

University Academy of Engineering South Bank

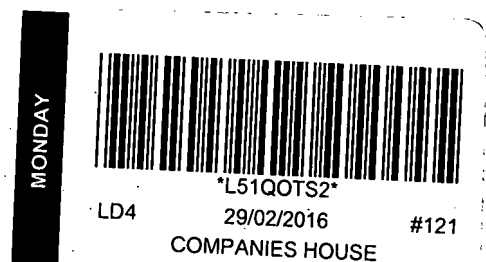


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Annual Report and Financial Statements

For the Year Ended 31 August 2015

Company Registration Number: 08589525



University Academy of Engineering South Bank

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University Academy of Engineering South Bank

Reference and Administrative Details

| | | |
|--|---|---|
| Members | Prof. Rao Bhamidimarri David Phoenix Anil Puri | |
| Trustees/Directors | Prof. Rao Bhamidimarri Dr Irene Bishop CBE Karen Fowler Anil Puri | |
| Governors | Pearline Basford Prof. Rao Bhamidimarri Dr Irene Bishop CBE Michael Broadway Patrick Clarke Natalie Ferer Karen Flower Stephen French Farah Nur Anthony Roberts Jane Rowlands | (Parent Governor - resigned 30 June 2015) (Chair) (appointed 11 March 2015) (appointed 20 June 2015) (Parent Governor) (Parent Governor - appointed 16 October 2015) (appointed 11 March 2015) (Principal) |
| Principal and Registered Office | UAESB University Academy of Engineering South Bank Trafalgar Street London England SE17 2TP | |
| Company Registration Number | 08589525 (England and Wales) | |
| Independent Auditor | Kingston Smith LLP 105 St Peters Street St Albans Hertfordshire AL1 3EJ | |
| Bank | Lloyds Bank Plc Threadneedle Street London EC2R 8AU | |

Trustees' Report

The trustees present their annual report together with the financial statements and auditors' report of the company for the period ended 31 August 2015. The annual report serves the purpose of both a trustee's report and a director's report under company law.

Structure, Governance and Management

Constitution

University Academy of Engineering South Bank is a company limited by guarantee and an exempt charity. The Company's memorandum and articles of association are the primary governing documents of the University Academy of Engineering South Bank.

The Trustees act as Governors of University Academy of Engineering South Bank.

Details of the trustees and governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

During the 2014/15 The Company purchased Governors' Liability Insurance through Zurich Municipal which forms part of the Academy Insurance policy. From June 2015 the Academy has joined the Department for Education's Risk Protection Scheme which gives unlimited cover for Governor's Liability.

Method of Recruitment and appointment or Election of Governors

The Governing Body is currently made up of 10 governors. These are the Principal, 7 Co-opted Governors and 2 Parent Governors.

Staff governors are nominated and elected by the staff of the Academy.

Parents are nominated and elected by the Parents of the Academy.

Community governors are nominated and elected by the Governing Body.

Co-opted governors are nominated and elected by the Governing Body.

Policies and Procedures Adopted for the Induction and Training of Governors

The majority of governors were chosen for their significant skills and experience, in particular in educational governance. On-site Safeguarding training has been provided to all governors by Southwark Council Governor Training and Development team and governors have completed additional courses relevant to their needs.

All new governors will be given an induction to the Academy vision and values which will include a tour of the Academy and the chance to meet staff and students, they will also be provided with copies of documentation that will be needed for them to fulfil their role as governors and details of all governor training available.

Principal Activities

University Academy of Engineering South Bank's object is 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 an Academy offering a broad and balanced curriculum.

Organisational Structure

The structure the Academy has in place consists of two levels: Governors and Senior Managers.

The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for ratifying general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Managers led by the Principal control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Senior Managers are responsible for the authorisation of spending within agreed limits and the appointment of staff, though appointment boards for appointment of Senior Managers always contain a Governor.

Full details of this delegation, including decision making responsibilities can be found within the Academy's financial handbook.

Risk Management

The Governors are responsible for the management of risks to which University Academy of Engineering South Bank is exposed. The key controls used for University Academy of Engineering South Bank to mitigate are:

- Formal Agendas for all meetings to ensure that money is well spent.
- Development Plan which identifies key strategic planning objectives and the resources required to achieve them.
- Budget planning, monitoring and reviews to ensure money is well spent.
- financial authorisation and approval levels
- Written policies reviewed regularly and approved as required
- Clear Safeguarding and vetting procedures as required by law to protect the students
- Continuous review of educational achievements to ensure high standards can be achieved
- Succession Planning

The Governors have reviewed the major risks, focusing on operational, financial, governance, compliance and reputational risk, and are satisfied that steps have been taken to mitigate the risks. The Governors recognise that systems can only provide reasonable assurance that major risks are adequately managed.

There is no credit risk as the amounts generally owed to the Academy are by the Department for Education.

Connected Organisations, including Related Party Relationships

The London South Bank University sponsors the Academy and offers assistance with expertise and resources.

Objectives and Activities

Objects and Aims

The Academy has committed itself to preparing young people with a well-grounded academic curriculum, and with a pedagogy that equips students to thrive in an evolving digital work environment. Supported by London South Bank University, the Academy's students will learn through research, design and problem solving in purpose designed physical and digital spaces.

