

SOUTH BANK ACADEMIES

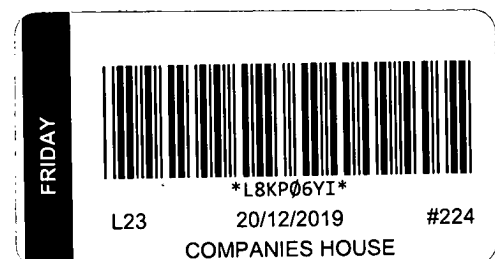
A Multi-Academy Trust

South Bank Academies

Annual Report and Financial Statements

For the Year Ending 31 August 2019

Company Registration Number: 08589525



Members	London South Bank University (LSBU) Richard Flatman David Phoenix	
Directors	Hitesh Tailor Douglas Denham St Pinnock Richard Flatman Anthony Giddings Nicole Louis Fiona Morey Christopher Mallaband Hilary McCallion Lesley Morrison Richard Parrish David Phoenix James Stevenson	Director and Chair of the Board from 14/03/2019 Resigned 31/07/ 2019 Acting Chair until 14/03/2019 Appointed 14/3/19 Appointed 08/03/2019 Appointed 13/08/2019 Resigned 18/10/2018 Resigned 19/03/2019
Company Secretary	Michael Broadway	
Key Management Personnel	Nicole Louis Fiona Morey Dan Cundy Austin Sheppard John Taylor Clym Cunnington Helena Abrahams	Interim Chief Executive Officer (until 30/09/19) Chief Executive Officer (from 01/10/2019) Executive Principal (from 01/11/2018) Principal of UTC (from 01/09/19) Principal of University Academy of Engineering South Bank Business Manager (from 15/10/2018, to 31/10/19) Business Manager (from 4/11/2019)
Registered Office	103 Borough Road London SE1 0AA	
Auditor	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD	
Bankers	Lloyds Bank Plc Threadneedle Street London EC2R 8AU	

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Trustees Report

Trustees Report

The Trustees of the Company present their annual report together with the financial statement and auditors' report of South Bank Academies (SBA) for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' report and a directors' report under company law.

The Company operates two education establishments in London, the University Academy of Engineering South Bank in the London Borough of Southwark which opened in September 2014, and South Bank Engineering UTC in the London Borough of Lambeth which opened in September 2016.

Structure, Governance and Management

South Bank Academies is a company limited by guarantee and an exempt charity. The Company's articles of association are its primary governing documents. SBA's Directors are also Trustees in relation to the charity.

Details of the directors 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.

Trustees' indemnities

In June 2015 the company joined the Department for Education's Risk Protection Scheme which gives cover of up to £10 million for Governor's Liability Insurance. This cover has been renewed and is ongoing.

Method of Recruitment and Appointment or Election of Trustees

The Board of Trustees has agreed its composition as:

- 5 trustees appointed by the sponsor, LSBU
- The CEO
- The Chairs of the school advisory boards
- Co-opted trustees

Following an external recruitment process, during the year the Board appointed Hitesh Tailor and Christopher Mallaband as directors. The Board appointed Mr Tailor as Chair of the Board and Mr Mallaband as Chair of the School Advisory Board for the Academy. During the year, Lesley Morrison, a current Trustee was appointed as Chair of the School Advisory Board for the UTC. During the year, LSBU as sponsor appointed Fiona Morey as a Trustee. The Board has agreed that parents will be best represented on the school advisory boards rather than the Board.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustees and Local Governors are required to attend training organised by London Borough of Southwark and London Borough of Lambeth. A training register is maintained by the Secretary.

During the year, Trustees and Local Governors received training in child protection (safeguarding), prevent duty, safer recruitment, data, new governor induction, among others. These were delivered by the London boroughs of Southwark and Lambeth and NSPCC (online).

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Organisational structure

The Company is responsible for running the University Academy of Engineering South Bank and South Bank Engineering UTC.

The Company, headed by a Board of Trustees, is responsible for overseeing the business of the Company and may exercise all the powers of the Company (article 93). The Board has three sub-committees: Nomination Committee, Remuneration Committee and Audit Committee. Both schools have a School Advisory Board.

The matters reserved to the Board and responsibilities delegated to the local governing bodies is set out in a Scheme of Delegation approved by the Board at its meeting of 28 March 2019.

Under the Scheme of Delegation, the School Advisory Board is primarily focused on reviewing, challenging and advising on the local School Development Plan, on academic performance and support, key Link Governor roles, and support and advocacy for the school with parents and community. Although local control is delegated, the Board remains responsible for ensuring that standards are maintained across all academies. The Board, with its oversight of all the schools, will ensure sharing of best practice, professional development and effective resource management delivering value for money.

Trade Union Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we are required to publish certain information on trade union officials and facility time. During the period from 1 September 2018 – 31 August 2019 the Trust employed no union representatives and therefore there is no time, pay costs or paid trade union activities to report.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust and the composition of the Board of Trustees, which is drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

LSBU sponsors South Bank Academies Trust which was established as part of the University's mission and which has developed a close working relationship with the University Group. The University appoints the majority of Directors to the Board of South Bank Academies Trust. LSBU operates two wholly owned subsidiaries; South Bank Colleges and London South Bank University Enterprises Ltd.

The following related party transactions took place during the year ending 31 August 2019.

During the year and up to the date the accounts were signed, five directors are full time salaried employees of LSBU including the current and previous CEO;

Richard Flatman	Acting Chair until 14/03/2019
Nicole Louis	
Fiona Morey	Appointed 14/03/2019
David Phoenix	
James Stevenson	Resigned 19/03/2019

Two directors, Douglas Denham St Pinnock (resigned 31st July 2019) and Hillary McCallion are non-remunerated Governors of LSBU.

During the year the Trust paid the University £15k (2018: £2k) for clerking services and £1,791 for the reimbursement of actual expenses incurred. The Trust also

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paid £25k for temporary staff sourced through LSBU Employment, an employment agency run by South Bank University Enterprises Ltd. A Director of the Trust, Richard Flatman, is a director of South Bank University Enterprises Ltd.

