

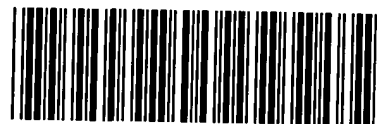
South Bank Academies

Annual Report and Financial Statements

31 August 2020

Company Limited by Guarantee
Registration Number
08589525 (England and Wales)

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Reference and administrative information

Members	London South Bank University Richard Flatman David Phoenix
Directors / Trustees	Hitesh Tailor (Chair) Richard Flatman Anthony Giddings Nicole Louis Christopher Mallaband Hilary McCallion Fiona Morey Lesley Morrison David Phoenix
Company Secretary	Michael Broadway
Key Management Personnel	
Chief Executive Officer	Fiona Morey (from 1 October 2019)
Interim Chief Executive Officer	Nicole Louis (until 30 September 2019)
Executive Principal	Dan Cundy
Principal of UTC	Austin Sheppard
Principal of University Academy of Engineering South Bank	John Taylor
Business Manager	Clym Cunningham (until 31 October 2019)
Business Manager	Helena Abrahams (from 4 November 2019)
Registered address	103 Borough Road London SE1 0AA
Company registration number	08589525 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank plc Threadneedle Street London EC2R 8AU

The Trustees present their annual report together with the audited financial statements of South Bank Academies ('SBA' or the 'Academy Trust') for the year ended 31 August 2020. 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 ('UAE') in the London Borough of Southwark which opened in September 2014, and South Bank Engineering UTC ('UTC') in the London Borough of Lambeth which opened in September 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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 Academy Trust 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 Academy Trust joined the Department for Education's Risk Protection Scheme which gives cover of up to £10 million for Trustees' 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, London South Bank University (LSBU)
- ◆ The Chief Executive Officer (CEO)
- ◆ The Chairs of the School Advisory Boards
- ◆ No parent trustees (as they will be represented on the School Advisory Boards)
- ◆ Co-opted Trustees

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of trustees (continued)

No new trustees were appointed during the year. During 2020/21 the Board is looking to appoint additional trustees. The Board will undertake a skills audit to identify skills gaps on the Board to inform this recruitment process.

Policies and procedures adopted for the induction and training of trustees

All new trustees receive an induction. Trustees and Local Governors are expected 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, among others. These were delivered by the London boroughs of Southwark and Lambeth and NSPCC (online).

Organisational structure

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

The Academy Trust, headed by a Board of Trustees, is responsible for overseeing the business of the Academy Trust and may exercise all the powers of the Academy Trust. 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 .

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.

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 South Bank Colleges, a subsidiary of London South Bank University, which pays her salary and is accounted for as donated to South Bank Academies Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel (continued)

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 2019 – 31 August 2020 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 Academy 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 Academy 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 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. LSBU operates two wholly owned subsidiaries; South Bank Colleges and London South Bank University Enterprises Ltd.

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

Trustee	Appointed/Resigned	Employer
Richard Flatman		London South Bank University
Nicole Louis		London South Bank University
Fiona Morey	Appointed 1 October 2019	South Bank Colleges
David Phoenix		London South Bank University

One trustee, Hillary McCallion, is a non-remunerated governor of LSBU.

Full details of transactions occurring between related parties during the period of report is provided within the notes to the financial statements accompanying this report.

OBJECTIVES AND ACTIVITIES

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.

The members of the Board of Trustees are the charitable trustees of the Academy Trust. In undertaking its duties, the Board of Trustees has given due 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 Academy Trust 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 Academy Trust's objects are applied solely for the public benefit and SBA 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
- ◆ Vetting and marking assessments and giving feedback to students.

Beneficiaries

In carrying out its objects, SBA 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.

OBJECTIVES AND ACTIVITIES (continued)

Improving educational outcomes

We have thought deeply and researched widely to design and teach a high quality, innovative curriculum around the needs and aspirations of our learners. This gives them strong academic outcomes, supplemented by the technical and professional knowledge and capabilities to be able to thrive in the future economy. We innovate in order to develop our students' social and cultural capital and have cultivated partnerships to give students authentic experiences of the workplace. We give our students excellent opportunities, support and guidance to support their pathways.