During the first year the Academy has worked collaboratively with business and industry including Transport for London, the Imperial War Museum and the Brunel Museum, as well as the learned societies, such as the Royal Academy of Engineering to ensure that the students experience a real world context to their learning.

Working with London South Bank University and the industry partners, the Academy has committed itself to ensuring the career success of every student through innovative learning and personal development support.

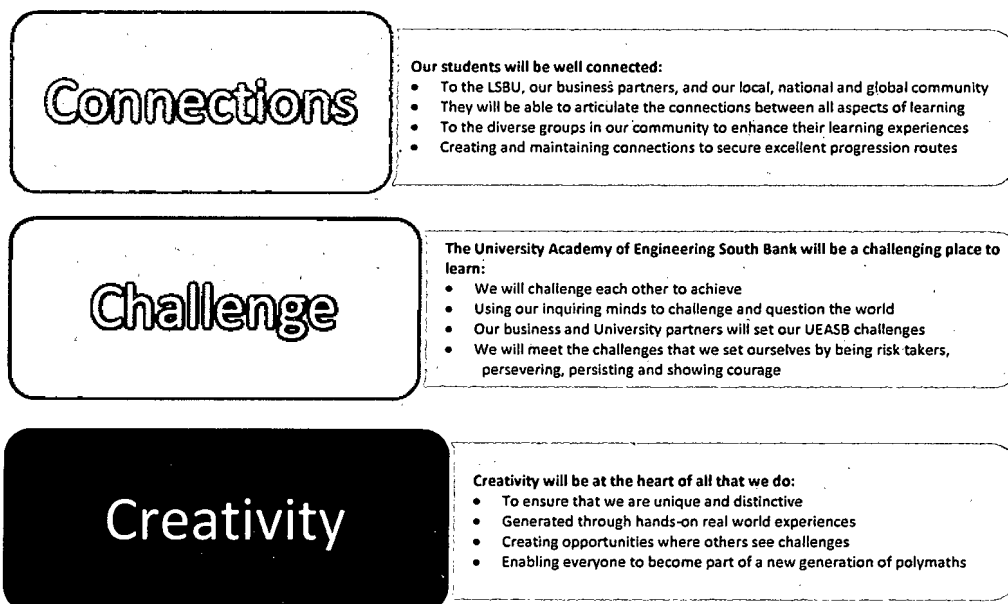
Objectives, Strategies and Activities

The Academy's main objective during the period under review was to successfully set –up the Academy from pre-opening to operational status. The key activities for achieving this were;

- Recruitment of high quality and experienced staff ahead of the academic year, including an Assistant Vice Principal and other key teaching and support staff
- To recruit a sufficient number of students to start in Year 7 for the academic year 2015/16 for the Academy to be financially viable
- Development and implementation of key educational and organisational policies and procedures

Vision and Values

The University Academy of Engineering South Bank will be an outstanding place of learning, specifically designed for the success and happiness of all students and staff. A vibrant community, that plays a significant part in the transformational change and regeneration in our area. This will be underpinned by our commitment to excellence through:



Public Benefit

University Academy of Engineering South Bank receives the majority of its income from the Department for Education to provide educational services to children and to ensure a broad and balanced curriculum. The Governors of University Academy of Engineering South Bank are satisfied that they meet the public benefit criteria as required by the section 17 of the Charities Act 2011.

Strategic Report

Achievements and Performance

The Academy's main objective in the period was to successfully start its second academic year fully staffed with specialist professionals in September 2015, this was achieved with a significant increase in students allowing financial viability.

The Academy has been visited by Sir Nick Williams from the Department for Education who was impressed by the way the students were able to articulate their learning.

The Academy attendance and attainment figures were both above the national average, attendance figures were over 97% and attainment levels showed 85% of students completing one full level of progress this is against a national average of two sub levels of progress.

Key Financial Performance Indicators

The Academy has finished the academic year 2014/15 with a surplus and a budget for 2015/16 has been agreed by Governors and submitted to the Education Funding Agency.

Going Concern

After making appropriate enquiries, the Governing Body of University Academy of Engineering South Bank has a reasonable expectation that University Academy of Engineering South Bank 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.

Financial Review

The Governors of University Academy of Engineering South Bank have made it a priority to ensure high standards are maintained in the student's attainments and the environment they are taught in but at the same time as ensuring within the budget and any proposals for additional expenditure is rigorously evaluated.

During the period under review the main source of income was from Education Funding Agency.

Reserves Policy

The University Academy of Engineering South Bank aims to carry forward some resources from the General Annual Grant (restricted fund) and the School fund (unrestricted fund) to cover the medium and long term needs for renewal and replacement of major capital projects and unforeseen contingencies. The amount to be carried forward from the Annual General Grant is subject to the restrictions by the Department for Education.

Investment Policy

Governors' of the University Academy of Engineering South Bank are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk. Governors do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds.

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

Principal Risks and Uncertainties

Governors have identified the following areas affecting the School's risk and uncertainties at University Academy of Engineering South Bank.

- Financial Risk

The Academy development plan is followed closely to ensure that a continuing maintenance plan of the site is followed and that staffing levels are sustainable.