One Director David Phoenix is also a director of South Bank Colleges, a wholly owned subsidiary of LSBU. There were no transactions with South Bank Colleges during the year.

Public Benefit

South Bank Academies is an exempt charity within the meaning of the Charities Act 2011 and is regulated by the Secretary of State for Education on behalf of the Charity Commission.

Charity Commission guidance on Public Benefit

The members of the Board of Directors are the charitable trustees of the company. In undertaking its duties, the Board of Directors has regard to the Charity Commission's guidance on public benefit.

Charitable Objects

South Bank Academies 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 across its schools.

The charitable objectives of the Company as set out in its articles of association are 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 schools offering a broad and balanced curriculum which includes provision for technical education".

The Company's objects are applied solely for the public benefit and the Company advances education for the public benefit by:

- Establishing and running two academy schools which offer a broad and balanced curriculum. Both schools have an engineering focus and have provision for technical education;
- Each school providing teaching to its students; and
- Setting and marking assessments and giving feedback to students.

Beneficiaries

In carrying out its objects the company benefits its students and future students through teaching and learning activities.

The Trustees affirm that the opportunity to benefit is not unreasonably restricted. The schools are committed to open, fair and transparent admissions arrangements and act in accordance with the School Admissions Code.

Improving Educational Outcomes

Through innovative learning and teaching, South Bank Academies creates pathways into higher education, apprenticeships or employment. The academies are strongly aligned to the University and to South Bank Colleges and regularly collaborate on programs which enrich the curriculum, raise the social and cultural capital of students, enhance the professional development of staff and support efficiencies in our operations. Our academies also benefit from support from world leading employers and institutions who play an active role in curriculum enhancement, student development and governance.

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Following their studies at the UAE or UTC, students advance to higher education, apprenticeships or directly into employment. Some students who progress to university choose London South Bank University. However, our students are successful in securing places in a wide range of universities and do so with the guidance and support, in line with expectations of a progressive education provider.

Our educational framework is a set of principles for curriculum design and the wider student experience that articulates our commitment to the highest standards of academic knowledge and understanding applied to the challenges of the wider world. The Educational Framework reflects our commitment to fostering social mobility through employability and enterprise, enabling our students to translate academic achievement into career success. There are four key characteristics of our distinctive approach to the curriculum and wider student experience:

- Develop students' professional and vocational skills through application in industry-standard facilities
- Integrate opportunities for students to develop their confidence, skills and networks into the curriculum
- Foster close relationships with employers, industry, and professional, statutory and regulatory bodies that underpin our provision (including the opportunity for placements, internships and professional opportunities)

School improvement strategies in our academies are rooted in evidence-based research, supported by strong and personalised professional development, so that staff are empowered to grow and improve. An increasing cross-fertilisation of ideas and practices is being embedded, bringing increased strength to all parts of the Trust. Our academies are young and dynamic, characterised by strong, supportive and innovative leadership. New ideas are embraced to drive learning and outputs more deeply than can be captured in headline performance measures. For example, UAE's Day 10 curriculum model enhances students' social and cultural capital, developing their citizenship and soft skills. At the UTC, deep strategic partnerships result in all students regularly participating in authentic employer and university-led projects to develop their technical and employability skills. In both cases, students are able to raise aspirations, gaining the skills and knowledge to thrive in a highly uncertain and competitive future economy.

The LSBU Group facilitates access to a diverse range of employers across multiple sectors which increases opportunities for academy students to undertake placements and project work. The LSBU Group is a sector leader in the provision of apprenticeships and its deep knowledge of the skills that industry needs today, to develop the workforce of tomorrow is vital in supporting the development of our apprenticeship offer which will increase the options for our students.

Achievements and Performance

During 2018/19 both schools within the Trust have continued to build on their solid foundations and have maintained a keen focus on continuous improvement focussing on student outcomes, long term financial viability, operating efficiencies, embedding solid local and central governance, and enhancing both academic and non-academic leadership. This year has seen stronger school-school collaboration, particularly in relation to school improvement, and especially strong collaboration between both schools and the Trust's main sponsor, London South Bank University with the Trust leveraging university expertise and facilities to enrich the student experience and improve the provision of professional services.

The new governance model was fully embedded throughout this year and include the establishment of independent Chairs for each school's School Advisory Board (SAB) and for the main Trust Board. Chairs of the SABs are former school Principals with excellent knowledge of the local communities and the academy sector. Other enhancements to governance and leadership include the appointment of an Executive Principal and senior appointments in the areas of Human Resources and Financial management, which are shared across both schools to drive maximum value for money.

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During 2018/19, both academies continued to increase their roll and associated income with the November 18 census reporting a combined increase of 176 pupils compared to prior year. The University Academy of Engineering was successful in meeting almost all of its PAN for year 7 and in improving the boy: girl ratio, reflecting continued progression towards a more gender balanced intake. The University Technical College continued to recruit into both Years 10 and 12 and was particularly encouraged by the demand for its specialist KS5 provision from both internal and external applicants.

Post 16 student outcomes continued to show positive progress for both schools for both A levels and BTEC qualifications, albeit with further improvement required. At both the UTC and UAE, BTEC results were very strong and represent the majority of student entries. A level results were considerably improved in relation to 2017/18, with average grades and overall pass rates up. Cohort size of almost all A level courses was small, making statistical inferences challenging.

Destinations for both schools continue to be strong with all students who applied for university being successful in securing a place. University destinations include University of Leicester, University of Wolverhampton, University of Portsmouth, University of Kent, London South Bank University, Queen Mary's, University of Southampton, Coventry University and University of Nottingham. There was also an increase in the number of students securing apprenticeships or direct employment with employee destinations including Jaguar Land Rover, Deloitte and construction engineering specialist Keltbray.

Going Concern

Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

In 2018/19 funding for the academic operations increased by 19.6% to £8.2m. Excluding losses on revaluation of land and buildings, the Trust made a small loss during the year of £171k. The Trust always plans on having sufficient cash to meet its liabilities as they fall due. Balances at bank increased by 31.9% to £2.0m at 31/8/19.