Our academies are strongly aligned to the University and to South Bank Colleges and regularly collaborate on programmes 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 benefit from support from the employers and institutions who play an active role in curriculum enhancement, student enrichment and governance.

Following their studies at the UAE or UTC, students advance to higher education, apprenticeships or directly into employment. Many students who progress to university choose London South Bank University although our students are successful in securing places in a wide range of universities and do so with the guidance and support you'd expect from 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' academic, professional and technical knowledge.
- ◆ Develop our students' attributes, capabilities and behaviours aligned to our values.
- ◆ Integrate opportunities for students to develop their confidence, skills and networks into the curriculum.
- ◆ Foster close, positive and mutually beneficial relationships with the diversity of our stakeholders.

OBJECTIVES AND ACTIVITIES (continued)

Improving educational outcomes (continued)

School development strategies in our academies are rooted in evidence and 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 Academy Trust's links with the LSBU Group are varied and growing and these links provide our students and staff with unique opportunities.

Staff and students of our academies will benefit from membership of the Group with access to LSBU's high technology laboratories, sporting facilities and library resources. The University staff support students with a diverse range of activities including conducting demonstrations of engineering projects, delivery of workshops, visits to high technology facilities, delivery of master classes, supervision of projects and mentoring of students.

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. 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.

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.

Our 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 Trust staff have access to a range of professional development opportunities through both the University and the College.

STRATEGIC REPORT

Achievements and performance

During 2019-20 both schools continued their upward trajectory: both schools improved outcomes and student recruitment. The Academy Trust's central function supported school improvement, self-evaluation and improvement planning as well as developing operating efficiency and compliance related matters. The appointment of a new substantive Principal at the UTC enabled the Executive Principal to work full-time on Academy Trust improvement and development including improved self-review, action planning, data collection and reporting, Ofsted preparedness, group links and wider development planning.

The governance model continued to evolve and develop, with the Academy Trust Board and School Advisory Boards supplemented by a new Quality Committee, chaired by the CEO, supporting deeper scrutiny of the quality of education and student outcomes.

During 2019-20, both academies continued to increase their roll and associated income through improved reputation, a wider curriculum offer at 6th form, improved marketing reach and a second specialism at the UTC. UAE continued to improve its gender balance and further increased its sixth form number on roll. The UTC, although down in number in Year 10 on the previous year, secured a significant rise in Year 12 enrolments in line with projections.

The Covid-19 pandemic created significant operating challenges during the spring and summer terms, with partial closures then full lockdown requiring a rapid move to remote teaching. The IT infrastructure at both schools and at Trust level had been configured such that this move was facilitated quickly and easily through Teams or Google Classroom. Access to devices and connectivity was improved through targeted investment and through accessing government support. Thorough risk assessments to ensure safe operation and minimise risk were put into place and approved by governors, and the Trust secured support through government and other resource to provide support to students, for example e-vouchers to support disadvantaged students.

The summer 2020 examination series was cancelled nationally, with Centre-assessed Grades (CAGs) submitted by all schools. These CAGs were produced following a robust and thorough process at both South Bank Academies schools, based on a range of assessment data checked and moderated by subject leaders and senior teams. This data is not published nationally, but represents for both schools' record performance. At GCSE level, both schools improved their Attainment 8 score, compared to 2019 figures, and both schools' indicative progress measures are at least in line with the national level. Sixth form data was similarly positive, with 100% A level pass rate, record levels of students achieving A*-C grades, and excellent BTEC outcomes again.

Despite the impact of Covid-19, Year 13 students accessed highly selective universities and all students who wanted to progress to higher education managed to do so. Apprenticeship destinations were however affected by employers cancelling or deferring places. In response, the UTC created a Year 14 programme offering a HNC programme which secured a viable number for delivery at the start of 2020/21.

STRATEGIC REPORT (continued)

Going concern

The 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 within the 'principal accounting policies' which forms part of the audited financial statements.