The Academy requires a sufficient number of students to start in Year 7 for the academic year 2015/16 for the Academy to be financially viable

- Failure in Governance/management

Governors continue to review and ensure that measures are in place to mitigate this risk.

- Reputational Risk

The success of the School depends on maintaining high educational standards in order to attract sufficient number of students to the Academy. Governors are focused in monitoring and reviewing the achievement and success of the students.

- Safeguarding and Child Protection risks

Governors continue to ensure that high standards are maintained in selecting staff. The school has a child protection policy and provides training and support in order to protect the vulnerable young children in its care.

- Significant changes in staff

Governors have a policy in place to develop existing staff as well as continue to review and monitor arrangements for any new staff which may be required.

Plans for Future Periods

The key targets for the first period of the Academy are;

| Achievement | Quality of Teaching | Behaviour and Safety | Quality of Leadership and Management including Safeguarding |
|---|---|--|--|
| <p>Progress in all Learning Areas:</p> <p>All students making 3 sublevels of progress unless identified as suitable for CASPER progress trajectory.</p> <p>Progress of identified groups in line with whole Academy progress.</p> | <p>Curriculum planning for Post 16 established through partnership working with Outstanding National providers including Royal Academy of Engineering</p> <p>Quality of teaching 100% Good or Better 60% Outstanding</p> <p>Assessment: All marking and progress reviews Good or better</p> | <p>Behaviour for Learning: No Exclusions</p> <p>Attendance 97%</p> | <p>All Leaders of Learning have developed Leadership skills to enable them to successfully apply for and secure Directors of Learning positions if they choose.</p> <p>Ofsted acknowledges impact of connected leadership on learners' achievement</p> |

| SMSC | Community | Literacy | Enrichment |
|--|--|--|--|
| Development of Post 16 SMSC roles, responsibilities and curriculum | Recruitment: 58% Boys, 42% Girls £15K revenue from community lettings | All students take role in developing the Learning Resource Centre by selecting books and writing reviews of choices to establish a reading for pleasure culture. | Academy Partners: students have worked to criteria set by business or University partners and have evaluated their learning in them too. Mentors: students have worked with mentors and LSBU Ambassadors in the year. Enrichment sessions: 100% students have attended the enrichment session each week throughout the year. |

Auditor

In so far as the governors are aware:

There is no relevant audit information of which the company's auditor is unaware; and

The governors have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditor is aware of that information.

University Academy of Engineering South Bank has appointed Kingston Smith LLP as auditors.

Approved by order of the members of the Governing Body on 8 December 2015 and signed on its behalf by:

Signed



Professor Rao Bhamidimarri

Chair

Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring University Academy of Engineering South Bank has effective and appropriate systems 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 governing body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform to 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 University Academy of Engineering South Bank and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors responsibilities.

| Governor | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| Rao Bhamidimarri | 3 | 3 |
| Irene Bishop | 3 | 3 |
| Michael Broadway | 2 | 2 |
| Natalie Ferer | 3 | 3 |
| Karen Fowler | 3 | 3 |
| Anthony Roberts | 2 | 2 |
| Patrick Clarke | 1 | 1 |
| Stephen French | 3 | 3 |
| Jane Rowlands | 3 | 3 |
| Pearline Basford (resigned 30 June 2015) | 1 | 2 |

Review of Value for Money

As accounting officer the Principal 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.

I set out below how I have ensured that the Academy Trust's use of its resources has provided good value for money during the academic year.

Improving Educational Results

We have ensured that resources are directed where they are most needed to progress learners. The Academy has in place a strong system for tracking student progress and achievement coupled with a programme of early and appropriate intervention. We also provide additional targeted support for students such as a full enrichment programme. The Academy monitors the performance of staff and ensures that appropriate actions are taken to address any areas for development through a programme of focused interventions.

Financial Governance

Our governance arrangements include regular monitoring by the Governing Body and its Committees including the Finance Committee. These Committees meet three times per year and on each occasion receive relevant financial management reports and ask questions as detailed in the minutes. The Committees also receive and approve the Annual Accounts and the external auditors' Findings Report.

The Academy receives support throughout the year from its external auditors on compliance and accounting practices.

Budget holders are responsible for ensuring value for money within their area of responsibility. Annual zero based budgets are constructed from detailed learning area analysis of needs (directly linked to schemes of learning) which are reviewed to ensure these meet the needs of the Academy and its students.

Effective purchasing

Examples of steps taken to ensure value for money when purchasing include:

- Renegotiating contracts in a timely manner to ensure the best mix of quality and cost effectiveness. Major purchases and contracts are always tendered.

- Exploring various purchasing options both on-line and direct through suppliers to find the best value.
- Review of contracts on an annual basis to ensure they are fit for purpose and best value.
- Regular stock checks of materials and resources to guarantee no duplicate purchasing and stock piling.

Income generation

The Academy generates income from letting out parts of the Academy premises. During the year facilities have been hired to local community and educational groups to raise additional revenue.

The Academy continually investigates opportunities to apply for grants, bids and resources.

Reviewing controls and managing risks

Monthly management reports are prepared by the Academy Business Manager and are reviewed by the Principal, management reports are also provided for all Governor and Finance Committee meetings.

