

Company Registration No. 08678162 (England and Wales)



**THE FUTURES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

# THE FUTURES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Mr P Crisp  
Mrs K Ireland  
Rev A Randle-Bissell  
Dr D Wood  
Mr N Coupland

### Trustees

Mr P Crisp (Chair of the Board of Trustees)  
Mr D Belcher  
Mr W Copeland  
Mr A Fitzpatrick  
Mr M Moseley  
Mr I Mubeen (Resigned 18 October 2017)  
Mr P Thomas (Chief Executive Officer)  
Mr F Weston  
Ms K Morris (Appointed 27 March 2018)  
P K Heer (Appointed 5 December 2018)

### Senior management team

- Trust HR Director	Miss C Bayliss
- Trust Finance Director	Mr M Baker
- Trust ICT Director	Mr I Neal
- Trust Development Director	Ms E Rowlands
- Chief Executive Officer	Mr P Thomas

### Company secretary

Mrs N Field

### Company registration number

08678162 (England and Wales)

### Registered office

President Kennedy School  
Rookery Lane  
Coventry  
West Midlands  
CV6 4GL

### Academies operated

President Kennedy School  
Barr's Hill School  
Parkgate Primary School  
Keresley Grange Academy  
Stoke Park School

### Location

Rookery Lane, Coventry, CV6 4GL  
Radford Road, Coventry, CV1 4BU  
Parkgate road, Coventry, CV6 2EM  
Keresley, Coventry, CV6 2EM  
Dane Road, Coventry, CV2 4JW

### Principal

Mr N Clayton  
Mr C Jupp  
Mrs Z Richards  
Mrs N Penlington  
Mr P Thomas

### Independent auditor

RSM UK Audit LLP  
St Philips Point  
Temple Row  
Birmingham  
West Midlands  
B2 5AF

# THE FUTURES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Bankers

Lloyds Bank plc  
30 High Street  
Coventry  
CV1 5RA

### Solicitors

Stone King LLP  
13 Queen Square  
Bath  
BA1 2HJ

# THE FUTURES TRUST

## TRUSTEES' REPORT

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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 1 September 2017 – 31 August 2018. 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) "Accounting and Reporting by Charities" issued in January 2015.

### THE FUTURES TRUST BACKGROUND

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

The MAT 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 MAT 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 1 October 2015. Both President Kennedy School and Barr's Hill School, cater for learners aged 11 to 19 serving adjacent catchment areas in Coventry. President Kennedy School has a capacity of 1,600 and a roll of 1,541 in the school census in 2018. Barr's Hill School has a capacity of 778 and a roll of 684 in the school census in 2018.

Parkgate Primary School and Keresley Grange Academy, two nearby primary schools serving a catchment area close to the centre of Coventry, converted to academy status and joined The Futures Trust on 1 February 2017. Both Parkgate Primary School and Keresley Grange Academy cater for learners aged from 3 to 11 and serve adjacent catchment areas in Coventry. Parkgate Primary School has a capacity of 708 and a roll of 666 in the school census in 2018. Keresley Grange Academy has a capacity of 315 and a roll of 300 in the school census in 2018.

Stoke Park 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 1 October 2017. Stoke Park School caters for learners aged 11 to 19 serving adjacent catchment areas in Coventry. Stoke Park School has a capacity of 1,260 and a roll of 989 in the school census in 2018.

### 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.

#### Trustees' indemnities

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

# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **Method of recruitment and appointment or election of trustees**

The 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 Chief Executive Officer and holding him or her to account

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 Academy. 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 Inspiring Governance and Academy Ambassadors.

The method of appointment, election and removal of trustees and members of Local Governing Bodies is set out in The Futures Trust's Articles of Association.

### **Policies and procedures adopted for the induction and training of trustees**

Induction and training provided for new trustees is adapted according to their skills and experience. Upon appointment, all trustees receive a welcome pack, the content of which has been approved by the Members. The pack outlines the roles and responsibilities of a Company Director and Charity Trustee and includes key documents such as the Governors' Handbook and Competency Framework for Governance (published by the Department of Education (DfE)) and the most recent Academies Financial Handbook (issued by the Education and Skills Funding Agency (ESFA)). New trustees meet with key personnel from the Central Team to gain an understanding of training opportunities are provided throughout the year at Board meetings and, where appropriate, include education, charity, legal and financial training.

All Governors receive an Induction Pack relevant to the individual Academy and updates from RSM, legal firm Stone King, the National Governance Association and The Key for School Governors. A thorough Induction and Training Programme for governors and trustees was delivered during the academic year. Training sessions included Governor Induction, Understanding Academic Data, Financial and Budget management and Safeguarding.

# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **The Futures Trust Governance Framework**

The Futures Trust is governed by a Board of Trustees who are responsible for, and oversees, 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 Education and Standards, 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 Committees, the Chief Executive Officer, Headteacher 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 the 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.



# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **Organisational structure**

#### **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 and committee 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 Academies 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 and the national funding formula, 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.

#### **Arrangements for setting pay and remuneration of key management personnel**

The Board of Trustees makes decisions regarding the setting of pay and remuneration for key management personnel working across the trust. The Board directly considered the pay of the CEO and all Headteachers on an annual basis, and delegates the performance management of the trust's Central Team to the CEO who makes recommendations to the Board regarding pay. When considering senior pay, the Board takes account of the need to secure the knowledge, experience, skills and personal capabilities required to enable the trust to achieve its educational objectives, the price of such skills in the labour market and the need to ensure equality and the effective use of public money. To that effect, the Board commissioned external independent advice in 2018 regarding Central Team and CEO remuneration.

# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Trade union facility time

#### Relevant union officials

Number of employees who were relevant union officials during the relevant period	6
Full-time equivalent employee number	6.00

#### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	6
1%-50%	-
51%-99%	-
100%	-

#### Percentage of pay bill spent on facility time

Total cost of facility time	1,250
Total pay bill	20,754,000
Percentage of the total pay bill spent on facility time	0.01%

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	1%
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### Related parties and co-operation with other organisations

The Board of Trustees complete a business and pecuniary interests declaration form annually which sets out the relationship with The Futures Trust that is not directly related to their duties as trustees. Trustees check and confirm their entry on the Register at every meeting. Each trustee is required to declare any potential conflicts of interest as they arise and take no further part in any decision relating to the matter declared.

The Register of Business & Pecuniary Interests is available on The Futures Trust's website.

### OBJECTIVES AND ACTIVITIES

#### Objects and aims

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

*The MAT's ('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').*



# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **Objectives, strategies and activities**

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 three clear values:

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

The trust's Strategic Plan, *Building Brighter Futures*, has four key fundamentals. They are:

1. Exceptional educational experiences
2. Leading, Teaching, Learning and Assessment
3. Investment and Sustainability
4. Leadership and Governance

The four fundamentals are supported by a series of challenging milestones and KPIs to ensure that outcomes are achieved. The Board of Trustees, and its Committees, regularly monitor progress against the KPIs.

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

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. Learner 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.

# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### STRATEGIC REPORT

#### Achievements and performance

##### Educational Achievements and Key Performance Indicators

For the accounting year ending 31 August 2018, The Futures Trust controlled five academy schools:

**President Kennedy School** was judged Outstanding in all categories by Ofsted in July 2013.

In 2018, President Kennedy School produced another strong set of Key Stage 4 results with students on average performing more than one quarter of a GCSE grade better in each of their subjects compared to an average school.

Standards at GCSE are broadly in line with the city average. In the three headline attainment measures: 34% achieved a strong pass in English and maths; 16.5% achieved strong EBACC (5+ in English, Maths, and at least a good pass in two sciences, humanities and MFL) and Attainment 8 score of 4.24 (average grade across the best eight qualifying subjects).

At Level 3, students achieved a 98% pass rate which is in line with the national average.

Overall, 58% of the students achieved A\*-B grades across the academic and vocational academic courses. In the academic courses 40% of students achieved A\*-B grades. The vast majority of students studying Level 3 Vocational courses achieved the very top grade Distinction\*. A large number of students from these courses have been accepted onto competitive Degree Courses.

The quality of teaching was consistently high across all subject areas.

Attendance at the end of 2017/18 was close to the national average (96%) at 94.7%.

**Barr's Hill School** was judged Required to Improve by Ofsted in March 2016. Following rapid improvement in 2017/18, Barr's Hill School was judged Good by Ofsted in September 2018.

In 2018, a rise in standards at GCSE saw significant improvement across all headline measures. In the three attainment measures: 32% achieved a strong pass in English and maths; 4% achieved strong EBACC and Attainment 8 score of 3.70 (average grade across the best eight qualifying subjects). English and maths performed very strongly with the proportion of students achieving a standard pass in English and maths (59%) being broadly in line with city average. Pupil progress was significantly above average in these two subjects, likely placing English in the top 20% and maths in the top 1% nationally. Overall, pupils at Barr's Hill school performed better in their GCSE subjects from their starting points than average.

At Level 3, standards in the small number of academic subjects and the vocational subjects were below expectation. Year 12 AS students achieved a pass rate (A\*-E) of 62% and Year 13 achieved an A2 pass rate of 73%.

The quality of teaching continued to improve and by the end of the year was consistently high across a range of subjects.

Attendance at the end of 2017/18 was close to the national average at 92.1%.

# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Financial review

Most of the trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2018, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

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

During the year ended 31 August 2018, the trust's total expenditure was £25,873k compared to £34,866k total incoming resources including grant funding from the DfE together with other incoming resources. Excluding the impact of school's converted in the year, pension scheme movements and capital funding expenditure was £25,193k compared to incoming resources of £24,059k.

Total staff costs represent approximately 60% (2017: 65%) of available income. Social security and pension costs have remained stable at 30% (2017: 29%) of wages and salary costs. The increases in staff costs have been driven by nationally agreed pay rises, and by progression within pay scales.

Educational funding received from DfE/ESFA grants during the year was £23.1m (2017: £16.3m), an increase of 42% (2017: 29%) in comparison to the previous year. From the pupil number censuses, total pupil numbers in the relevant years have increased by 31% (2017: 51%).

During the year ended 31 August 2018, there was a decrease in cash of £137k (2017: Increase of £984k). The net movement in cash included a £435k inflow in respect of operating cash flows (2017: £576k) (£462k decrease (2017 £239k decrease) after adjusting for cash transferred in for converting schools), offset by outflows of £572K (2017: 408K) in respect of investing activities.

In accordance with correct disclosure requirements, the financial information which is presented in the consolidated 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 Central 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
- Average support staff cost benchmarked against national medians
- Monthly cash flow forecasts for each school and for the trust

### 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 31 August 2018, the trust's reserves totalled £21,948k.



# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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**Stoke Park School** was judged Special Measures by Ofsted in February 2017. Stoke Park School joined The Futures Trust as a Sponsored School on 1 October 2017.