In 2019/20 funding for the academic operations increased by 0.8% to £8,244,000 (2019: £8,172,000), inclusive of exceptional Covid-19 related funding of £77,000 (2019: £nil). The Academy Trust incurred an operational loss (see 'financial review' below) for the same period of £144,000 (2019: operational surplus of £241,000). The Academy Trust always plans on having sufficient cash to meet its liabilities as they fall due. Balances at bank decreased by 13.6% to £1,757,000 at 31 August 2020 (2019: £2,034,000).

A budget surplus of £319,000 (excluding depreciation charges) has been approved by the Directors for 2020/21, 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 1.2% to £9,180,000 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 £1.7m and the target is for the Trust to maintain cash balances of at least £1m.

Financial review

Results for the year

The results for the year are shown on the statement of financial activities on page 29.

Total income for the year ended 31 August 2020 amounted to £8,456,000 (2019: £8,417,000). Most of the Academy Trust's income comes from the Education and Skills Agency (ESFA) in the form of recurrent grants for educational provision. Total income for 2019/20 included exceptional Covid-19 related funding of £77,000 (2019: £nil).

Total expenditure for the year ended 31 August 2020 amounted to £9,124,000 (2019: £8,697,000). The largest component of the Academy Trust's expenditure is in relation to its staff costs which totalled £6,475,000 (2019: £5,749,000).

Overall net expenditure (before other recognised gains and losses) was therefore £403,000 (2019: net expenditure of £280,000). After accounting for actuarial gains of £147,000 (2019: actuarial losses of £230,000) on the local government pension scheme (LGPS) (and the non-recurring loss recognised in 2018/19 on the revaluation of the Academy Trust's long leasehold land and buildings of £8,434,000), the overall net decrease in the Academy Trust's fund balances were £521,000 (2019: net decrease of £8,944,000).

STRATEGIC REPORT (continued)

Financial review (continued)

Results for the year (continued)

Excluding movements relating to the Academy Trust's fixed assets and the effects of non-cash adjustments made in respect of the LGPS liability, the operational loss for the year (being equal to the movement on revenue reserves (see 'financial position' below) amounted to £144,000 (2019: operational surplus of £241,000).

Financial position

The total funds held by the Academy Trust at 31 August 2020 were £15,565,000 (2019: £16,086,000). This comprised unrestricted funds of £218,000 (2019: £102,000), restricted fixed assets fund of £14,963,000 (2019: £15,112,000) and other restricted funds of £384,000 (2019: £872,000).

The unrestricted funds are available to the Academy Trust for use towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees. This therefore forms part of the Academy Trust's operational revenue reserves (as discussed below).

The restricted fixed assets fund is equal to the carrying value of the Academy Trust's tangible fixed assets. It is separated on the balance sheet in recognition of the fact that the funds are not readily available for use without the sale of tangible fixed assets, the major part of which is required for the day-to-day operation of the Academy Trust. This therefore does not form part of the Academy Trust's operational revenue reserves (as discussed below).

The other restricted funds relate to unspent funding from the ESFA and also incorporates the Academy Trust's share of the net liability in the LGPS which, at 31 August 2020, amounted to £706,000 (2019: £478,000).

Excluding the pension reserve, the restricted revenue funds at 31 August 2020 were £1,090,000 (2019: £1,350,000). Aggregating this with unrestricted revenue reserves of £218,000 (2019: £102,000) provides the Academy Trust with total operational revenue reserves of £1,308,000 (2019: £1,452,000). This is effectively the free reserves of SBA which may be used on the day-to-day operations of the Academy Trust.

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 the start of the financial year, the Board agreed a policy of reserves between 1.5% and 3% of annual income (excluding income within the fixed asset fund). At 31 August 2019, the Academy Trust held reserves of 2.4% which is in line with the policy agreed.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy (continued)

At 31 August 2020 the balance of unrestricted revenue reserves was £218,000 (2019: £102,000). This will be used to increase the capacity for learning and teaching at the Academy. Restricted revenue reserves on the same date amounted to £1,090,000 (2019: £1,350,000). The aggregate of the aforementioned balances provides total revenue reserves of £1,308,000 at 31 August 2020 (2019: £1,452,000).