The Governing Body considers financial risks and management through the annual review of the Risk Register. Professional advice (e.g. legal, HR) is sought to mitigate financial risk as appropriate.

Future objectives

As the Academy grows to capacity there will be significant student and staff increases, a three year budget has been compiled with scenario analysis allowing for changes in pupil numbers. In 2016/17 the Academy will grow as a result of the addition of another year group and the introduction of the Post 16 learning area, planning for staffing levels and associated costs for this growth is all in hand.

The additional classes will also mean using areas of the Academy that have so far not been occupied will need to be refurbished and appropriate ICT added. Tenders for these works and professional advice has been sought so that the correct products can be obtained at the lowest cost.

As the Academy's student age range increases, more sophisticated equipment will be needed in certain learning areas such as Design and Engineering, professional advice from the London South Bank University will be taken and items will only be bought when needed to avoid obsolescence.

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 Academy 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 University Academy of Engineering South Bank for the period ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which University Academy of Engineering South Bank is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing University Academy of Engineering South Bank's significant risks that has been in place for the period ending 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

University Academy of Engineering South Bank'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 governing body;
- Regular reviews of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The governing body has considered the need for a specific internal audit function and Kingston Smith LLP as the Responsible Officer (RO). The RO provides assurance to the

Governors on Financial matters by performing a range of checks on the School's Financial Management System (PS Financials). The RO will visit once a term to complete the checks and provide a report to the Chair of Governors and the Responsible Governor on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

Review of Effectiveness -

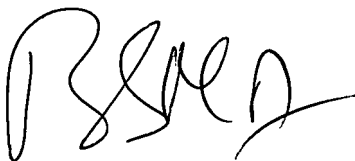
As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- The financial management and governance self-assessment process;
- The work of the executive managers within University Academy of Engineering South Bank who have responsibility for the development and maintenance of the internal control framework;
- The work of the external auditor

The accounting officer has been advised of the system of internal control in place during the period and a plan to address any weakness and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 8 December 2015 and signed on its behalf by:

Signed

A handwritten signature in black ink, appearing to read 'Rao Bhamidimarri'.

Professor Rao Bhamidimarri

Chair

Signed

A handwritten signature in black ink, appearing to read 'Jane Rowlands'.

Jane Rowlands

Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of University Academy of Engineering South Bank, I have considered my responsibility to notify the academy trust board of Trustees and the Education Funding Agency of material irregularity, impropriety and noncompliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust 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.

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 EFA.

A handwritten signature in black ink, which appears to read 'Jane Rowlands'. The signature is written in a cursive, flowing style with a large initial 'J'.

Jane Rowlands Accounting Officer

Date: 8 December 2015

Statement of Trustees' Responsibilities

The Trustees (who act as Governors of University Academy of Engineering South Bank and are also the Directors of the charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

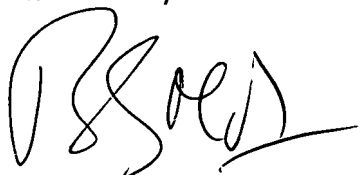
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 8 December 2015 and signed on its behalf by:



Professor Rao Bhamidimarri
Chair

University Academy of Engineering South Bank

Independent Auditor's Report on the Financial Statements to the Board of Trustees of University Academy of Engineering South Bank

We have audited the financial statements of University Academy of Engineering South Bank for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and trustees those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;"
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

University Academy of Engineering South Bank

Independent Auditor's Report on the Financial Statements to the Board of Trustee University Academy of Engineering South Bank (continued)

Matters on which we are required to report by exception

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

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

Kingston Smith LLP

Date: 15 December 2015

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

University Academy of Engineering South Bank

Independent Reporting Accountant's Assurance Report on Regularity to University Academy of Engineering South Bank and the Education Funding Agency

In accordance with the terms of our engagement letter dated 23 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by University Academy of Engineering South Bank during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of University Academy of Engineering South Bank accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of University Academy of Engineering South Bank funding agreement with the Secretary of State for Education dated 8 April 2014, University Academy of Engineering South Bank and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. 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 2014 to 31 August 2015, have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry
- Inspection and review
- Observation and reperformance

University Academy of Engineering South Bank

Independent Reporting Accountant's Assurance Report on Regularity to University Academy of Engineering South Bank and the Education Funding Agency (continued)