Standards at GCSE improved significantly from 2017 with rises seen across all the headline attainment measures: 33% achieved strong pass (grade 5+) in English and maths; 5.6% achieving EBacc strong pass and 41.7 at Attainment 8 (average grade across best eight qualifying subjects). Progress made by students was broadly average. Students performed a third of a grade better in each subject on average compared to the previous year. Students made most progress in the Maths element, followed by English.

At level 3, students entered for AS levels in the following subjects: English Literature, Maths, Physics, Biology, Chemistry, Media Studies, History and Psychology. Students made most progress in Art, Economics and English Literature. The vast majority of students studying level 3 vocational courses achieved a Distinction.

The quality of teaching continued to improve with some high quality practice across a range of subject areas.

Attendance at the end of 2017/18 was close to national average at 92.9%.

**Parkgate Primary School** was judged Good by Ofsted in June 2013.

In Early Years Foundation Stage (EYFS), Good Level Development (GLD) was above the (2017) national average of 71%. Parkgate achieved 79% which is a significant increase on the previous year.

At KS1, the phonics has remained steady at 80% and is broadly in line with the national standard (81% in 2017). Students above Age Related Expectations (ARE) in Reading, Writing and Maths has risen to 61%. At the Expected standard attainment further improved in Reading and Mathematics but remained steady in Writing when compared to the previous year. At Greater Depth Writing has slightly declined but Reading, Mathematics have improved on last year.

KS2 saw standards rise across all attainment thresholds within the Expected standard and across all thresholds except Writing within the Greater Depth standard. Standards are broadly in line with or above national across most measures. Rates of progress improved significantly in Reading and Maths.

The quality of teaching was consistently high across the Key Stages.

Attendance in 2017/18 was close to the national average at 95.4%.

**Keresley Grange Primary School** was judged Required to Improve by Ofsted in March 2016.

In Early Years Foundation Stage (EYFS), Good Level Development (GLD) improved compared to the previous year and was above 2017 national average. Keresley Grange achieved 74%.

In KS1, the phonics remains above the national standard. KS1 saw standards rise across all attainment thresholds within the Expected standard and across all thresholds except Writing within the Greater Depth standard. Standards are above national across all measures except Reading and Writing at Greater Depth where they are broadly in line. Maths saw a significant improvement on last year at the Greater Depth standard.

KS2 also saw standards improve across all thresholds at the Expected standard, with maths showing the biggest rise. The school is now above national except in Writing. At Greater Depth, standards improved in Reading and GAPS and remained steady in the other areas. Rates of progress were broadly in line with national from students' starting points.

The quality of teaching was consistently high across the Key Stages.

Attendance in 2017/18 was close to the national average at 95.01%.

# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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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.

### **Plans for future periods**

The trust remains 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.

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.

President Kennedy School moved into a brand new building in September 2017. This was provided under the Government's Priority Schools Building Programme, a PFI arrangement, which is subject to a supplementary agreement with the Secretary of State for Education. The demolition of the previous building and landscaping is not yet completed and the trust is working closely with the DfE to ensure that the remaining works are completed to specification and that costs and compensation for delays are recovered.

The trust has invested in improvements to ICT infrastructure to enable staff to work in any location in the trust and perform tasks and communicate seamlessly (single authentication and email platforms). A trust Management Information Portal that streamlines HR administration is also being developed. A single, transportable and scalable approach for collating and interpreting education data has been developed.

The trust received funding from the MAT Development & Improvement Fund which provides additional funding to trusts in order to improve schools and increase social mobility. The funding is being used to ensure robust reporting mechanisms are in place to monitor school performance and trust leadership and to increase capacity in school leadership across both primary and secondary schools in key areas such as literacy, improving the quality of teaching and learning and raising standards in Maths at both secondary and primary.



# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Principal risks and uncertainties

For the period ending 31 August 2018, the following significant financial risks have been identified and are being managed by the trustees:

- 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.
- Local Government Pension Scheme deficit and the Volatility of Employer Contributions.
- Increase in teacher salaries.
- Increase in Professional and Associate Staff salaries.
- Ongoing maintenance costs associated with school buildings.
- Uncertainty regarding the National Funding Formula.
- Apprenticeship Levy monthly payments.
- Failure to comply with statutory requirements.

Academy and trust Risk Registers are in place and, where appropriate, systems or processes have been established to mitigate the risks each Academy faces. Internal control risks are reduced by the implementation of procedures for authorisation of all transactions and projects. The Board of Trustees has assessed the major risks to which the trust is exposed, in particular those relating to quality teaching, the provision of facilities and other operational areas including the control of finances. Procedures are in place to ensure compliance with health and safety of staff, visitors and pupils.

The trust has an effective system of internal financial controls which is explained in detail in the Governance Statement.

### Financial and risk management objectives and policies

The trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academies within the Trust, and its finances. The trustees have implemented a number of systems to assess these risks as well as operational procedures and internal controls to manage these risks. Where significant financial risk remains they have ensured they have adequate insurance cover. The Trust is developing an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Trust is party of a PFI agreement in respect of the school buildings at President Kennedy School. This agreement runs to a period of 25 years under terms agreed between the department of education and Coventry City Council.

### 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.

### Fundraising

Fundraising has been undertaken through a salaried member of the trust's team. No professional fund-raisers or commercial participators have been engaged.

The trust abides by the Code of Fundraising practice. Fundraising activity in this financial year consisted of applications to grant making trusts and National Lottery funded organisations. No appeals to members of the public have been made.

The fundraising function of the trust is monitored through regular line management, the review of grant applications and the monitoring and evaluation of grants received.