A budget surplus of £162k has been approved by the Directors for 2019/20, reflecting the need for a surplus to maintain appropriate levels of investment in facilities for teaching and learning. Income across the two schools is budgeted to increase by 13%, reflecting the growth in student numbers. Both schools continue to grow, despite competition from other providers in the catchment area of our schools, and we are confident that we can deliver the agreed budget surplus.

The Trust always plans to have sufficient liquid assets to meet its liabilities as they fall due. Cash balances at year end were £2.0m and the budget is for the Trust to maintain cash balances of at least £1m.

Financial review

Most of the Trust's income comes from the Education and Skills Agency (ESFA) in the form of recurrent grants for educational provision. In 2018/19 this income increased by 19.6% to £8.2m, reflecting the growth in student numbers. Excluding restricted fixed asset funds, the Trust made a small loss of £171k (2018: loss of £35k).

As of 31st August 2019 the net book value of fixed assets was £15.1m (2018: £23.7m). The reduction was due to revaluation of academy land and buildings resulting in a write down of £8.7m, offset against £152k of new capital investment in furniture, equipment and computer hardware. These assets were used exclusively for educational purposes for the Trusts students and related support services.

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Reserves Policy

South Bank Academies aims to carry forward some resources from each school to support central services provided by the Trust. After accounting for central costs, the Trust aims to make a small surplus each year to cover the medium and long-term needs for renewal and replacement of major capital projects and unforeseen contingencies.

At 31st August 2019 the balance of Unrestricted Funds is £102k (2018: £92k). This is to be used to increase the capacity for learning and teaching at the Academy. Restricted funds carry forward balance is £872k, (2018: £1,053k) including a pension deficit of £478k (2018: £66k).

Total reserves are £16.0m (2018: £25.03m), which also includes £8.7m (2018: £23.9m) of restricted fixed assets after revaluation of land and buildings.

Investment Policy

South Bank Academies does not operate an investment programme and cash balances are held with its bank, Lloyds Bank PLC.

Principal Risks and Uncertainties

Risks are identified and managed through the Trust's risk management processes as described in the Purpose of the System on internal control on pages 12 to 13.

The Trust Risk Register is the subject of careful and frequent review, and aligns to the Trusts Strategy. The principal risks which the institution faces and associated mitigation strategies are as follows:

Risk	Controls and mitigating strategies
<ul style="list-style-type: none"> Failure to comply with ESFA and other regulatory frameworks 	<ul style="list-style-type: none"> Experienced staff to manage compliance matters Oversight by Trust Executive and by the University
<ul style="list-style-type: none"> Safeguarding incident at a school 	<ul style="list-style-type: none"> Safeguarding policy and training in place Safeguarding link governors in place at each school with periodic reviews
<ul style="list-style-type: none"> Poor Financial performance by one or more of the schools including uncertainty to student recruitment 	<ul style="list-style-type: none"> Computerized budgeting software 3-5 year forecast planning Monthly monitoring of expenditure compared to budget
<ul style="list-style-type: none"> Changes in leadership, creating an instability in strategy , vision and values across the Trust and its Schools. 	<ul style="list-style-type: none"> Appointment of experienced Executive Principal Experienced SLT in place Creation and development of middle

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	<p>leaders</p> <ul style="list-style-type: none"> • Effective Governor oversight
<ul style="list-style-type: none"> • Failure to safeguard the Trusts' and its Schools' assets from theft or damage 	<ul style="list-style-type: none"> • Asset management plan in place and up to date • Premises team in place with oversight of assets
<ul style="list-style-type: none"> • Failure to carry out the correct audit/review procedures to ensure building, maintenance, health and safety regulations are upheld in both schools 	<ul style="list-style-type: none"> • Health and Safety audits • H&S reference software on websites for advice • Experienced site operations manager and team • Risk assessments

Plans for Future Periods

The Trusts plans for future period include:

- Increased pupil numbers at both schools
- Raising standards by the use of strong senior teams and creation of an ambitious improvement plans and appropriate deployment of resourcing and staff
- Curriculum development and enhancements to secure strong outcomes and appropriate destinations for students, using real innovation, employer and university-led projects
- Development of joined up pathways, ensuring students have access to the widest possible range of pathways and destinations within the LSBU group
- Growth in the UTC through the addition of a second curriculum specialism in health
- Development of apprenticeship and teacher training provision
- Further improvement in the quality of teaching and learning through staff training and underpinned by the adoption of knowledge rich curriculum, rooted in educational research

Auditor

Insofar as the Trustees are aware:

- There is no relevant audit information of which the charitable Company's auditor is unaware
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board of Governors will be asked to reappoint Moore Kingston Smith as auditor of the Trust.

Trustees' report, incorporating a strategic report, was approved by the Board of Trustees, as the Company Directors, on 5th December and signed on the Board's behalf by:



Hitesh Tailor, Chair

5th December 2019

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Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, Executive Principal and the Trust Business Manager, 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 South Bank Academies and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met five times during the year. Attendance during the year at meetings of the board of directors was as follows:

Director	Meetings attended	Out of a possible
Richard Flatman (Acting Chair to 14/03/2019)	5	5
Hitesh Tailor (Chair from 14/03/2019)	2	3
Douglas Denham St Pinnock (resigned 31/07/2019)	4	5
Tony Giddings	2	5
Nicole Louis	5	5
Fiona Morey (appointed 14/03/2019)	1	3
Chris Mallaband (appointed 08/03/2019)	2	3
Lesley Morrison	4	5
Richard Parrish (resigned 18/10/2018)	3	5
David Phoenix	4	5
James Stevenson (resigned 19/03/2019)	2	2

Following a review of governance during 2017/18, a new governance structure was implemented in autumn 2018. The key changes are as follows:

- Chief Executive Officer, who is also a Trust Director, is responsible to the Board for the executive management of the MAT and schools.
- A new Executive Principal role leads the academic direction of the schools, applies budgets, ensures compliance, and contributes to strategy and policy. The Executive Principal line manages the school principals.
- The Local Governing Bodies became School Advisory Bodies (SAB) with a focus on teaching & learning, well-being and safeguarding, and the general development of the local school. The SABs have no decision making powers but will focus on adding value at local level through engagement with the school and community, including Link Governor roles.