The fund balances at the year end are adequate to fulfil the obligations of the Academy Trust and provide for unexpected expenditure.

Investment policy

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

Fundraising

The Academy Trust does not actively engage in fundraising activities (by way of appeals, collections, or otherwise seeking donations). The Trustee therefore do not consider that they are obliged to take account of regulations or best practice guidance notes for this area covered by the Charities (Protection and Social Investment) Act 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks are identified and managed through the Academy Trust's risk management processes as described further in the governance statement forming part of this annual report.

The Academy Trust risk register is the subject of careful and frequent review, and aligns to the Academy Trust's strategy. The principal risks which the institution faces and associated mitigation strategies are as follows:

Risk	Controls and mitigating strategies
♦ Poor financial performance by one or more of the schools	♦ Effective budgeting and management ♦ Prudent financial planning ♦ 3-5 year forecast planning ♦ Sufficient reserves ♦ Capital expenditure planning ♦ Staffing and budget scrutiny and review

	<ul style="list-style-type: none"> ♦ Marketing strategy in place at both schools ♦ New marketing appointment for the trust and both schools
♦ Safeguarding incident at a school	<ul style="list-style-type: none"> ♦ Experienced Designated Safeguarding Lead (DSL) and SENDCO employed at schools ♦ All staff and governors are given safeguarding training annually ♦ Policies reviewed and updated in line with statutory guidance and KCSIE 2020 ♦ All students and staff complete e-safety training and firewalls are in place to secure all ICT networks.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk	Controls and mitigating strategies
♦ Pandemic	<ul style="list-style-type: none"> ♦ Regular monitoring of updates and guidance from DfE and Public Health England as well as local authorities. ♦ Frequent communication between key staff ♦ All issues reported to central office for decision-making support with ultimate accountability for H&S at board level. ♦ Frequent communication with stakeholders on behaviours and hygiene ♦ Enhanced hygiene facilities including. ♦ Risk assessments completed and updated ♦ DfE guidance followed in full ♦ Engaging with track and trace
♦ Poor Student outcomes	<ul style="list-style-type: none"> ♦ Teaching and learning frequently monitored and reviewed ♦ Frequent reporting to students and families ♦ Incoming students baseline assessed to target support ♦ Executive Principal educational oversight ♦ UTC Improvement Partnership ♦ External consultants to improve teaching and learning ♦ Regular staff appraisals ♦ Trust HR Manager to advise on staffing matters. ♦ Principal reports to School Advisory Boards and Quality Committee for challenge and support
♦ Failure of the UTC to recruit sufficient learners especially in Y710 and Y12 to	<ul style="list-style-type: none"> ♦ Admissions policy review ♦ Parent/Carer communication and reputation building ♦ Marketing strategy and activity ♦ Integrated financial curriculum planning ♦ Effective networking including with potential feeder schools

Trustees' report (including strategic report) 31 August 2020

make it viable in the long term	
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PLANS FOR FUTURE PERIODS

The Academy Trust's plans for future period include:

Student success

- ◆ Innovate curriculum to drive the acquisition of powerful knowledge, to support the development of professional and technical capability and to build social and cultural capital.
- ◆ Refine and develop pedagogies to further improve the quality of teaching, learning and assessment to secure excellent outcomes for all learners regardless of background within a knowledge-rich curriculum.
- ◆ Further develop delivery and assessment models which support high quality responsive teaching based on high-quality, personalised feedback.
- ◆ Develop and embed evidence-informed approaches to closing the gap between groups of learners, especially boys and the most disadvantaged.
- ◆ Continue to build support for learners with a focus on high quality advice and guidance to support destinations and pathways; improve access to labour market information and support from external stakeholders.
- ◆ Further improve and align self-evaluation and improvement planning, using rich data and other management information to improve the quality of education.
- ◆ Develop a Trust-wide approach to staff development and talent management in order to support recruitment, progression and retention of high quality staff.
- ◆ Generate, share, publish and learn from insight and research within, across and beyond the group in order to increase expertise and improve the quality of education.