# THE FUTURES TRUST

## TRUSTEES' REPORT (CONTINUED)

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### EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

The trust consults employees and their recognised representatives regarding matters of concern to them, and employees are kept informed and given the opportunity to provide feedback on specific matters directly by management. The trust has a range of policies in place in relation to personnel matters which are made available to staff in each of the trust schools, and the trust encourages and values employee voice and participation. Forums for communication include staff briefings, school portals, meetings with representatives, website postings, training and professional development activities, exit interviews and direct mail and hard copy communications.

The trust is committed to equality of opportunity and values diversity and the different contributions that the people who become members of our staffing community are able to make. All staff are selected on the basis of their knowledge, experience, skills, abilities and potential, and are chosen because they will successfully and positively add value, raise standards and bring the trust's values to life. The trust's recruitment, selection, retention and professional development activities are implemented with due regard to the Equality Act 2010, the Equality Duty, and the duty to make reasonable adjustments, and no person will be discriminated against on the basis of age, sex or sexual orientation. The trust recognised that people's needs will change throughout their working lives and is committed to developing and delivering working practices and policies that are responsive to this.

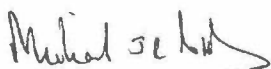
### AUDITOR

A resolution proposing that RSM UK Audit LLP be reappointed as auditor of the charitable company will be put to the members.

### Statement as to disclosure of information to auditor

The trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is 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 the directors at a meeting on 19 December 2018 and signed on its behalf by:



Mr M Moseley  
Trustee

# THE FUTURES TRUST

## GOVERNANCE STATEMENT

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### 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 were as follows:

Trustees	Meetings attended	Out of possible
Mr P Crisp (Chair)	4	6
Mr D Belcher	6	6
Mr W Copeland	3	6
Mr A Fitzpatrick	6	6
Miss K Morris (appointed 27 March 2018)	2	3
Mr M Moseley	6	6
Mr I Mubeen (resigned 18 October 2017)	0	0
Mr PJ Thomas (Chief Executive Officer)	6	6
Mr F Weston	6	6

In order to discharge their responsibilities effectively, the Board of Trustees appoint individuals to serve on Committees which focus on specific matters such as education, standards, academic performance, finance and resources, risk and audit.

The Board of Trustees has two Committees:

- Finance, Resources, Audit & Risk Committee
- Education, Standards & Performance Committee

The purpose of the Finance, Resources, Audit & Risk Committee is a Committee 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.

Attendance at meetings in 2017/18 is as follows:

Trustees	Meetings attended	Out of possible
Mr P Crisp (Chair of the Board of Trustees)	5	5
Mr W Copeland	5	5
Mr A Fitzpatrick	5	5
Mr M Moseley	5	5
Mr P Thomas (Chief Executive Officer)	5	5
Ms K Morris (Appointed 27 March 2018)	2	2



# THE FUTURES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

The purpose of the Education, Standards & Performance Committee is to ensure all academies secure a Good or better Ofsted judgement in accordance with the overarching criteria in the Common Inspection Framework for leadership and management, learning behaviour and welfare, quality of teaching, learning and assessment and pupil outcomes.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr P Crisp (Chair of the Board of Trustees)	2	3
Mr D Belcher	3	3
Mr P Thomas (Chief Executive Officer)	3	3
Mr F Weston	3	3

### Governance reviews

The Board undertook a Board, Committee and Chair Effectiveness Review in March 2018. A short-term and long-term action plan was created which the trustees and the Company Secretary are currently working through. The Board of Trustees has agreed to undertake a trust External Review of Governance in the 2018/19 academic year.

An External Review of Governance was undertaken at Barr's Hill School in April 2017 and an action plan was generated. The NLG attended their LGB meeting in June 2018 when all actions were completed. He commented that there had been a dramatic change in the composition, challenge, rigour and ambition of the LGB.

### 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:

- Enhancing 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.
- Providing Exceptional Learning Experiences for our learners. In November 2017, Dr Michael Foale, Britain's first astronaut in space visited the trust and met students from each of its schools and each pupil received a photograph of themselves with Dr Foale as a special memento. Dr Foale talked about his eight missions into space which included the Mir Space Station and the International Space Station.
- Sharing best practice with schools in our trust and in the local community and beyond.
- Continued professional development and learning to develop current and future leaders across the trust.
- Investment in Infrastructure.
- Reviewing best value procurement of services across the trust to achieve better quality, economies of scale and consistent outcomes across the schools.

### 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 1 September 2017 – 31 August 2018 and up to the date of approval of the annual report and financial statements.

# THE FUTURES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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### 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 1 September 2017 – 31 August 2018 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 previously considered the need for a specific internal audit function and decided not to appoint an internal auditor; instead the trustees appointed ASCL internal audit specialists to perform additional checks.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the MAT'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. There were no material control issues and thus no remedial action was required to be taken.