The Board is supported by three committees: Remuneration Committee, Audit Committee and Nomination Committee.

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The Remuneration Committee's purpose is to set the objectives and review the performance of the key management personnel and to set the pay and approve bonuses of the Key Management Personnel.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of a possible
Douglas Denham St Pinnock (Chair)	1	1
David Phoenix	1	1
Lesley Morrison	1	1

The Audit Committee's purpose is to monitor the internal and external audit functions, risk management and internal financial control at the Company. Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of a possible
Richard Flatman (Chair)	3	3
Douglas Denham St Pinnock (Interim Chair for 27/11/18)	2	2
Tony Giddings	3	3

The purpose of the Nomination Committee is to consider succession planning for the Board and to recruit new co-opted Trustees to the Board. Due to the significance of recruiting a new Chair of the Board and new Chairs of the School Advisory Boards, the Board of Trustees oversaw the recruitment process rather than the Nomination Committee.

Arrangements for setting pay and remuneration of key management personnel

The Remuneration Committee has defined the key management personnel as the CEO, Trust Business Manager, Principals and Executive Principal. The Committee reviews performance of the key management personnel, against agreed objectives and any increases are proposed in accordance with the Trust's agreed pay policy and pay scales which are periodically reviewed with relevant benchmarking data. The CEO is employed by London South Bank University, which pays her salary and is accounted for as donated to South Bank Academies Trust.

Value for Money

The accounting officer of South Bank Academies 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 appropriate. The accounting officer for the Trust has delivered improved value for money during the year by the following:

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- **LSBU Collaboration**

The Trust's links with the LSBU Group are varied and growing and these links provide our students and staff with unique opportunities. These are rare or difficult to secure in most schools and academies.

Our links to academics within the University and with Lambeth College supports the enrichment of our curricula and our close collaboration with the Group's Employability, Outreach and Enterprise teams and wide network of alumni, supports our students in raising aspirations, building confidence and developing wider skills.

Our academy staff benefit from being part of a wide and growing network of academic and support professionals. The LSBU Group collaborates on areas such as leadership development, CPD for academic and support staff, reward and recognition, professional networking and staff and student mentoring. Academy staff access have access to a range of subsidised and no-cost professional development opportunities through the both the University and the College.

- **Building Transformational Enrichment and Engagement for Students**

University staff work collaboratively with Trust senior leaders and teachers to create transformative enrichment and engagement program deeply rooted in pedagogic. Enrichment programmes are designed in partnership with teachers to ensure that activities extend students' learning in-curricula and utilise the university's specialist facilities such as workshops, laboratories, sporting facilities and library. University academics deliver mini modules (master classes) to give students a taster for University life, often delivered in conjunction with university STEM ambassadors.

University staff deliver mentoring and tutoring via an online platform and provide help with university applications and personal statements. Our schools are supported with their guest lecture program by University staff who leverage their vast network of professional, academics and researchers.

Case Study: Students work on special projects such as the collaboration between London South Bank University and South Bank UTC to design a Formula 1 motor racing car.

The Trust also collaborates with other schools in the area in order to share teaching resources and specialisms that the UTC has to offer.

- **Shared Services Model SBA and London South Bank University**

South Bank Academies is developing a shared services model for professional services which includes leveraging the resources and expertise within the LSBU Group to ensure our academies benefit from not only expert advice, guidance and support, but also secure efficiencies in many areas of professional services. This enables our school principals, senior leaders and academic staff to focus the vast majority of their time on supporting students and staff to excel and achieve.

- **Shared Resources**

The Trust's centralised resource model includes a Chief Executive Officer (CEO) who is also the Accountable Officer, supported by the Executive Principal who is the academic lead for the Trust and the Trust Business Manager who oversees financial and operational matters. Other professional resources, which are either centralised or shared between schools to drive best value, include Human Resources, Marketing, School Financial Management, Estates Management, IT and Procurement.

The Trust has also extended further its cross-Trust economies of scale in leveraging efficiencies and economies of scale in terms of Trust-wide contracts such as the TES subscription, negotiating of cleaning contracts and an LSBU Family wide tender for catering services across the University, South Bank Colleges and South Bank Academies. The aim of shared resources is best value.

- **Benchmarking**

The Trust regularly benchmarks its performance against those of similar size and composition. Benchmarking is used when there is any change to the established working practices.

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The results of this were shared with the SBA Executive Team with a recommendation to review the staffing structures in one of its academies.

- **Tendering for Services**

South Bank Academies takes a group approach to tendering as this ensures economies of scale, and draws upon the expertise of a wider group of professionals. In our capital procurement process, we observe the Academies Financial Handbook (AFH) and thresholds of spend that this details.

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 South Bank Academies for the period from 1st September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

The Trust continues to improve on its internal controls and financial management oversight with a restructure of the finance team to include a Schools Finance Manager working in conjunction with the Schools Finance Officer and the Trust Business Manager. A detailed 3-5 year Asset Management Plan was completed along with a 3-5 year Capital Expenditure forecast to reduce unexpected risks to the Trust's reserves. A Trust HR Manager was employed during the year and has already had an impact on reducing staff sickness and associated costs across the Trust. A new budget forecasting software was introduced to simplify the annual budgeting process and the reporting process. Financial KPIs and management accounts are reported to the Executive Board, and the Board.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from 1st September 2018 to 31 August 2019 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 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:

- 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 the Board 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 guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided to use an outsourced internal audit service as part of the internal audit arrangements delivered on a group wide basis to the LSBU group. During the year internal audit reviews were conducted on Key

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Financial Systems, Risk Management and Safeguarding. Internal Audit reports are reviewed by management and by the Audit Committee.

Review of Effectiveness

The South Bank Academies Board 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 internal audit
- The work of the external auditor
- The work of the managers within the Trust who have responsibility for the development and maintenance of the internal control framework

A plan to address any weaknesses and to ensure continuous improvement in the system is in place.

