<u>(2,923)</u>
TOTAL RESTRICTED FUNDS			<u>5,400</u>		<u>4,487</u>
TOTAL UNRESTRICTED INCOME FUNDS	14		<u>1,031</u>		<u>690</u>
TOTAL FUNDS			<u>6,431</u>		<u>5,177</u>

The financial statements on pages 24 to 47 were approved by the Governors and authorised for issue on 2016 and are signed on their behalf by:

Mr P Crisp
Chair



The Futures Trust
STATEMENT OF CASH FLOWS
For the year ended 31 August 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities			
Net cash provided by operating activities	18	489	45
Cash flows from investing activities			
Interest from investments		6	4
Cash transferred from school joining		275	-
Purchase of tangible fixed assets		(149)	(17)
Net cash provided by / (used in) investing activities		132	(13)
Net increase in cash and cash equivalents in the reporting period		621	32
Cash and cash equivalents at beginning of the year		963	931
Cash and cash equivalents at end of the year		1,584	963

The Futures Trust

ACCOUNTING POLICIES

For the year ended 31 August 2016

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

General information

The Futures Trust is a charitable company. The address of the Trust's principal place of business is given on page 1. The nature of the Academy Trust's operations are set out in the Trustees' Report.

Basis of preparation

The financial statements of the academy trust, which have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 23.

These financial statements are the first financial statements of The Futures Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of The Futures Trust for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Academy Trust has taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in reserves at the transition date.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The 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 and 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, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are 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

The Futures Trust

ACCOUNTING POLICIES

For the year ended 31 August 2016

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 expected. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

- **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 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.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

- **Conversion of an academy trust**

The assets and liabilities transferred on conversion from Barr's Hill School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in *Donations – transfer from local authority* on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 25.

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.

The Futures Trust

ACCOUNTING POLICIES

For the year ended 31 August 2016

- **Expenditure on Raising Funds**
This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable Activities**
These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold buildings	50 years
Long leasehold buildings	50 years
Equipment	10 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are available for use.

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

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.

Leased assets

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

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes.

The Futures Trust

ACCOUNTING POLICIES

For the year ended 31 August 2016

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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 that 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. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency/Department for Education.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy 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 discussed below.

The Futures Trust

ACCOUNTING POLICIES

For the year ended 31 August 2016

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 attest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Financial Instrument accounting policy

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

1 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Restricted Fixed asset Funds £'000	2016 Total £'000	2015 Total £'000
Assets/(liabilities) identified from the local authority upon conversion	275	(1,801)	5,249	3,723	-
Capital grants	-	-	100	100	-
	<u>275</u>	<u>(1,801)</u>	<u>5,349</u>	<u>3,823</u>	<u>-</u>

2 FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
DfE/EFA REVENUE GRANTS				
General annual grant (GAG)	-	11,690	11,690	6,952
Other DfE/EFA grants	-	962	962	488
	<u>-</u>	<u>12,652</u>	<u>12,652</u>	<u>7,440</u>
OTHER GOVERNMENT GRANTS				
Local Authority grants	-	153	153	89
	<u>-</u>	<u>153</u>	<u>153</u>	<u>89</u>
TOTAL	<u>-</u>	<u>12,805</u>	<u>12,805</u>	<u>7,529</u>

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016

3 RESOURCES EXPENDED

	Non pay expenditure			Total	
	Staff costs £'000	Depreciation £'000	Other costs £'000	2016 £'000	2015 £'000
Expenditure on raising funds	136	-	78	214	190
Academy Trust's educational operations					
Direct costs	8,982	-	720	9,702	5,879
Allocated support costs	1,614	252	1,606	3,472	1,972
	<u>10,732</u>	<u>252</u>	<u>2,404</u>	<u>13,388</u>	<u>8,041</u>
Net income/(expenditure) for the year				2016 £'000	2015 £'000
Operating leases - plant and machinery				30	30
Fees payable to RSM UK Audit LLP and its associates for:					
- audit				18	11
- other services				2	4
Depreciation of tangible fixed assets				252	162
				<u>252</u>	<u>162</u>