### 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 reviewer
- the work of the external auditor;
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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 board of trustees on 19 December 2018 and signed on its behalf by:

Mr M Moseley  
Trustee

Mr P Thomas  
Chief Executive Officer



# THE FUTURES TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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As accounting officer of The Futures Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



Mr P Thomas  
**Accounting Officer**

19 December 2018

# THE FUTURES TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year. 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:

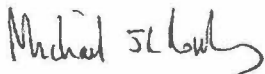
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 that grants received from ESFA/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 19 December 2018 and signed on its behalf by:



Mr M Moseley  
Trustee

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

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### Opinion

We have audited the financial statements of The Futures Trust (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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 2018 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 requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FUTURES TRUST (CONTINUED)

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

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

### Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### Use of our report

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



Paul Oxtoby (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

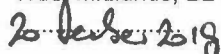
Chartered Accountants

St Philips Point

Temple Row

Birmingham

West Midlands, B2 5AF



# THE FUTURES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total 2018	Total 2017
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	14	971	985	1,095
Donations - transfer from local authority on conversion	27	897	(2,315)	11,240	9,822	3,070
Charitable activities:						
- Funding for educational operations	4	-	23,460	-	23,460	16,667
Other trading activities	5	598	-	-	598	366
Investments	6	1	-	-	1	5
<b>Total</b>		<u>1,496</u>	<u>21,159</u>	<u>12,211</u>	<u>34,866</u>	<u>21,203</u>
<b>Expenditure on:</b>						
Raising funds	7	189	-	-	189	186
Charitable activities:						
- Educational operations	8	1,232	23,825	627	25,684	17,029
<b>Total</b>	7	<u>1,421</u>	<u>23,825</u>	<u>627</u>	<u>25,873</u>	<u>17,215</u>
<b>Net income/(expenditure)</b>		75	(2,666)	11,584	8,993	3,988
Transfers between funds	18	-	(582)	582	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains on defined benefit pension schemes	23	-	1,770	-	1,770	766
<b>Net movement in funds</b>		75	(1,478)	12,166	10,763	4,754
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>2,013</u>	<u>(9,432)</u>	<u>18,604</u>	<u>11,185</u>	<u>6,431</u>
Total funds carried forward		<u>2,088</u>	<u>(10,910)</u>	<u>30,770</u>	<u>21,948</u>	<u>11,185</u>



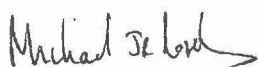
## THE FUTURES TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	13		30,068		17,911
<b>Current assets</b>					
Debtors	14	2,078		1,553	
Cash at bank and in hand		2,431		2,568	
		4,509		4,121	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(1,719)		(1,162)	
<b>Net current assets</b>			2,790		2,959
<b>Net assets excluding pension liability</b>			32,858		20,870
Defined benefit pension scheme liability	23		(10,910)		(9,685)
<b>Net assets</b>			21,948		11,185
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	18				
- Restricted fixed asset funds			30,770		18,604
- Restricted income funds			-		253
- Pension reserve			(10,910)		(9,685)
<b>Total restricted funds</b>			19,860		9,172
<b>Unrestricted income funds</b>	18		2,088		2,013
<b>Total funds</b>			21,948		11,185

The financial statements on pages 22 to 46 were approved by the board of trustees and authorised for issue on 19 December 2018 and are signed on their behalf by:



Mr M Moseley  
Trustee

# THE FUTURES TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	21		(462)		(239)
Cash funds transferred on conversion			897		815
			<u>435</u>		<u>576</u>
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		1		5	
Capital grants from DfE Group		971		1,095	
Purchase of tangible fixed assets		<u>(1,544)</u>		<u>(692)</u>	
<b>Net cash (used in)/provided by investing activities</b>			<u>(572)</u>		<u>408</u>
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>			<u>(137)</u>		<u>984</u>
Cash and cash equivalents at beginning of the year			<u>2,568</u>		<u>1,584</u>
<b>Cash and cash equivalents at end of the year</b>			<u><u>2,431</u></u>		<u><u>2,568</u></u>

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

#### General information

The Futures Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

#### Basis of preparation

The financial statements of the academy trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 2017 to 2018 issued by ESFA, 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 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, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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.

#### Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Stoke Park 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 27.

#### 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.

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

#### Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

#### 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 at fair value of the consideration received or receivable in the period it is receivable and to the extent the academy trust has provided the goods or services.

#### **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 are allocated on the portion of the asset's use.

#### 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 to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

#### **Tangible fixed assets and depreciation**

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. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

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 that require 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, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold buildings	50 years
Long leasehold property	50 years
Fixtures, fittings and equipment	10 years
Motor vehicles	5 years

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 of services it must provide.

#### **Leased assets**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### **Financial instruments**

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



# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies (Continued)

##### Financial assets and liabilities

Financial assets and financial liabilities are recognised when the academy trust 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 agreement 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.

##### Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

##### **Taxation**

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

##### **Pensions benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but 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 are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each reporting date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/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 comprehensive income. Actuarial gains and losses are recognised immediately as other comprehensive income.

#### **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 and Skills Funding Agency/Department for Education.

#### **Agency arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 2 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 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### Critical areas of judgement

The Trustees have reviewed the financial statements and consider that there are no critical judgements applied in these financial statements other than the assumptions detailed above, and the use of the going concern basis of accounting.

### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	971	971	1,095
Other donations	-	14	14	-
	<u>-</u>	<u>985</u>	<u>985</u>	<u>1,095</u>

The income from donations and capital grants was £985,000 (2017: £1,095,000) of which £14,000 was restricted (2017: £-) and £971,000 was restricted fixed assets (2017: £1,095,000).

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	21,145	21,145	14,206
Other DfE group grants	-	2,019	2,019	2,143
	-	23,164	23,164	16,349
<b>Other government grants</b>				
Local authority grants	-	296	296	318
	-	23,460	23,460	16,667

The income from funding for educational operations was £23,460,000 (2017: £16,667,000) of which £23,460,000 was restricted (2017: £16,667,000).

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Lettings income	96	-	96	42
Event income	72	-	72	47
Other income	430	-	430	277
	598	-	598	366

The income from other trading activities was £598,000 (2017: £366,000) of which £598,000 was unrestricted (2017: £366,000).