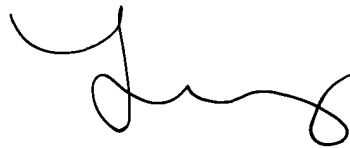
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



Hitesh Tailor

Chair



Fiona Morey

Accounting Officer

5th December 2019

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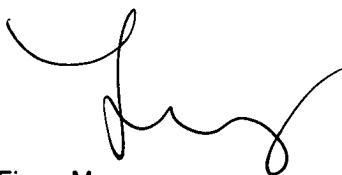
Statement on regularity, Propriety and Compliance

As accounting officer of South Bank Academies, I have considered my responsibility to notify the Academy Trust Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between 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 2019.

I confirm that I and the Academy Trust Board of Directors are able to identify any material irregular or improper use of funds or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2019.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of directors and the ESFA. If any instances are identified after the date of this statement, these will be notified to the board of Directors and the ESFA.

- We have taken action as identified during last year's audit and delivered significant in year improvements around the key financial controls of accounts payable, general ledger and month end and year end close down. During 2018/19 it was reported that there were on occasion delays in posting purchase invoices to the accounting system and we shall establish routines and monitoring to ensure that invoices are entered on the accounting system in a timely manner.
- The Trust has always been compliant with ESFA regulations relating to procurement but in some cases evidence that procedures have been followed have not been retained and steps are being taken to improve record retention.
- Communication between the separate teams involved with the day to day operations of the Trust e.g. finance, HR and governance was, in some cases, not as robust as it should be. Roles and responsibilities are clearly defined in the job descriptions of all Trust staff and there is a clear scheme of delegation in place. However, there were some gaps identified in execution of responsibilities which relate to specific staff members who were still developing in role, as well as the wider context that this is still a relatively new start-up Academy Trust in the process of evolving and growing. Going forward the Trust will ensure that there is greater focus applied by senior colleagues to oversee the work delivery of staff whose roles have a particular impact on compliance related matters.



Fiona Morey
Accounting officer
5th December 2019

South Bank Academies

Annual Report and Financial Statements

Statement of Trustees' Responsibilities

The Trustees (who are also the Directors of the charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education & 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 2018 to 2019
- 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
- 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring 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 5th December 2019 and signed on its behalf by:



Hitesh Tailor

Chair of the Board

Independent Auditor's Report on the Financial Statements to the Members of South Bank Academies

Opinion

We have audited the financial statements of South Bank Academies ('the academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and the related 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 and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 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 2018 to 2019 issued by the ESFA.

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 financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRS'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 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.

Independent Auditor's Report on the Financial Statements to the Members of South Bank Academies

(continued)

Opinion on other matter 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 strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures or 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 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy trust'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 academy trust 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report on the Financial Statements to the Members of South Bank Academies (continued)

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of this report

This report is made solely to the academy trust'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 academy trust's members those matters 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.

Moore Kingston Smith LLP

Date: 9th December 2019

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

Devonshire House
60 Goswell Road
London
EC1M 7AD

Independent Reporting Accountant's Assurance Report on Regularity to South Bank Academies and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 22 July 2016 and further to the requirements of the Education Funding and Skills Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019 we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Bank Academies during the period 1 September 2018 to 31 August 2019 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 South Bank Academies and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Bank Academies and 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 South Bank Academies and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of South Bank Academies's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of South Bank Academies's funding agreement with the Secretary of State for Education dated 1 January 2000 and the Academies Financial Handbook, extant from 1 September 2019 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. 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.

Independent Reporting Accountant's Assurance Report on Regularity to South Bank Academies and the Education and Skills Funding Agency

The work undertaken to draw to our conclusion includes:

- Review of the Accounting Officer's statement on regularity, propriety and compliance and the evidence supporting it
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Review of minutes of the Board, various committees and sub-committees, management accounts, internal scrutiny findings reports and discussions with key personnel;
- Evaluation and walk through of the implementation of the internal control procedures, and detailed review of the control environment for any changes or weaknesses;
- Walk through and sample testing of staff expense claims and credit card expenditure, to ensure these adhere to internal control procedures and are not for personal benefit;
- Sample test transactions for compliance with procurement policies, and that these comply with delegated authorities;
- Obtain and review key staff and governors' register of interests
- Test transactions with related parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1

We have identified an issue in relation to the recognition of and accounting for purchase invoices in the correct period.

Matter 2

The Trust has not always retained evidence to confirm that they are compliant with ESFA regulations relating to procurement.

Matter 3

The processes for identifying related party transactions and conflicts of interests for Trustees and the senior management team were not as robust as they could have been during the year. The Trust continues to evolve these after the year end.

Moore Kingston Smith LLP

Date: 9th December 2019

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

Devonshire House
60 Goswell Road
London
EC1M 7AD

South Bank Academies

Statement of Financial Activities for the year ended 31 August 2019

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Income and endowments from:						
Donations and capital grants	2	7	83	152	242	1,434
Charitable activities:						
Funding for the academy trust's educational operations	3	-	8,172	-	8,172	6,832
Other trading activities	4	2	-	-	2	2
Investments	5	1	-	-	1	1
Total		10	8,255	152	8,417	8,269
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6, 7	-	8,250	447	8,697	7,461
Total		-	8,250	447	8,697	7,461
Net income/(expenditure)		10	5	(295)	(280)	808
Transfers between funds	16	-	44	(44)	-	-
Other recognised gains/(losses):						
Revaluation of leasehold land and buildings	12			(8,434)	(8,434)	-
Actuarial (losses)/gains on defined benefit pension schemes	23	-	(230)	-	(230)	47
Net movement in funds		10	(181)	(8,773)	(8,944)	855
Reconciliation of funds						
Total funds brought forward		92	1,053	23,885	25,030	24,175
Total funds carried forward	16	102	872	15,112	16,086	25,030

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

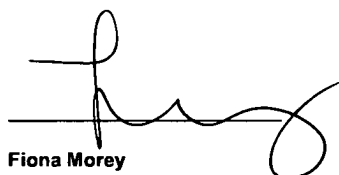
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The detailed comparative information for the Statement of Financial Activities is included on note 25.