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Kingston Smith LLP

Date: 15 December 2015

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

University Academy of Engineering South Bank
Statement of Financial Activities for the Year Ended 31 August 2015
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total 2015 £ | Total 2014 £ |
|---|------|----------------------------|-------------------------------------|---|--------------------|--------------------|
| Incoming resources | | | | | | |
| <i>Incoming resources from generated funds:</i> | | | | | | |
| Voluntary income | 2 | - | - | - | - | 8,000 |
| Activities for generating funds | 3 | 45,053 | - | - | 45,053 | - |
| Investment income | 4 | 939 | - | - | 939 | 120 |
| <i>Incoming resources from charitable activities:</i> | | | | | | |
| Funding for the academy trust's Educational operations | 5 | - | 1,158,661 | - | 1,158,661 | 979,750 |
| Total incoming resources | | 45,992 | 1,158,661 | - | 1,204,653 | 987,870 |
| Resources expended | | | | | | |
| <i>Cost of generating funds:</i> | | | | | | |
| Costs of activities for generating funds | | - | - | - | - | - |
| <i>Charitable activities:</i> | | | | | | |
| Academy trust educational operations | 7 | - | 1,069,584 | 268,009 | 1,337,593 | 230,172 |
| Governance costs | 8 | - | 17,606 | - | 17,606 | 9,668 |
| Total resources expended | 6 | - | 1,087,190 | 268,009 | 1,355,199 | 239,840 |
| Net (outgoing) / incoming resources before transfers | | 45,992 | 71,471 | (268,009) | (150,546) | 748,030 |
| Gross transfers between funds | | (10,000) | 10,000 | - | - | - |
| Net income/(expenditure) for the year | | 35,992 | 81,471 | (268,009) | (150,546) | 748,030 |
| Other recognised gains and losses | | | | | | |
| Actuarial (losses) gains on defined benefit pension schemes | 23 | - | - | - | - | - |
| Net movement in funds | | 35,992 | 81,471 | (268,009) | (150,546) | 748,030 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward at 1 September 2014 | 15 | 8,120 | 31,599 | 708,311 | 748,030 | - |
| Total funds carried forward at 31 August 2015 | 15 | 44,112 | 113,070 | 440,302 | 597,484 | 748,030 |

All of the academy's activities derive from continuing operations during the above two financial periods.

All of the academy trust's activities derive from acquisitions in the current financial periods

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

University Academy of Engineering South Bank
Balance Sheet as at 31 August 2015

| | Notes | 2015 £ | 2015 £ | 2014 £ | 2014 £ |
|---|-------|------------------|----------------|----------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 12 | | 10,445 | | 7,994 |
| Current assets | | | | | |
| Debtors | 13 | 119,190 | | 51,773 | |
| Cash at bank and in hand | | <u>1,238,125</u> | | <u>692,916</u> | |
| | | 1,357,315 | | 744,689 | |
| Liabilities | | | | | |
| Creditors : amounts falling due within one year | 14 | <u>(773,276)</u> | | <u>(4,653)</u> | |
| Net current assets | | | <u>584,039</u> | | <u>740,036</u> |
| Total assets less current liabilities | | | 594,484 | | 748,030 |
| Pension scheme asset | 23 | | 3,000 | | - |
| Net assets including pension liability | | | <u>597,484</u> | | <u>748,030</u> |
| Funds of the academy trust: | | | | | |
| Restricted income funds | | | | | |
| Fixed asset fund | 15 | 440,302 | | 708,311 | |
| General fund | 15 | 110,070 | | 31,599 | |
| Pension reserve | 15 | <u>3,000</u> | | <u>-</u> | |
| Total restricted funds | | | 553,372 | | 739,910 |
| Unrestricted income funds | | | | | |
| General fund | 15 | <u>44,112</u> | | <u>8,120</u> | |
| Total unrestricted funds | | | 44,112 | | 8,120 |
| Total funds | | | <u>597,484</u> | | <u>748,030</u> |

The financial statements on pages 22 to 41 were approved by the trustees, and authorised for issue on 8 December 2015 and are signed on their behalf by:

Prof. Rao Bhamidimarri

Chair of trustees



Company no: 08589525

University Academy of Engineering South Bank
Cash Flow Statement for the Year Ended 31 August 2015

| | Notes | 2015 £ | 2014 £ |
|---|-----------|------------------|-----------------|
| Net cash inflow from operating activities | 18 | 550,945 | (72,042) |
| Returns on investments and servicing of finance | 19 | 939 | 120 |
| Capital income/(expenditure) | 20 | (6,675) | 764,838 |
| (Decrease)/Increase in cash in the year | 21 | 545,209 | 692,916 |
| Reconciliation of net cash flow to movement in net funds | | | |
| Net funds at 1 September 2014 | | 692,916 | - |
| Net funds at 31 August 2015 | | 1,238,125 | 692,916 |

1 Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

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

Grants Receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

1 Statement of Accounting Policies (continued)

Resources Expended

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

Costs of Generating Funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable Activities

These are costs incurred on the academy trust's educational operations.

Governance Costs

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

Tangible Fixed Assets

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

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

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

| | |
|-------------------------|-----------------------|
| Furniture and Equipment | 5 years straight line |
| ICT Equipment | 3 years straight line |

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

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

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'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

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 quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

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

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

2 Voluntary Income

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Fund £ | Total 2015 £ | Total 2014 £ |
|-----------|----------------------------|-------------------------------------|--|--------------------|--------------------|
| Donations | - | - | - | - | 8,000 |
| | - | - | - | - | 8,000 |

3 Activities for Generating Funds

| | Unrestricted Funds £ | Restricted General Funds £ | Total 2015 £ | Total 2014 £ |
|-------------------|----------------------------|-------------------------------------|--------------------|--------------------|
| Facilities income | 20,222 | - | 20,222 | - |
| Catering income | 24,831 | - | 24,831 | - |
| | 45,053 | - | 45,053 | - |

4 Investment Income

| | Unrestricted Funds £ | Restricted General Funds £ | Total 2015 £ | Total 2014 £ |
|------------------------|----------------------------|-------------------------------------|--------------------|--------------------|
| Bank Interest Received | 939 | - | 939 | 120 |
| | 939 | - | 939 | 120 |