Access to Opportunity

- ◆ Create a wider range of high quality education pathways to cater for the diversity of our current and potential learner population.
- ◆ Embed interaction with stakeholders, sponsors and partners in a systematic way such that all students benefit and transfer into high quality destinations is supported and enabled.
- ◆ Develop a sustainable network of support to mentor and guide learners through education and into their chosen next steps.

PLANS FOR FUTURE PERIODS (continued)

Real world impact

- ◆ Leverage LSBU group relationships to drive research to benefit the quality of teaching and learning. Ensure that insight and successes from our evidence-informed pedagogic practice is shared across the group to maximise impact.
- ◆ Develop student agency and enterprise through range of activities, prioritising those which deliver local community benefit.
- ◆ Ensure that all learners, irrespective of background, make an active contribution to local and wider society through enrichment, project and service activities

Fit for the Future

- ◆ Develop organisational capabilities and efficiency of operations to extend provision and generate improved value for money
- ◆ Extend curriculum beyond STEAM (Science, Technology, Engineering, the Arts and Mathematics) through careful expansion of our network of provision. Academic-led sixth form at UAE with increased breadth of subjects; technical curriculum at the UTC led by health and engineering; broader portfolio of complementary specialisms in future provision
- ◆ Become financially sustainable by increasing student numbers to PAN, as well as increasing breadth of revenue-generating activity. To include for example T levels, apprenticeship provision and curriculum extension with partner institutions as well as through increasing the number of schools in the trust.
- ◆ Develop and expand sponsor-led enrichment activities to enhance provision further. Extension of value add driven by LSBU group as well as engagement of a further tier of employer partners to support projects at the UTC.
- ◆ Lead on developing the culture of our organisations, innovating to minimise workload and maximise wellbeing, valuing difference and celebrating success. Articulating the benefits of our mission and values widely.
- ◆ Develop system leadership through wider collaborations, such as the Southwark School Learning Partnership (SSLP), and improve our ability to articulate and share thought leadership, for example through the publication of research.
- ◆ Secure judgements of at least 'Good' in all Ofsted inspections supported by robust self-evaluation and improvement planning; training, development and capacity-building activity; challenge and support through governance; internal and external review and validations.

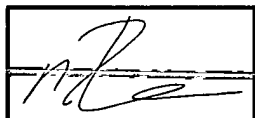
AUDITOR

In so far as the trustees are aware:

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

The Board of Trustees will be asked to reappoint Buzzacott LLP as auditor of the Academy Trust.

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

A rectangular box containing a handwritten signature in black ink. The signature appears to be 'H Tailor'.

H Tailor
Chair of Trustees

Date: 29 January 2021

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer (also the Accounting 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 six times during the year. Attendance during the year at meetings of the board of directors was as follows:

Trustee	Meetings attended	Out of a possible
Hitesh Tailor (Chair)	6	6
Richard Flatman	4	6
Anthony Giddings	4	6
Nicole Louis	4	6
Chris Mallaband	5	6
Hilary McCallion	4	6
Fiona Morey	6	6
Lesley Morrison	4	6
David Phoenix	6	6

Governance reviews

A skills audit was conducted across all governors and trustees in October 2020. The results from this audit is being used to inform further training and development.

Sub-committees

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

Remuneration committee

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.

Sub-committees (continued)

Remuneration committee (continued)

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of a possible
Hilary McCallion (Chair)	2	2
David Phoenix	1	2
Lesley Morrison	2	2

Audit committee

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
Tony Giddings	3	3

Nominations committee

The purpose of the Nomination Committee is to consider succession planning for the Board and to recruit new co-opted Trustees to the Board.

During the year the Board and its committee moved to having remote meetings due to the coronavirus pandemic. The Board held an extraordinary meeting to review detailed risk assessments for the re-opening of the two schools following the national lockdown.