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Other investment income	1	-	1	5

The income from investment income was £1,000 (2017: £5,000) of which £1,000 was unrestricted (2017: £5,000).



# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds					
- Direct costs	-	130	59	189	186
Academy's educational operations					
- Direct costs	16,829	-	1,320	18,149	12,074
- Allocated support costs	3,865	1,606	2,064	7,535	4,955
	<u>20,694</u>	<u>1,736</u>	<u>3,443</u>	<u>25,873</u>	<u>17,215</u>

The expenditure on raising funds was £189,000 (2017: £186,000) of which £189,000 was unrestricted (2017: £186,000).

#### Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Operating lease rentals	57	54
Depreciation of tangible fixed assets	627	350
Net interest on defined benefit pension liability	294	187
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	30	25
- Other services	5	5
	<u>30</u>	<u>25</u>

### 8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
<b>Direct costs</b>				
Educational operations	1,232	16,917	18,149	12,074
<b>Support costs</b>				
Educational operations	-	7,535	7,535	4,955
	<u>1,232</u>	<u>24,452</u>	<u>25,684</u>	<u>17,029</u>

The expenditure on charitable activities was £25,684,000 (2017: £17,029,000) of which £1,232,000 was unrestricted (2017: £-), £23,825,000 was restricted (2017: £16,679,000) and £627,000 was restricted fixed assets (2017: £350,000).

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 8 Charitable activities (Continued)

	2018 £'000	2017 £'000
<b>Analysis of support costs</b>		
Support staff costs	3,865	2,372
Depreciation	627	350
Technology costs	500	285
Premises costs	979	717
Other support costs	1,400	1,009
Governance costs	164	222
	<u>7,535</u>	<u>4,955</u>

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	14,873	10,278
Social security costs	1,408	982
Pension costs	3,114	2,019
	<u>19,395</u>	<u>13,279</u>
Staff costs	19,395	13,279
Agency staff costs	1,191	395
Staff restructuring costs	108	21
	<u>20,694</u>	<u>13,695</u>

Staff restructuring costs comprise:

Severance payments	<u>108</u>	<u>21</u>
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#### Staff severance payments

Included in staff restructuring costs are contractual severance payments totalling £107,053. Individually, the payments were: £2,390 made on 28/02/2018, £49,500 made on 31/12/2017, £25,000 made on 31/03/2018, £28,113 made on 31/08/2018 and £2,500 made on 30/04/2018.

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

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 9 Staff (Continued)

#### Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2018 Number	2017 Number
Teachers	210	163
Administration and support	185	120
Management	36	29
	<u>431</u>	<u>312</u>

#### Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018 Number	2017 Number
£60,001 - £70,000	9	6
£70,001 - £80,000	2	3
£80,001 - £90,000	2	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	1
	<u>1</u>	<u>1</u>

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £809,903 (2017: £738,917).

### 10 Central services

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

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

The trust charges for these services based on 2.5% of the GAG income received by the academy.

The trust has increased the charge for these services from 2.5% to 3.5% effective from 2018/19.

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 10 Central services (Continued)

The amounts charged during the year were as follows:	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
President Kennedy School	213	204
Barr's Hill School	114	115
Parkgate Primary School	70	40
Keresley Grange Academy	35	20
Stoke Park School	136	
	<u>568</u>	<u>379</u>

### 11 Trustees' remuneration and expenses

One of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal only receives remuneration in respect of services they provide undertaking the role of principal under their contract of employment, and not in respect of their services as trustee. Other trustees were not paid any remuneration.

The value of trustees' remuneration and other benefits was as follows:

The CEO received remuneration of £125,000 in 2018 (2017: £122,500) and is accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £20,600 (2017: £20,188).

No Governors were reimbursed expenses during the period (2017: none).

### 12 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees 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 2018 was £2,217 (2017: £752). The cost of this insurance is included in the total insurance cost.



# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 13 Tangible fixed assets

	Freehold land and buildings £'000	Long leasehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 September 2017	5,618	12,698	520	-	18,836
Transfer on conversion	11,240	-	-	-	11,240
Additions	800	564	159	21	1,544
At 31 August 2018	17,658	13,262	679	21	31,620
<b>Depreciation</b>					
At 1 September 2017	261	611	53	-	925
Charge for the year	305	259	61	2	627
At 31 August 2018	566	870	114	2	1,552
<b>Net book value</b>					
At 31 August 2018	17,092	12,392	565	19	30,068
At 31 August 2017	5,357	12,087	467	-	17,911

The long leasehold properties are leased from The Council of the City of Coventry, relating to the land and buildings at the President Kennedy School, Parkgate Primary School, Keresley Grange Academy and are leased for a period of 125 years for a peppercorn rent, if demanded. No such charges have been made in the current year (2017: £nil).

14 Debtors	2018 £'000	2017 £'000
Trade debtors	13	18
Other debtors	417	269
Prepayments and accrued income	1,648	1,266
	2,078	1,553
<b>15 Creditors: amounts falling due within one year</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Trade creditors	993	594
Other taxation and social security	375	276
Other creditors	319	147
Accruals and deferred income (see note 16)	32	145
	1,719	1,162

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

<b>16</b>	<b>Deferred income</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
	Deferred income is included within:		
	Creditors due within one year	-	80
		<u>          </u>	<u>          </u>
	Deferred income at 1 September 2017	80	-
	Released from previous years	(80)	-
	Resources deferred in the year	-	80
		<u>          </u>	<u>          </u>
	<b>Deferred income at 31 August 2018</b>	<u>          </u>	<u>          </u>

Deferred income related to funding received in advance from the DfE for Stoke Park School, which joined the trust on 1 October 2017.