5 Funding for the Academy Trust's Educational Operations

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Fund £ | Total 2015 £ | Total 2014 £ |
|---------------------------------|----------------------------|-------------------------------------|--|--------------------|--------------------|
| DfE / EFA revenue grants | | | | | |
| General Annual Grant (GAG) | - | 589,238 | - | 589,238 | - |
| Start up grant | - | 189,500 | - | 189,500 | 204,919 |
| Other DfE/EFA grants | - | 379,923 | - | 379,923 | - |
| | - | 1,158,661 | - | 1,158,661 | 204,919 |
| Other Government grants | | | | | |
| Local authority grants | - | - | - | - | 774,831 |
| | - | - | - | - | 774,831 |
| | - | 1,158,661 | - | 1,158,661 | 979,750 |

6 Resources Expended

| | Staff Costs £ | Non Pay Expenditure Premises £ | Other Costs £ | Total 2015 £ | Total 2014 £ |
|--|---------------------|--------------------------------------|---------------------|--------------------|--------------------|
| Academy's educational operations | | | | | |
| Direct costs | 533,969 | 15,699 | 11,610 | 561,278 | 115,861 |
| Allocated support costs | 127,848 | 618,801 | 29,666 | 776,315 | 114,311 |
| | <u>661,817</u> | <u>634,500</u> | <u>41,276</u> | <u>1,337,593</u> | <u>230,172</u> |
| Governance costs including allocated support costs | - | - | 17,606 | 17,606 | 9,668 |
| | <u>661,817</u> | <u>-</u> | <u>58,882</u> | <u>1,355,199</u> | <u>239,840</u> |

Incoming/outgoing resources for the year include:

| | 2015 £ | 2014 £ |
|--------------------------|-----------|-----------|
| Fees payable to auditor: | | |
| Audit | 6,600 | 3,000 |

7 Charitable Activities - Academy's Educational Operations

| | Unrestricted Funds £ | Restricted Funds £ | Total 2015 £ | Total 2014 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs | | | | |
| Teaching and educational support staff costs | - | 533,969 | 533,969 | 109,034 |
| Staff development | - | 3,087 | 3,087 | 540 |
| Educational consultancy | - | 8,523 | 8,523 | 6,287 |
| Other | - | 15,699 | 15,699 | - |
| | <u>-</u> | <u>561,278</u> | <u>561,278</u> | <u>115,861</u> |
| Allocated support costs | | | | |
| Support staff costs | - | 116,580 | 116,580 | 25,141 |
| Recruitment and support | - | 11,268 | 11,268 | 17,339 |
| Maintenance of premises and equipment | - | 618,801 | 618,801 | 66,520 |
| Professional Fees | - | 5,530 | 5,530 | 2,961 |
| Other support costs | - | 24,136 | 24,136 | 2,350 |
| | <u>-</u> | <u>776,315</u> | <u>776,315</u> | <u>114,311</u> |
| | <u>-</u> | <u>1,337,593</u> | <u>1,337,593</u> | <u>230,172</u> |

8 Governance Costs

| | Unrestricted Funds £ | Restricted General Funds £ | Total 2015 £ | Total 2014 £ |
|---|----------------------------|-------------------------------------|--------------------|--------------------|
| Legal and professional Auditor's remuneration | - | 6,998 | 6,998 | 6,668 |
| Audit of financial statements | - | 6,600 | 6,600 | 3,000 |
| Trustees' reimbursed expenses | - | 4,008 | 4,008 | - |
| | <u>-</u> | <u>17,606</u> | <u>17,606</u> | <u>9,668</u> |

9 Staff

a. Staff costs

| | 2015 £ | 2014 £ |
|-------------------------------------|----------------|----------------|
| Staff costs during the period were: | | |
| Wages and salaries | 414,145 | 100,596 |
| Social security costs | 37,043 | 11,434 |
| Pension costs | 39,983 | 22,145 |
| | <u>491,171</u> | <u>134,175</u> |
| Supply staff costs | 159,002 | - |
| Staff restructuring costs | 11,644 | - |
| | <u>661,817</u> | <u>134,175</u> |

Included within staff restructuring is £11,270 of recruitment costs.

b. Staff numbers

| | 2015 No. | 2014 No. |
|------------------------------|-------------|-------------|
| Charitable Activities | | |
| Teachers | 6 | 1 |
| Administration and support | 4 | 2 |
| | <u>10</u> | <u>3</u> |

c. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

| | 2015 No. | 2014 No. |
|--------------------|-------------|-------------|
| £60,001 - £70,000 | - | 1 |
| £90,001 - £100,000 | 1 | - |

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions amounted to £11,199.

The above employee's contract began on 1 January 2014. The comparative figures represent the actual level of emoluments for the 8 month period to 31 August 2014.

10 Related Party Transactions - Trustees' Remuneration & Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration was as follows:

| | | |
|------------------------------------|---|--|
| J Rowlands (principal and trustee) | | |
| Remuneration | £90,001 - £100,000 (2014: £65,000 - £70,000 for 8 months) | |
| Employer's pension contributions | £10,000 - £15,000 (2014: £10,000 - £15,000 for 8 months) | |

During the year ended 31 August 2015 there were no travel expenses reimbursed to the trustees.