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

4 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS

	2016 £’000	2015 £’000
DIRECT COSTS		
Teaching and educational support staff costs	8,982	5,454
Educational supplies	221	129
Examination fees	167	102
Educational consultancy	332	194
	<u>9,702</u>	<u>5,879</u>
ALLOCATED SUPPORT COSTS		
Support staff costs	1,750	917
Depreciation	252	162
Printing, posting and stationery	87	81
Marketing	50	43
Maintenance of premises and equipment	239	129
Cleaning	21	21
Rent and rates	26	(58)
Energy costs	258	196
Legal and professional costs	7	11
Insurance	76	54
Security and transport	25	10
Catering	158	108
Trips and prizes	84	84
Telephone	26	19
Equipment costs	113	95
IT costs	222	126
Other support costs	88	37
Pension interest charge	172	107
Allocated to costs of raising funds	(212)	(190)
Governance costs	30	20
	<u>3,472</u>	<u>1,972</u>
	<u>13,174</u>	<u>7,851</u>

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016

5 GOVERNANCE COSTS

	2016 £'000	2015 £'000
Legal and professional fees	12	9
Auditors' remuneration		
Audit of financial statements	18	11
	<u>30</u>	<u>20</u>

6 STAFF NUMBERS AND COSTS

Staff costs

	2016 £'000	2015 £'000
Staff costs during the period were:		
Wages and salaries	8,388	5,180
Social security costs	713	394
Pension costs	1,390	774
	<u>10,491</u>	<u>6,348</u>
Supply staff costs	197	58
Staff restructuring costs	44	-
	<u>10,732</u>	<u>6,406</u>

Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the year was as follows:

	2016 No	2015 No
Educational operations		
Teachers	138	82
Administration and support	101	79
Management	25	12
	<u>264</u>	<u>173</u>

Non statutory redundancy payments

Included in staff restructuring costs are non-statutory severance payments totalling £44,200 (2015: £nil). Individually the payments were £15,000, £10,000 (2), £5,000, £3,000 and £1,200.

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

9 CENTRAL SERVICES

The academy trust had provided the following central services to its academies during the year:

- human resources
- financial services
- legal services
- educational support services
- others as arising

During the first year of the new school entering the Multi Academy Trust no charges were levied on the school joining the Trust. In future years the Trust will charge for these services.

10 TANGIBLE FIXED ASSETS

	<i>Freehold Property £'000</i>	<i>Long Leasehold property £'000</i>	<i>Fixtures fittings and equipment £'000</i>	<i>Total £'000</i>
Cost:				
1 September 2015	-	7,639	94	7,733
Additions	-	26	123	149
Transfer on conversion	5,249	-	-	5,249
31 August 2016	5,249	7,665	217	13,131
Depreciation				
1 September 2015	-	305	18	323
Charged in the period	91	152	9	252
31 August 2016	91	457	27	575
Net book value				
31 August 2016	5,158	7,208	190	12,556
31 August 2015	-	7,334	76	7,410

The long leasehold property is leased from The Council of the City of Coventry, relating to the land and buildings at the President Kennedy School and is leased for a period of 125 years for a peppercorn rent, if demanded. No such charges have been made in the current year (2015: £nil).

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

6 STAFF NUMBERS AND COSTS *(continued)*

Higher paid staff

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

	2016 No	2015 No
£60,001 - £70,000	4	2
£70,001 - £80,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	1

These employees participated in the Teachers' Pension Scheme. This is a defined benefit scheme.

Key management personnel compensation

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 and employer national insurance) received by key management personnel for the services to the academy trust was £636,983 (2015: £485,011).

7 GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy Trust in respect of their role as Governors.

The Principal received remuneration of £120,000 in 2016 (2015: £111,455) and is accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £19,776 (2015: £16,845).