<b>17</b>	<b>Financial instruments</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	1,102	287
		<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	1,344	806
		<u>          </u>	<u>          </u>

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	187	21,145	(20,750)	(582)	-
Other DfE / ESFA grants	66	2,019	(2,085)	-	-
Other government grants	-	296	(296)	-	-
Other restricted funds	-	14	(14)	-	-
Pension reserve	(9,685)	(2,315)	(680)	1,770	(10,910)
	<u>(9,432)</u>	<u>21,159</u>	<u>(23,825)</u>	<u>1,188</u>	<u>(10,910)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	17,252	11,240	(576)	-	27,916
DfE group capital grants	1,352	971	(51)	582	2,854
	<u>18,604</u>	<u>12,211</u>	<u>(627)</u>	<u>582</u>	<u>30,770</u>
<b>Total restricted funds</b>	<u>9,172</u>	<u>33,370</u>	<u>(24,452)</u>	<u>1,770</u>	<u>19,860</u>
<b>Unrestricted funds</b>					
General funds	2,013	1,496	(1,421)	-	2,088
<b>Total funds</b>	<u>11,185</u>	<u>34,866</u>	<u>(25,873)</u>	<u>1,770</u>	<u>21,948</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 2018.

Other restricted general funds were funded by government grants.

Restricted fixed asset funds were funded by government grants.

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Funds (Continued)

#### Funds prior year

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	14,206	(13,729)	(290)	187
Other DfE / ESFA grants	-	2,143	(2,077)	-	66
Other government grants	-	318	(318)	-	-
Pension reserve	(7,138)	(2,758)	(555)	766	(9,685)
	<u>(7,138)</u>	<u>13,909</u>	<u>(16,679)</u>	<u>476</u>	<u>(9,432)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	12,556	5,013	(317)	-	17,252
DfE group capital grants	-	1,095	(33)	290	1,352
	<u>12,556</u>	<u>6,108</u>	<u>(350)</u>	<u>290</u>	<u>18,604</u>
<b>Total restricted funds</b>	<u>5,418</u>	<u>20,017</u>	<u>(17,029)</u>	<u>766</u>	<u>9,172</u>
<b>Unrestricted funds</b>					
General funds	<u>1,013</u>	<u>1,186</u>	<u>(186)</u>	<u>-</u>	<u>2,013</u>
<b>Total funds</b>	<u>6,431</u>	<u>21,203</u>	<u>(17,215)</u>	<u>766</u>	<u>11,185</u>

#### Total funds analysis by academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were allocated as follows:		
President Kennedy School	447	600
Barr's Hill School	275	179
Parkgate Primary School	798	843
Keresley Grange Academy	61	79
Stoke Park School	820	
Central services	(313)	(17)
Total before fixed assets fund and pension reserve	<u>2,088</u>	<u>1,684</u>
Restricted fixed asset fund	30,770	19,186
Pension reserve	(10,910)	(9,685)
Total funds	<u>21,948</u>	<u>11,185</u>



# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 18 Funds (Continued)

The central services deficit is being addressed through an increase in the surcharge charged to the academies from 2.5% to 3.5% effective from 2018/19.

#### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
President Kennedy School	6,205	1,578	116	1,137	9,036	8,735
Barr's Hill School	2,777	960	74	1,004	4,815	5,145
Parkgate Primary School	2,162	531	37	556	3,286	1,798
Keresley Grange Academy	984	229	31	261	1,505	823
Stoke Park School	3,714	960	65	901	5,640	
Central services	370	401	28	-	799	388
	<u>16,212</u>	<u>4,659</u>	<u>351</u>	<u>3,859</u>	<u>25,081</u>	<u>16,889</u>

#### 19 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	30,068	30,068
Current assets	2,088	1,719	702	4,509
Creditors falling due within one year	-	(1,719)	-	(1,719)
Defined benefit pension liability	-	(10,910)	-	(10,910)
<b>Total net assets</b>	<u>2,088</u>	<u>(10,910)</u>	<u>30,770</u>	<u>21,948</u>

	Unrestricted Funds	Restricted funds: General	Fixed asset	Total Funds
	£'000	£'000	£'000	£'000
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	17,911	17,911
Current assets	2,093	1,335	693	4,121
Creditors falling due within one year	(80)	(1,082)	-	(1,162)
Defined benefit pension liability	-	(9,685)	-	(9,685)
<b>Total net assets</b>	<u>2,013</u>	<u>(9,432)</u>	<u>18,604</u>	<u>11,185</u>

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 20 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £'000	2017 £'000
Amounts due within one year	196	183
Amounts due between one and five years	653	685
Amounts due after five years	2,560	2,700
	<u>3,409</u>	<u>3,568</u>

There is a PFI contract in place for a school building at the President Kennedy site, which is subject to a supplementary agreement with the Secretary of State for Education. Total commitments under the contracts are £135,000 (2017: £135,000) within 1 year and £540,000 (2017: £540,000) between 1 and 5 years, and £2.56m (2017: £2.7m) in over 5 years.