Review of 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 Academy 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 Academy Trust has delivered improved value for money during the year by the following:

◆ LSBU collaboration

The Academy Trust's links with the LSBU Group are varied and growing and these links provide our students and staff with unique opportunities.

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 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 CPD for support staff, reward and recognition, professional networking and staff and student mentoring.

◆ Building transformational enrichment and engagement for students

Enrichment programmes are designed in partnership with LSBU and Academy Trust staff to ensure that activities extend students' learning 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 (Science, Technology, Engineering, the Arts and Mathematics) ambassadors. These can be seen in projects at the UTC and Day 10 activities at UAE.

The Academy 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 has 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.

Review of value for money (continued)

◆ **Shared resources**

The Academy Trust's centralised resource model includes a Chief Executive Officer (CEO) who is also the Accounting Officer, supported by the Executive Principal who is the academic lead for the Academy 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 Academy 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 Academy 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.

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 Academy 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 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the 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 2019 to 31 August 2020 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ 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; and
- ◆ 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 the following internal audit reviews were conducted covering: Key Financial Controls, Recommendation Follow Up, and Apprenticeships. In addition, SBA coverage was included in Group level reviews of Risk Management and IT Security.

The Internal auditor has delivered their schedule of work as planned, with the exception of one review, of Health and Safety, which was deferred due to the Covid-19 pandemic. No material control issues were identified as a result of the internal audit and recommendations made as a result of this work have been accepted by management and implementation is underway.

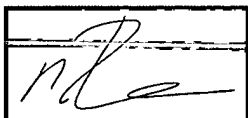
Review of effectiveness

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; and
- ◆ The work of the managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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:

A rectangular box containing a handwritten signature in black ink, which appears to be 'H Tailor'.

H Tailor
Chair of Trustees

A handwritten signature in black ink, which appears to be 'F Morey'.

F Morey
Accounting Officer

Date: 29 January 2021

Statement on regularity, propriety and compliance 31 August 2020

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



F Morey
Accounting Officer

Date: 29 January 2021

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

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

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

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

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



H Tailor
Chair of Trustees

Date: 29 January 2021

Independent auditor's report 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 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2019 to 2020.

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 2020 and of 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 Charities SORP 2015 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

Conclusions relating to going concern

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

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust'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 (covers the reference and administrative details, the report of the trustees and strategic report and the governance statement)

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Independent auditor's report 31 August 2020

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

29 January 2021

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 6 August 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Bank Academies (the 'Academy Trust') during the period from 1 September 2019 to 31 August 2020 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 the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the South Bank Academies and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the South Bank Academies and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of South Bank Academies' Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of South Bank Academies' funding agreement with the Secretary of State for Education dated 8 April 2014 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by the 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.

Approach (continued)

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

29 January 2021

Statement of financial activities (including income and expenditure account) Year to 31 August 2020

	Notes	Unrestricted general fund £'000	Restricted funds		2020 Total funds £'000	2019 Total funds £'000
			General fund £'000	Fixed assets fund £'000		
Income from:						
Donations and capital grants	1	88	—	119	207	242
Charitable activities						
· Funding for the Academy Trust's educational operations	2	23	8,221	—	8,244	8,172
Other trading activities	3	4	—	—	4	2
Investments	4	1	—	—	1	1
Total income		116	8,221	119	8,456	8,417
Expenditure on:						
Charitable activities						
· Academy Trust's educational operations		—	8,602	522	9,124	8,697
Total expenditure	5	—	8,602	522	9,124	8,697
Net income (expenditure)		116	(381)	(403)	(668)	(280)
Transfers between funds	15	—	(254)	254	—	—
Other recognised gains and losses						
Revaluation of leasehold land and buildings	12	—	—	—	—	(8,434)
Actuarial gains (losses) on defined benefit pension schemes	18	—	147	—	147	(230)
Net movement in funds		116	(488)	(149)	(521)	(8,944)
Reconciliation of funds						
Total fund balances brought forward at 1 September		102	872	15,112	16,086	25,030
Total fund balances carried forward at 31 August	16	218	384	14,963	15,565	16,086

All of the Academy Trust's activities derived from continuing operations during the above two financial periods.