No Governors were reimbursed expenses during the period (2015: none).

There were no staff Governors in 2016 (2015: two receiving remuneration of £52,097).

8 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £528 (2015: £294).

The cost of this insurance is included in the total insurance cost.

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

11	DEBTORS	2016 £'000	2015 £'000
	Trade debtors	5	1
	Prepayments and accrued income	415	208
	VAT recoverable	104	53
		<u>524</u>	<u>262</u>
		<u><u>524</u></u>	<u><u>262</u></u>
12	CREDITORS: Amounts falling due within one year	2016 £'000	2015 £'000
	Trade creditors	225	105
	Other taxation and social security	220	114
	Other creditors	495	91
	Accruals	155	225
		<u>1,095</u>	<u>535</u>
		<u><u>1,095</u></u>	<u><u>535</u></u>
13	FINANCIAL INSTRUMENTS	2015 £'000	2016 £'000
	The Academy Trust has the following financial instruments:		
	Financial assets:		
	Debt instruments measured at amortised cost	136	118
		<u>136</u>	<u>118</u>
	Financial liabilities:		
	Financial liabilities measured at amortised cost	552	421
		<u>552</u>	<u>421</u>
		<u><u>552</u></u>	<u><u>421</u></u>

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016

14 FUNDS

	<i>At 31 August 2015 £'000</i>	<i>Incoming resources £'000</i>	<i>Resources expended £'000</i>	<i>Gains, losses and transfers £'000</i>	<i>At 31 August 2016 £'000</i>
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG) (excluding pension reserve	-	11,641	(11,641)	(49)	-
Pension reserve	(2,923)	(1,801)	(148)	(2,266)	(7,138)
	<u>(2,923)</u>	<u>9,889</u>	<u>(11,807)</u>	<u>(2,315)</u>	<u>(7,138)</u>
Other DfE/EFA grants	-	962	(962)	-	-
Local authority grants	-	153	(153)	-	-
	<u>(2,923)</u>	<u>11,004</u>	<u>(12,922)</u>	<u>(2,315)</u>	<u>(7,138)</u>
RESTRICTED FIXED ASSET FUNDS					
Capital expenditure	7,410	5,349	(252)	49	12,556
	<u>7,410</u>	<u>5,349</u>	<u>(252)</u>	<u>49</u>	<u>12,556</u>
TOTAL RESTRICTED FUNDS	<u>4,487</u>	<u>16,353</u>	<u>(13,174)</u>	<u>(2,266)</u>	<u>5,418</u>
UNRESTRICTED FUNDS					
Unrestricted funds	690	555	(232)	-	1,013
	<u>690</u>	<u>555</u>	<u>(232)</u>	<u>-</u>	<u>1,013</u>
TOTAL UNRESTRICTED FUNDS	<u>690</u>	<u>555</u>	<u>(232)</u>	<u>-</u>	<u>1,013</u>
TOTAL FUNDS	<u>5,177</u>	<u>16,908</u>	<u>(13,388)</u>	<u>(2,266)</u>	<u>6,431</u>

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

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

Other restricted general funds were funded by government grants or donations from sponsors.

Restricted fixed asset funds were funded by government grants or sponsor donations.

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016

14 FUNDS (continued)

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £'000	Total 2015 £'000
President Kennedy School	489	690
Barr's Hill School	524	-
Total before fixed assets and pension reserve	1,013	690
Restricted fixed asset fund	12,556	7,410
Pension reserve	(7,138)	(2,923)
Total	6,431	5,177

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching & Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs £'000	Total 2016 £'000	Total 2015 £'000
President Kennedy School	6,081	1,046	120	1,378	8,625	8,029
Barr's Hill School	2,901	728	101	1,057	4,787	-
Pension adjustment	-	(24)	-	-	(24)	12
Academy Trust	8,982	1,750	221	2,435	13,388	8,041