### 21 Reconciliation of net income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the reporting period (as per the Statement of Financial Activities)	8,993	3,988
<b>Adjusted for:</b>		
Net surplus on conversion to academy	(9,822)	(3,070)
Capital grants from DfE/ESFA and other capital income	(971)	(1,095)
Interest receivable	(1)	(5)
Defined benefit pension scheme cost less contributions payable	386	368
Defined benefit pension scheme finance cost	294	187
Depreciation of tangible fixed assets	627	350
<b>Movements in working capital:</b>		
(Increase) in debtors	(525)	(1,029)
Increase in creditors	557	67
<b>Net cash used in operating activities</b>	<u>(462)</u>	<u>(239)</u>

### 22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 23 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 by West Midlands Pension Fund (WMPF). Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and of the LGPS 31 March 2016.

Contributions amounting to £318,757 (2017: £233,126) were payable to the schemes at 31 August 2018 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer.

##### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published 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) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- 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 TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019. Subsequent to the year end the TPS has proposed an increase in employer's contribution rate to approximately 23% (subject to confirmation) payable for September 2019.

The employer's pension costs paid to the TPS in the period amounted to £1,542,849 (2017: £ 1,072,997).

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

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 23 Pension and similar obligations (Continued)

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19.3% for employers and 5.5 - 12.5% for employees.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 27) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	1,152	644
Employees' contributions	241	180
Total contributions	1,393	824

#### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2018 by a qualified independent actuary.

	2018 %	2017 %
Rate of increase in salaries	3.8	4.2
Rate of increase for pensions in payment/inflation	2.3	2.7
Discount rate for scheme liabilities	2.65	2.6



# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 23 Pension and similar obligations (Continued)

The assumed life expectations on retirement age 65 are:

	2018 Years	2017 Years
Retiring today		
- Males	21.9	21.8
- Females	24.4	24.3
Retiring in 20 years		
- Males	24.1	24.0
- Females	26.7	26.6

#### The academy trust's share of the assets in the scheme

	2018 Fair value £'000	2017 Fair value £'000
Equities	3,987	2,485
Government bonds	453	287
Other bonds	233	151
Cash/liquidity	236	195
Property	511	287
Other assets	879	521
Total fair value of assets	6,299	3,926

The actual return on scheme assets was £71,000 (2017: £729,000).

#### Amount recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	1,538	1,012
Net interest cost	294	187
Total operating charge	1,832	1,199

#### Changes in the present value of defined benefit obligations

	2018 £'000
At 1 September 2017	13,611
Obligations acquired on conversion	3,320
Current service cost	1,538
Interest cost	435
Employee contributions	241
Actuarial gain	(1,840)
Benefits paid	(96)
At 31 August 2018	17,209

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 23 Pension and similar obligations (Continued)

#### Changes in the fair value of the academy trust's share of scheme assets

	2018 £'000
At 1 September 2017	3,926
Assets acquired on conversion	1,005
Interest income	141
Return on plan assets (excluding net interest on the net defined pension liability)	(70)
Employer contributions	1,152
Employee contributions	241
Benefits paid	(96)
	<hr/>
At 31 August 2018	6,299
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### 24 Related party transactions

Key management personnel remuneration is disclosed in note 9.

Weston Education became a related party from 22 February 2017 when a trustee was appointed to the Trust. Services at cost during the year amounted to £1,250 (2017: £2,400). At the year end £nil (2017: £nil) was outstanding.

Services at cost to Curee Ltd, a related party through virtue of common control, amounted to £4,674 (2017: £nil). At the year end £nil (2017: £nil) was outstanding.

### 25 Post balance sheet events

After the year end, Keresley Newland Primary Academy joined the trust.

### 26 Agency arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £76,376 (2017: £48,416) and disbursed £37,538 (2017: £48,416). An amount of £38,838 (2017: £nil) is included in other creditors relating to undistributed funds that is repayable to ESFA.

# THE FUTURES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 27 Conversion to an academy

On 1 October 2017 the Stoke Park School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Futures Trust from the West Midlands Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

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

Academy	Location	Date of conversion	
Stoke Park School	Dane Road, Coventry, CV2 4JW	1 October 2017	

				2018 £'000
<b>Net assets transferred:</b>				
Tangible fixed assets				11,240
Cash				897
LGPS pension surplus/(deficit)				(2,315)
				<u>9,822</u>

	Unrestricted Funds £'000	Restricted funds:		Total 2018 £'000
		General £'000	Fixed asset £'000	
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	11,240	11,240
LGPS pension funds	-	(2,315)	-	(2,315)
Other funds	897	-	-	897
	<u>897</u>	<u>(2,315)</u>	<u>11,240</u>	<u>9,822</u>

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

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## **Conclusion**

We have carried out an engagement in accordance with the terms of our engagement letter dated 9 August 2017 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2017 to 2018, to obtain limited assurance about whether the expenditure disbursed and income received by The Futures Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

## **Basis for conclusion**

The framework that has been applied is set out in the Academies Accounts Direction 2017 to 2018 Part 9: Regularity Reporting. We are independent of The Futures Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

## **Responsibilities of The Futures Trust's accounting officer and trustees**

The accounting officer is responsible, under the requirements of The Futures Trust's funding agreement with the Secretary of State for Education dated 9 August 2017 and the Academies Financial Handbook, extant from 1 September 2017, 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of The Futures Trust and appointment of the accounting officer.

## **Reporting Accountant's responsibilities for reporting on regularity**

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 2017 to 2018.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2017 to 31 August 2018 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

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## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE FUTURES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)**

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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 the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2017 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2017 to 2018.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

### **Use of our report**

This report is made solely to The Futures Trust and the ESFA in accordance with the terms of our engagement letter dated 9 August 2017. Our work has been undertaken so that we might state to the The Futures Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Futures Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.



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Dated: 2 October 2018