The Academy has no recognised gains or losses other than those shown above.

A full comparative statement of financial activities is presented in note 7 to the financial statements.

Balance sheet 31 August 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible fixed assets	12		14,963		15,112
Current assets					
Debtors	13	603		487	
Cash at bank and in hand		1,757		2,034	
		2,360		2,521	
Liabilities					
Creditors: amounts falling due within one year	14	(1,052)		(1,069)	
Net current assets			1,308		1,452
Total assets less current liabilities			16,271		16,564
Pension scheme liability	18		(706)		(478)
Total net assets			15,565		16,086
Funds of the Academy Trust:					
Restricted funds					
Fixed assets fund	15		14,963		15,112
General fund	15		1,090		1,350
Pension reserve	15		(706)		(478)
Total restricted funds			15,347		15,984
Unrestricted income funds					
General fund	15		218		102
Total funds	16		15,565		16,086

The financial statements on page 29 to 55 were approved by the Board of Trustees and signed on its behalf by:



H Tailor
Chair

Signed on: 29 January 2021

South Bank Academies
Company Limited by Guarantee
Registration Number: 08589525 (England and Wales)

Statement of cash flows Year to 31 August 2020

		2020 £'000	2019 £'000
Cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(24)	764
Cash flows used in investing activities			
	B	(253)	(272)
Change in cash and cash equivalents in the year			
		(277)	492
Cash and cash equivalents at 1 September			
		2,034	1,542
Cash and cash equivalents at 31 August			
	C	1,757	2,034

A Reconciliation of net expenditure to net cash flow from operating activities

	2020 £'000	2019 £'000
Net expenditure for the year (as per the statement of financial activities)	(668)	(280)
Adjusted for:		
Depreciation charges (note 12)	522	447
Capital grants from DfE and other capital income	(119)	—
Interest receivable (note 4)	(1)	(1)
Defined benefit pension scheme cost less contributions payable (note 18)	366	182
Defined benefit pension scheme finance cost (note 18)	9	—
(Increase) decrease in debtors	(116)	162
(Decrease) increase in creditors	(17)	254
Net cash (used in) provided by operating activities	(24)	764

B Cash flows from investing activities

	2020 £'000	2019 £'000
Interest received	1	1
Payments to acquire tangible fixed assets	(373)	(273)
Capital grants received from the DfE / ESFA	119	—
Net cash used in investing activities	(253)	(272)

C Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	1,757	2,034
Total cash and cash equivalents	1,757	2,034

Statement of cash flows Year to 31 August 2020

D Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
Cash at bank and in hand	2,034	(277)	1,757
Total	2,034	(277)	1,757

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 (the 'Academy Trust') 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 have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 2015), the Academies Accounts Direction 2019 to 2020 issued by 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 presented in Sterling presented to the nearest thousand pounds.

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.

Going concern (continued)

In forming this assessment, the trustees have considered the impact of the current Coronavirus pandemic on the Academy Trust, with a particular focus on its effect on the Academy Trust's financial position including its income, expenditure and reserves; its beneficiaries, and its employees. Whilst the trustees acknowledge the disruption caused by the pandemic to the Academy Trust's day-to-day operations, they do not consider this to be cause for material uncertainty in respect of the Academy Trust's ability to continue as a going concern. The Academy Trust's principal sources of income (funding from the Education and Skills Funding agency and local authorities) has to date been protected by central and local government and there has been no indication to suggest that this position will change in the foreseeable future

Income

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

Grants

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

The 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 it can be measured reliably.

Donations

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

Income (continued)

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 services

Certain services are provided to the Academy Trust by the London South Bank Academies Group (LSBU) through LSBU personnel. Services such as governance support are recharged by the LSBU Group to the Academy Trust in full as disclosed within the related party transactions disclosure accompanying these financial statements. These are charged to the Academy Trust at no more than the cost of the service provision as determined by the LSBU Group.