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

15	ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
	Tangible fixed assets	-	-	12,556	12,556
	Current assets	1,013	1,095	-	2,108
	Current liabilities	-	(1,095)	-	(1,095)
	Pension scheme liability	-	(7,138)	-	(7,138)
	TOTAL NET ASSETS AT 31 AUGUST 2016	1,031	(7,138)	12,556	6,431
16	CAPITAL COMMITMENTS			2016 £'000	2015 £'000
	Contracted for, but not provided in the financial statements			-	-
17	FINANCIAL COMMITMENTS				
	OPERATING LEASES				
	At 31 August the Academy Trust had future minimum lease payments under non-cancellable operating leases as follows:			2016 £'000	2015 £'000
	Amounts due:				
	Within one year			53	5
	Between one and five years			193	25
	In addition, the Academy Trust has entered into a PFI contract for a new school building at the President Kennedy site. Payments will not be due until this is handed over, and will be £135,000 per annum for 25 years.				
18	RECONCILIATION OF NET INCOME/EXPENDITURE) TO NET CASH INFLOW FROM OPERATING ACTIVITIES			2016 £'000	2015 £'000
	Net income/(expenditure)			3,520	(271)
	Impact of transfer on conversion			(3,723)	-
	Depreciation (note 10)			252	162
	Interest receivable			(6)	(4)
	Pension cost less contributions payable (note 22)			(24)	(35)
	Pension finance income (note 22)			172	107
	(Increase)/decrease in debtors			(262)	101
	Increase/(decrease)/in creditors			560	(15)
	NET CASH INFLOW FROM OPERATING ACTIVITIES			489	45

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

19 MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while 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 AND SIMILAR OBLIGATIONS

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 as the West Midlands Pension Fund (WMPF). Both are defined-benefit schemes.

During the year Barr's Hill School transferred in to the academy trust. The obligation in respect of employees who transferred with Barr's Hill School to the academy trust representing their cumulative service to the predecessor employer was recognised in the SoFA as part of the gain/(loss) on transfer as set out in note 25.

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

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014 by the Teachers' Pensions Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as-you-go' basis, and along with employers' contributions, are credited to the Exchequer.

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published in June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits of £191,500 million, and notional assets (estimated future contributions together with the proceeds for the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

20 PENSION AND SIMILAR OBLIGATIONS *(continued)*

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £885,000 (2015: £512,000).

The TPS is a multi-employer pension scheme and there is insufficient evidence to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £661,000 (2015: £368,000), of which employer's contributions totalled £529,000 (2015: £297,000) and employees' contribution totalled £132,000 (2015: £71,000). The agreed rates for future years are 16.4% (2015: 14.8%) for employers and 5.5 % to 11.4 % (2015: 5.5% to 11.4%) for employees.

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

Principal actuarial assumptions

	2016	2015
Rate of increase in salaries	3.75%	4.15%
Rate of increase for pensions in payment	2.0%	2.4%
Discount rate	2.2%	4.0%
Inflation (CPI)	2.0%	2.4%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement are 65 are:

	2016 Years	2015 Years
Retiring today:		
Males	23.1	23.0
Females	25.8	25.6
Retiring in 20 years:		
Males	25.3	25.2
Females	28.1	28.0

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016

20 PENSION AND SIMILAR OBLIGATIONS *(continued)*

Local Government Pension Scheme *(continued)*

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	1,070	488
Government Bonds	125	61
Other bonds	154	83
Property	143	70
Cash	116	41
Other	194	75
TOTAL MARKET VALUE OF ASSETS	1,802	818
Present value of scheme liabilities	(8,940)	(3,741)
DEFICIT IN THE SCHEME	(7,138)	(2,923)
Movements in the present value of defined benefit obligations were as follows:	2016 £'000	2015 £'000
At 1 September	3,741	3,114
Business combination	2,024	-
Current service cost	505	262
Interest cost	223	131
Benefits paid	(151)	(4)
Employee contributions	132	71
Actuarial loss	2,466	167
At 31 August	8,940	3,741
Movements in the fair value of Academy Trust's share of scheme assets:		
At 1 September	818	426
Business combination	223	-
Interest on assets	51	24
Return on plan assets (excluding net interest)	200	4
Benefits paid	(151)	(4)
Employer contributions	529	297
Employee contributions	132	71
At 31 August	1,802	818

The estimated value of employer contributions for the year ended 31 August 2017 is £531,000.