South Bank Academies
Balance Sheet as at 31 August 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	12		15,112		23,720
			15,112		23,720
Current assets					
Debtors	14	487		649	
Cash at bank and in hand		2,034		1,542	
		2,521		2,191	
Liabilities					
Creditors : Amounts falling due within one year	15	(1,069)		(815)	
Net current assets/(liabilities)			1,452		1,376
Total assets less current liabilities			16,564		25,096
Creditors: Amounts falling due after more than one year	22		-		-
Net assets excluding pension liability			16,564		25,096
Defined benefit pension scheme liability	23		(478)		(66)
Total net assets			16,086		25,030
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	15,112		23,885	
General fund	16	1,350		1,119	
Pension reserve	16	(478)		(66)	
Total restricted funds			15,984		24,938
Unrestricted income funds	16		102		92
Total funds			16,086		25,030

The financial statements on pages 22 to 40 were approved by the trustees, and are signed on their behalf by



Fiona Morey

Trustee

Company registration no: 08589525 (England and Wales)

Date 5th December 2019

South Bank Academies

Statement of Cash Flow for the year ended 31 August 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	764	579
Cash flows from financing activities	19	-	-
Cash flows from investing activities	20	(272)	(1,277)
Change in cash and cash equivalents in the reporting period		492	(698)
Cash and cash equivalents at 1 September 2018		1,542	2,240
Cash and cash equivalents at 31 August 2019		2,034	1,542

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South Bank Academies

Notes to the Financial Statements for the year ended 31 August 2019

1 Statement of Accounting Policies

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

Company information

South Bank Academies is a private company limited by guarantee, domiciled and incorporated in England and Wales. The registered office is 103 Borough Road, London SE1 0AA.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: 'Statement of Recommended Practice' applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest thousand pound.

The financial statements have been prepared under the historical cost convention modified for the revaluation of leasehold land and properties. The principal accounting policies adopted are 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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• Grants

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

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

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

• Sponsorship Income

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

• Donations

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

• Other Income

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

• Donated goods, facilities and services

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

1 Statement of Accounting Policies (continued)

• Donated fixed assets

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

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 a 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 the support costs involved in undertaking each activity. Direct costs attributable to a single activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

• Expenditure on Raising Funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

• Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

Leasehold buildings and improvements	125 years over period of lease
Fixtures, fittings and equipment	5 years straight line
Computer hardware	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.

An review for impairment of a fixed asset is carried out annually to ascertain whether 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 the 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 and services it must provide.

Provisions

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

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

Leased Assets

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

1 Statement of Accounting Policies (continued)

Financial Instruments

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

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, 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 recognised gains and losses.

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

Fund Accounting

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

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

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

South Bank Academies

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1 Statement of Accounting Policies (continued)

Critical accounting estimates and areas of judgment

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.

Depreciation

The annual depreciation charge is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives of the Trust's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events.

Local government pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, 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.

2 Donations and capital grants

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £
Capital Grants			152	152
Other donations	7	83		90
2018/19 Total	7	83	152	242
2017/18 Total	3	92	1,339	1,434

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
DfE / ESFA revenue grants				
General Annual Grant (GAG)		6,987	6,987	5,763
Start Up Grants		183	183	324
Other DfE/ESFA grants		754	754	624
	-	7,924	7,924	6,711
Other Government grants				
Local authority grants		215	215	57
Special educational projects	-	215	215	57
Other income from the academy trust's educational operations		33	33	64
2018/19 Total	-	8,172	8,172	6,832
2017/18 Total	-	6,832		6,832

4 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Lettings income	2		2	2
2018/19 Total	2	-	2	2
2017/18 Total	-	2		2

South Bank Academies

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

5 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Short term deposits	1		1	1
2018/19 Total	1	-	1	1
2017/18 Total	1	-		1

6 Expenditure

	Staff Costs £	Non Pay Premises £	Expenditure Other £	Total 2019 £	Total 2018 £
Academy's educational operations:					
Direct costs	4,054		512	4,566	3,689
Allocated support costs	1,695	1,288	1,148	4,131	3,772
2018/19 Total	5,749	1,288	1,660	8,697	7,461
2017/18 Total	4,668	1,513	1,280		7,461

Net income/(expenditure) for the period includes:

	2019 £	2018 £
Depreciation	447	553
Fees payable to auditor for:		
Audit	16	19
Other services	8	6

7 Charitable Activities

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
Direct costs - educational operations		4,566		4,566	3,689
Support costs - educational operations		3,684	447	4,131	3,772
2018/19 Total	-	8,250	447	8,697	7,461
2017/18 Total		6,908	553		7,461

Analysis of support costs

	Educational operations £	Total 2019 £	Total 2018 £
Support staff costs	1,695	1,695	1,254
Depreciation	447	447	553
Technology costs	413	413	217
Premises costs	841	841	960
Catering	342	342	299
Other support costs	326	326	406
Governance costs	67	67	83
	4,131	4,131	3,772

South Bank Academies

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

8 Staff

a. Staff costs

Staff costs during the period were:

	2019 £	2018 £
Wages and salaries	4,165	3,311
Social security costs	409	326
Operating costs of defined benefit pension scheme	676	457
	<u>5,250</u>	<u>4,094</u>
Supply staff costs	499	574
	<u>5,749</u>	<u>4,668</u>

b. Staff numbers

The average number of persons employed by the company during the period was as follows:

	2019 No.	2018 No.
Teachers	63	49
Administration and support	56	43
Management	7	7
	<u>126</u>	<u>99</u>

c. Higher paid staff

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

	2019 No.	2018 No.
£60,000 - £69,999	3	4
£70,000 - £79,999	4	2
£80,000 - £89,999	1	1
£90,000 - £99,999	1	1
£100,000 - £109,999	1	-

d. 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 £419,526 (2018: £371,996).

9 Related Party Transactions - Trustees' Remuneration and Expenses

Included within staff costs are donated salaries in relation to one trustee who is employed by LSBU (2018: two trustees), for services provided to the academy trust. See note 26.