Other related party transactions involving the trustees are set out in note 24.

11 Trustees' and Officers' Insurance

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

12 Tangible Fixed Assets

| | Furniture and Equipment £ | Computer Equipment | Total £ |
|------------------------|---------------------------------|-----------------------|------------|
| Cost | | | |
| At 1 September 2014 | 9,993 | - | 9,993 |
| Additions | - | 6,675 | 6,675 |
| At 31 August 2015 | 9,993 | 6,675 | 16,668 |
| Depreciation | | | |
| At 1 September 2014 | 1,999 | - | 1,999 |
| Charged in year | 1,999 | 2,225 | 4,224 |
| At 31 August 2015 | 3,998 | 2,225 | 6,223 |
| Net book values | | | |
| At 31 August 2015 | 5,995 | 4,450 | 10,445 |
| At 31 August 2014 | 7,994 | - | 7,994 |

13 Debtors

| | 2015 | 2014 |
|----------------|-----------------------|----------------------|
| | £ | £ |
| Trade debtors | 22,325 | 42,889 |
| Accrued income | - | 8,884 |
| Prepayments | 68,578 | - |
| Other debtors | 28,287 | - |
| | <u>119,190</u> | <u>51,773</u> |

14 Creditors: Amounts Falling due within one year

| | 2015 | 2014 |
|--------------------------------|-----------------------|---------------------|
| | £ | £ |
| Trade creditors | 195,599 | - |
| Taxation and social security | 10,435 | - |
| EFA creditor: abatement of GAG | 485,451 | - |
| Accruals | 81,791 | 4,653 |
| | <u>773,276</u> | <u>4,653</u> |

University Academy of Engineering South Bank
Notes to the Financial Statements for the Year Ended 31 August 2015

15 Funds

| | Balance at 1 Sep 2014 £ | Incoming Resources £ | Resources Expended £ | Gains & Losses £ | Transfers | Balance at 31 August 2015 £ |
|-------------------------------------|----------------------------------|----------------------------|----------------------------|------------------------|-----------------|--------------------------------------|
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | - | 589,238 | (928,591) | - | - | (339,353) |
| Start Up Grant | 31,599 | 189,500 | (31,599) | - | - | 189,500 |
| Other DfE/EFA Grants | - | 379,923 | (120,000) | - | - | 259,923 |
| Pension Reserve | | - | (7,000) | - | 10,000 | 3,000 |
| | <u>31,599</u> | <u>1,158,661</u> | <u>(1,087,190)</u> | <u>-</u> | <u>10,000</u> | <u>113,070</u> |
| Restricted fixed asset funds | | | | | | |
| Local Authority Capital Grant | 708,311 | - | (268,009) | - | - | 440,302 |
| | <u>708,311</u> | <u>-</u> | <u>(268,009)</u> | <u>-</u> | <u>-</u> | <u>440,302</u> |
| Total restricted funds | <u>739,910</u> | <u>1,158,661</u> | <u>(1,355,199)</u> | <u>-</u> | <u>10,000</u> | <u>553,372</u> |
| Unrestricted funds | | | | | | |
| Unrestricted funds | 8,120 | 45,992 | - | - | (10,000) | 44,112 |
| Total unrestricted funds | <u>8,120</u> | <u>45,992</u> | <u>-</u> | <u>-</u> | <u>(10,000)</u> | <u>44,112</u> |
| Total funds | <u>748,030</u> | <u>1,204,653</u> | <u>(1,355,199)</u> | <u>-</u> | <u>-</u> | <u>597,484</u> |

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

Restricted general funds

All restricted funds are grants received from the Department for Education and the Local Authority for the purpose of running the Academy.

Restricted fixed asset funds

All capital grants received from the Department for Education and the Local Authority are to be used on capital expenditure.

Unrestricted funds

All unrestricted funds are amounts raised by the Academy which can be used for any purposes the trustees deem appropriate.

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2015.

16 Analysis of Net Assets between Funds

Fund balances at 31 August 2015 are represented by:

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total Funds £ |
|---|-------------------------------------|---|---|------------------------------|
| Tangible fixed assets | - | - | 10,445 | 10,445 |
| Current assets | 44,112 | 883,346 | 429,857 | 1,357,315 |
| Current liabilities | - | (773,276) | - | (773,276) |
| Pension scheme asset | - | 3,000 | - | 3,000 |
| Total net assets / (liabilities) | 44,112 | 113,070 | 440,302 | 597,484 |

17 Capital Commitments

| | 2015 £ | 2014 £ |
|--|-------------------|-------------------|
| Contracted for, but not provided in the financial statements | - | 165,331 |

18 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

| | 2015 | 2014 |
|--|----------------|-----------------|
| | £ | £ |
| Net income | (150,546) | 748,030 |
| Depreciation (note 12) | 4,224 | 1,999 |
| Capital grants from DfE and other capital income | - | (774,831) |
| Interest receivable (note 4) | (939) | (120) |
| FRS 17 pension cost less contributions payable (note 23) | (3,000) | - |
| (Increase)/decrease in debtors | (67,417) | (51,773) |
| Increase/(decrease) in creditors | 768,623 | 4,653 |
| Net Cash Inflow from Operating Activities | 550,945 | (72,042) |