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016

21 RELATED PARTIES

Key management personnel remuneration is disclosed in note 7.

22 AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year it received £76,000 (2015: £32,000) and disbursed £76,000 (2015: £32,000).

23 FIRST TIME ADOPTION OF FRS 102 AND THE SORP 2015

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds at the transition date and the comparative year end and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of net income (expenditure)		31 August 2015 £'000
	Notes	
Net (expenditure) previously reported under UK GAAP		(259)
Change in recognition of LGPS interest cost	A	(12)
Net movement in funds reported under FRS 102		(271)

There is no change in total funds on transition or at the comparative balance sheet date.

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability using the discount rate applied to the defined benefit obligation, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the expense by £12,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016

24 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2015 £'000
Income from:				
Donations and capital grants	-	-	-	-
Charitable activities:				
Academy Trust's educational operations	-	7,529	-	7,529
Other trading activities	237	-	-	237
Investment income	4	-	-	4
Total	241	7,529	-	7,770
Expenditure:				
Raising funds	190	-	-	190
Charitable activities:				
Academy Trust's educational operations	82	7,607	162	7,851
Total	272	7,607	162	8,041
Net income/(expenditure)	(31)	(78)	(162)	(271)
TRANSFERS				
Transfers between funds	-	(17)	17	-
OTHER RECOGNISED GAINS AND LOSSES				
Remeasurement of net defined benefit obligations	-	(163)	-	(163)
NET MOVEMENT IN FUNDS	(31)	(258)	(145)	(434)
RECONCILIATION OF FUNDS				
Total funds brought forward	721	(2,665)	7,555	5,611
TOTAL FUNDS CARRIED FORWARD	690	(2,923)	7,410	5,177

25 CONVERSION TO AN ACADEMY TRUST / ACQUISITION

On 1 October 2015 the Barr's Hill School joined the Multi Academy Trust and all the operations and assets and liabilities were transferred to The Futures Trust from the Local Authority for £nil consideration.

The substance of the transfer is a gift and it has been accounted for on that basis. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under that appropriate headings with a corresponding net amount recognised as net gain in the Statement of Financial Activities.

The Futures Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016

25 CONVERSION TO AN ACADEMY TRUST / ACQUISITION (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SoFA.

Donations and capital grants				
	Total £	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £
Tangible fixed assets:				
Freehold land and buildings	5,249	-	-	5,249
School budget surplus from Coventry City Council	275	275	-	-
LGPS pension deficit	(1,801)	-	(1,801)	-
Net assets	3,723	275	(1,801)	5,249

The total income and net income comprise total income of £4,479,000 and net expenditure of £3,955,000 contributed by Barr's Hill School between the date of the transfer and the 31 August 2016.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE FUTURES TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 21 August 2015 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Futures Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Futures Trust and the EFA in accordance with the terms of our engagement letter dated 21 August 2015. Our work has been undertaken so that we might state to The Futures Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Futures Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Futures Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Futures Trust's funding agreement with the Secretary of State for Education dated 30 September 2013 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015/6. 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 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015/6 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

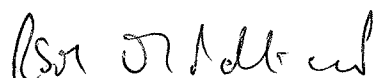
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE FUTURES TRUST AND THE EDUCATION FUNDING AGENCY

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 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



RSM UK AUDIT LLP

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Date 15 October 2016.