N Louis (trustee):	
Remuneration	£40,000 - £45,000 (2018: £45,000 - £46,000)
R Bhamidimarri (CEO and trustee):	
Remuneration	£nil (2018: £45,000 - £46,000)

No trustees received reimbursements for expenses during the year ended 31 August 2019 (2018: none).

10 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.

11 Disclosure of central services

The academy trust has provided central services to its academies during the year, including human resources, financial services, educational support services,

The trust charges for these services based on rates of 4.7% (2018: 3.5%) of the individual schools' GAG income for the year.

	2019 £	2018 £
University Academy of Engineering South Bank	281,096	220,953
South Bank Engineering UTC	93,879	68,612
	374,975	289,565

No central services were provided by the trust to its academies during the period and not central charges arose.

12 Tangible fixed assets

	Leasehold Land and Buildings £	Leasehold Improvements £	Furniture and Equipment £	Computer Hardware £	Total £
Cost					
At 1 September 2018	23,000	17	933	601	24,551
Revaluation adjustment	(8,688)				(8,688)
Additions			234	39	273
Disposals					-
At 31 August 2019	14,312	17	1,167	640	16,136
Depreciation					
At 1 September 2018	368	2	186	275	831
Charged in year	60	2	186	199	447
Revaluation adjustment	(254)				(254)
At 31 August 2019	174	4	372	474	1,024
Net book values					
At 31 August 2019	14,138	13	795	166	15,112
At 31 August 2018	22,632	15	747	326	23,720

During the year an adjustment was made to the fair value of the land and buildings occupied by the University Academy of Engineering South Bank. The land and buildings was gifted by the local authority to the school and has been recognised in the previous accounts at the insurance value which was deemed to be the best estimate of fair value. A valuation was undertaken at 31 March 2015 by Mouchel which gave a more accurate estimate of the value of the assets transferred. Whilst undertaken in 2015, this was not made available until the current year and has resulted in a decrease in the cost of leasehold land and buildings by £8,688k and decrease in accumulated depreciation by £254k for the year ended 31 August 2019. The total effect on the net book value of the leasehold land and buildings is a decrease in the fair value by £8,434k.

13 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	282	226
Carrying amount of financial liabilities		
Measured at amortised cost	950	712

14 Debtors

	2019 £	2018 £
VAT recoverable	97	368
Other debtors	113	5
Prepayments and accrued income	389	276
Provision for bad and doubtful debt	(112)	-
	487	649

South Bank Academies

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

15 Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	449	285
Other taxation and social security	108	103
ESFA creditor: abatement of GAG	-	20
Other creditors	6	54
Accruals and deferred income	506	353
	1,069	815
Deferred income		
	2019 £	2018 £
Deferred income as at 1 September 2018	-	-
Resources deferred in the year	13	-
Amounts released from previous years	-	-
Deferred income as at 31 August 2019	13	-

At the balance sheet date the academy trust was holding unspent funds in relation to Academies Bursary Funds received

16 Funds

	Balance at 1 September 2018 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	1,119	6,987	(6,800)	44	1,350
Start Up Grant		183	(183)		-
Other DfE/ESFA grants		754	(754)		-
Other donations		114	(114)		-
Local Authority Grant		215	(215)		-
Other income		33	(33)		-
Pension reserve	(66)	-	(182)	(230)	(478)
	1,053	8,286	(8,281)	(186)	872
Restricted fixed asset funds					
DfE/ESFA capital grants	1,091	152	(343)	(44)	856
Local authority capital grants	56		(15)		41
Transfer from Local Authority	22,632	-	(60)	(8,434)	14,138
Other transfers	106		(29)		77
	23,885	152	(447)	(8,478)	15,112
Total restricted funds	24,938	8,438	(8,728)	(8,664)	15,984
Total unrestricted funds	92	10	-	-	102
Total funds	25,030	8,448	(8,728)	(8,664)	16,086

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. This also includes catering income received from pupils.

General Annual Grant

This includes all monies received from the ESFA to carry out the objectives of the academy trust. It includes the School Budget Share and education services grants.

Under the funding agreement the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Start Up Grant

This represents the amount received on conversion to academy status for start up costs.

16 Funds (continued)**Other DfE/ESFA grants**

This represents revenue grants received from the ESFA for specific purposes, including funds provided to support individual pupils with a SEN statement and development grants received by the academy trust.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS defined benefit pension scheme which was transferred to the academy on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and monies transferred from the GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

Transfers between funds

Transfers from the fixed asset fund to the restricted general fund of £44,000 relate to assets purchased from capital funding and expensed.

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

	Balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	1,142	5,763	(5,682)	(104)	1,119
Start Up Grant	-	324	(324)	-	-
Other DfE/ESFA grants	-	624	(624)	-	-
Local Authority Grant	-	55	(55)	-	-
Pension reserve	(48)	-	(65)	47	(66)
Other Income	-	158	(158)	-	-
	1,094	6,924	(6,908)	(57)	1,053
Restricted fixed asset funds					
DfE/ESFA capital grants	-	1,339	(248)	-	1,091
Local authority capital grants	118	-	(62)	-	56
Transfer from Local Authority	22,816	-	(184)	-	22,632
Other transfers	61	-	(59)	104	106
	22,995	1,339	(553)	104	23,885
Total restricted funds	24,089	8,263	(7,461)	47	24,938
Total unrestricted funds	86	6	-	-	92
Total funds	24,175	8,269	(7,461)	47	25,030

16 Funds (continued)**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £	Total 2018 £
University Academy of Engineering South Bank	973	905
South Bank Engineering UTC	433	293
Central services	46	13
Total before fixed assets and pension reserve	1,452	1,211
Restricted fixed asset fund	15,112	23,885
Pension reserve	(478)	(66)
Total funds	16,086	25,030

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding depreciation) £	2019 Total £	2018 Total £
University Academy of Engineering South Bank	3,111	980	384	1,440	5,915	4,797
South Bank Engineering UTC	1,118	264	117	136	1,635	1,743
Central services	6	301	11	413	731	368
	4,235	1,545	512	1,989	8,281	6,908

17 Analysis of net assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	15,112	15,112
Current assets	102	2,419	-	2,521
Current liabilities	-	(1,069)	-	(1,069)
Pension scheme liability	-	(478)	-	(478)
Total net assets	-	872	15,112	16,086