19 Returns on Investments and Servicing of Finance

| | | |
|--|------------|------------|
| Interest received | 939 | 120 |
| Net cash inflow from returns on investment and servicing of finance | 939 | 120 |

20 Capital Expenditure and Financial Investment

| | | |
|---|----------------|----------------|
| Purchase of tangible fixed assets | (6,675) | (9,993) |
| Capital funding received from Local Authority | - | 774,831 |
| Net cash outflow from capital expenditure and financial investment | (6,675) | 764,838 |

21 Analysis of Changes in Net Funds

| | As at 1 September 2014 | | As at 31 August 2015 |
|---------------------------------|---------------------------------------|----------------|-------------------------------------|
| Cash in hand and at bank | 692,916 | 545,209 | 1,238,125 |
| | <u>692,916</u> | <u>545,209</u> | <u>1,238,125</u> |

22 Members' Liability

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

23 Pension and Similar Obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Southwark Council. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 30 August 2015.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

23 Pension and Similar Obligations (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effect 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 of 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed normal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Teachers' Pension Scheme Changes

A pension cost paid to TPS in the period amounted to £58,508 (2014: £9,058).

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

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

23 Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £13,000, of which employer's contributions totalled £10,000 and employees' contributions totalled £3,000. The agreed contribution rates for future years are 25.3 per cent for employers and between 5.5 per cent and 12.5 per cent for employees based on salary bands.

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

Principal Actuarial Assumptions

| | At 31 August 2015 | At 31 August 2014 |
|--|----------------------------------|----------------------------------|
| Rate of increase in salaries | 3.6% | - |
| Rate of increase for pensions in payment/inflation | 2.1% | - |
| Discount rate for scheme liabilities | 3.8% | - |
| Inflation assumption (CPI) | 2.1% | - |

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

| | At 31 August 2015 | At 31 August 2014 |
|-----------------------------|----------------------------------|----------------------------------|
| <i>Retiring today</i> | | |
| Males | 20.9 | - |
| Females | 23.9 | - |
| <i>Retiring in 20 years</i> | | |
| Males | 20.9 | - |
| Females | 23.9 | - |

23 Pension and Similar Obligations (continued)

Principal Actuarial Assumptions (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

| | Expected return at 31 August 2015 | Fair value at 31 August 2015 | Expected return at 31 August 2014 | Fair value at 31 August 2014 |
|---|--|------------------------------------|--|------------------------------------|
| Equities | 7.5% | 8,268 | - | - |
| Bonds | 3.1% | 2,678 | - | - |
| Property | 6.8% | 1,937 | - | - |
| Cash | 1.1% | 117 | - | - |
| Total market value of assets | | 13,000 | | - |
| Present value of scheme liabilities Funded | | (10,000) | | (3,414) |
| Surplus in the scheme | | 3,000 | | (3,414) |

The actual return on scheme assets was £nil.

Amounts recognised in the statement of financial activities

| | 2015 | 2014 |
|--|--------------|------------|
| Current service cost (net of employee contributions) | 7,000 | - |
| Past service cost | - | - |
| Total operating charge | 7,000 | 281 |
| Analysis of pension finance income/(costs) | | |
| Expected return on pension scheme assets | - | - |
| Interest on pension liabilities | - | - |
| Pension finance income/(costs) | - | - |

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £nil.

23 Pension and Similar Obligations (continued)

Principal Actuarial Assumptions (continued)

Movements in the present value of defined benefit obligations were as follows:

| | 2015 | 2014 |
|------------------------------|---------------|----------|
| At 1 September 2014 | - | - |
| Current service cost | 7,000 | - |
| Interest cost | - | - |
| Employee contributions | 3,000 | - |
| Actuarial (gain)/loss | - | - |
| Benefits paid | - | - |
| Past Service cost | - | - |
| Curtailments and settlements | - | - |
| At 31 August 2015 | 10,000 | - |

Movements in the fair value of academy's share of scheme assets:

| | 2015 | 2014 |
|----------------------------|---------------|----------|
| At 1 September 2014 | - | - |
| Expected return on assets | - | - |
| Actuarial (gain)/loss | - | - |
| Employer contributions | 10,000 | - |
| Employee contributions | 3,000 | - |
| Benefits paid | - | - |
| At 31 August 2015 | 13,000 | - |

The estimated value of employer contributions for the year ended 31 August 2015 is £10,000

The two-year history of experience adjustments is as follows:

| | 2015 £000 | 2014 £000 |
|--|--------------|--------------|
| Present value of defined benefit obligations | (10,000) | - |
| Fair value of share of scheme assets | 13,000 | - |
| Asset in the scheme | 3,000 | - |

Experience adjustments on share of scheme assets

| | | |
|-------------|---|---|
| Amount £000 | - | - |
|-------------|---|---|

Experience adjustments on scheme liabilities:

| | | |
|-------------|---|---|
| Amount £000 | - | - |
|-------------|---|---|

The Academy was created in 2013. Therefore it has only been existence for 2 years and so the history of experience adjustments have been shown accordingly above.

24 Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

There were no related party transactions during the year.

25 Events after the balance sheet date

There were no events after the balance sheet date that materially affect these accounts.