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	23,720	23,720
Current assets	92	1,934	165	2,191
Current liabilities	-	(815)	-	(815)
Pension scheme liability	-	(66)	-	(66)
Total net assets	92	1,053	23,885	25,030

18 Reconciliation of Net Income/(expenditure) to Net Cash Inflow from Operating Activities

	2019 £	2018 £
Net income/(expenditure) for the reporting period	(280)	808
Adjusted for:		
Depreciation	447	553
Interest receivable	(1)	(1)
Defined benefit pension scheme cost less contributions payable	182	65
(Increase)/decrease in debtors	162	(432)
Increase/(decrease) in creditors	254	(414)
Net Cash provided by / (used in) Operating Activities	<u>764</u>	<u>579</u>

19 Cash flows from financing activities

	2019 £	2018 £
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>

20 Cash flows from investing activities

	2019 £	2018 £
Interest income	1	1
Purchase of tangible fixed assets	(273)	(1,278)
Net Cash provided by / (used in) investing Activities	<u>(272)</u>	<u>(1,277)</u>

21 Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand and at bank	2,034	1,542
Total cash and cash equivalents	<u>2,034</u>	<u>1,542</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 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 Southwark Council and Lambeth Council. 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 £nil were payable to the schemes at 31 August 2019 (2018: £16,576) and are included within creditors.

Teachers' Pension Scheme

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.

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 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)
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.48% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant' case. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

The employer's pension costs paid to TPS in the period amounted to £344,021 (2018: £265,405).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

23 Pension and Similar Obligations (continued)**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £167,000 (2018: £130,000), of which employer's contributions totalled £129,000 (2018: £100,000) and employees' contributions totalled £38,000 (2018: £30,000). The agreed contribution rates for future years are 14.5% for employers and 5.5-7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy 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

	Lambeth At 31 August 2019	Southwark At 31 August 2019	Lambeth At 31 August 2018	Southwark At 31 August 2018
Rate of increase in salaries	2.70%	3.50%	2.70%	3.50%
Rate of increase for pensions in payment/inflation	2.30%	2.00%	2.30%	2.00%
Discount rate for scheme liabilities	1.90%	1.90%	2.80%	2.80%
Inflation assumption (CPI)	2.30%	2.00%	2.30%	2.00%

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

	Lambeth At 31 August 2019	Southwark At 31 August 2019	Lambeth At 31 August 2018	Southwark At 31 August 2018
<i>Retiring today</i>				
Males	20.7	22.6	21.6	22.5
Females	23.0	26.3	23.9	26.2
<i>Retiring in 20 years</i>				
Males	22.2	24.2	23.8	24.2
Females	24.5	28.1	26.0	28.0

Sensitivity analysis

	2019 £	2018 £
Southwark		
0.1% increase in the salary increase rate	2.9	3.5
0.1% increase in the pension increase rate	3.1	2.0
0.1% decrease in the real discount rate	2.8	2.8
Lambeth		
0.5% increase in the salary increase rate	2.6	2.7
0.5% increase in the pension increase rate	2.3	2.3
0.5% decrease in the real discount rate	1.8	2.8

23 Pension and Similar Obligations (continued)

The academy's share of the assets in the scheme were:

	2019 £	2018 £
Equity instruments	288	185
Government bonds	64	38
Corporate bonds	37	18
Property	75	43
Other	6	-
Cash and other liquid assets	10	2
Total market value of assets	<u>480</u>	<u>286</u>

Amounts recognised in the statement of financial activities:

	2019 £	2018 £
Current service cost	222	164
Past service cost	88	-
Interest income	(10)	(5)
Interest cost	11	6
Total amount recognised in the SOFA	<u>311</u>	<u>165</u>

23 Pension and Similar Obligations (continued)

Changes in the fair value of defined benefit obligations were as follows:

	2019 £	2018 £
At 1 September	352	192
Current service cost	222	164
Interest cost	11	6
Employee contributions	38	30
Actuarial (gain)/loss	251	(38)
Benefits paid	(4)	(2)
Past service cost	88	-
At 31 August	<u>958</u>	<u>352</u>

Changes in the fair value of Academy's share of scheme assets:

	2019 £	2018 £
At 1 September	286	144
Interest income	10	5
Actuarial gain/(loss)	21	9
Employer contributions	129	100
Employee contributions	38	30
Benefits paid	(4)	(2)
At 31 August	<u>480</u>	<u>286</u>

South Bank Academies

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

24 Related Party Transactions

Owing to the nature of the academy trust 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 the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Five directors are full time salaried employees of LSBU including the current CEO (2018: five), one of whom left during the year

One director is a non-remunerated governor of LSBU (2018: one)

The trust has utilised the services of 3 employee (2018: 2) from LSBU. The value of these services for the year were £82,981 (2018: £91,648) and are included within donations for the year

The trust received Governance services from LSBU. During the year £15,094 (2018: £22,941) was invoiced and £nil (2018: £22,941) was owing to LSBU at the year end, included in creditors.

Richard Flatman is a director of South Bank Enterprises Ltd. During the year, the Trust spend £25,287 (2018: £11,662) for the provision of invigilators.

25 Comparative Statement of Financial Activities

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2018 £
Income and endowments from:				
Donations and capital grants	3	92	1,339	1,434
Charitable activities:				
Funding for the academy trust's educational operations	-	6,832	-	6,832
Other trading activities	2	-	-	2
Investments	1	-	-	1
Total	6	6,924	1,339	8,269
Expenditure on:				
Charitable activities:				
Academy trust educational operations	-	6,908	553	7,461
Total	-	6,908	553	7,461
Net income / (expenditure)	6	16	786	808
Transfers between funds	6	(104)	104	-
	6	(88)	890	808
Other recognised gains/(losses):				
Actuarial (losses) / gains on defined benefit pension schemes	-	47	-	47
Net movement in funds	6	(41)	890	855
Reconciliation of funds				
Total funds brought forward	86	1,094	22,995	24,175
Total funds carried forward	92	1,053	23,885	25,030