There are also certain employees of the LSBU Group that provide regular support to the Academy Trust as disclosed within the related party transactions disclosure accompanying these financial statements. The cost of their time is not recharged by LSBU to the Academy Trust, but instead effectively donated to the Academy Trust. The value of their time commitment to the Academy Trust is determined with reference to their cost of employment with LSBU. This amount is recorded as both a cost to the Academy Trust, and also as a donation of the same value.

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 settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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.

Expenditure (continued)

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 stated net of recoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

- | | |
|-------------------------------------|---------------------|
| ◆ Long leasehold land and buildings | 2% straight line |
| ◆ Fixtures, fittings and equipment | 20% straight line |
| ◆ IT equipment | 33.3% straight line |

Depreciation is charged from the month of acquisition.

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

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand.

Liabilities

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

Provisions

Provisions are recognised when the 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.

Leased assets

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

Financial instruments

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

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

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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.

Pensions benefits (continued)

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 at the discretion of the trustees.

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

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

Critical accounting estimates and areas of judgement

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

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are 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 Academy 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 will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

1 Donations and capital grants

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2020 Total funds £'000	2019 Total funds £'000
Capital grants			119	119	152
Other donations	88		—	88	90
	88	—	119	207	242

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Capital grants	—	—	152	152
Other donations	7	83	—	90
	7	83	152	242

2 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
DfE / ESFA revenue grants				
. General Annual Grant (GAG)	—	7,205	7,205	6,987
. Start up grants	—	29	29	183
. Other DfE / ESFA	—	582	582	754
	—	7,816	7,816	7,924
Other Government grants				
. Local authority grants	—	328	328	215
Other income from the Academy Trust's educational operations	23	—	23	33
Exceptional government funding				
Coronavirus exceptional support	—	77	77	—
	23	8,221	8,244	8,172

The Academy Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding". The funding received for coronavirus exceptional support covers £76,000 of additional free school meals offered during the period of lockdown and £1,000 to support the deep cleaning of the Academy Trust properties. The associated costs are included in within note 5 to the financial statements.

2 Funding for the Academy's educational operations (continued)

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
DfE / ESFA revenue grants			
. General Annual Grant (GAG)	—	6,987	6,987
. Start up grants	—	183	183
. Other DfE / ESFA	—	754	754
	—	7,924	7,924
Other Government grants			
. Local authority grants	—	215	215
Other income from the Academy Trust's educational operations	—	33	33
	—	8,172	8,172

3 Other trading activities

	Unrestricted funds	
	2020 £'000	2019 £'000
Lettings income	4	2

4 Investment income

	Unrestricted funds	
	2020 £'000	2019 £'000
Bank interest receivable	1	1

5 Expenditure

	Non pay expenditure			2020 Total funds £'000	2019 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000		
Academy's educational operations					
. Direct costs	4,517	—	588	5,105	4,566
. Allocated support costs	1,958	575	1,486	4,019	4,131
	6,475	575	2,074	9,124	8,697

5 Expenditure (continued)

	Staff costs £'000	Non pay expenditure		2019 Total funds £'000
		Premises £'000	Other costs £'000	
<i>Academy's educational operations</i>				
. Direct costs	4,054	—	512	4,566
. Allocated support costs	1,695	841	1,595	4,131
	5,749	841	2,107	8,697

	2020 Total funds £'000	2019 Total funds £'000
Analysis of support costs		
Support staff costs	1,958	1,726
Depreciation	519	447
Technology costs	243	413
Premises costs	575	841
Catering	296	342
Other support costs	347	326
Governance costs	81	67
Total support costs	4,019	4,162

6 Net income (expenditure)

	2020 Total funds £'000	2019 Total funds £'000
Net income (expenditure) for the year includes:		
Depreciation	522	447
Fees payable to current auditor		
. Statutory audit services	14	—
. Other services	10	—
Fees payable to predecessor auditor		
. Statutory audit services	—	16
. Prior year under provision	4	—
. Other services	5	8

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

	Unrestricted general fund £'000	Restricted funds		2019 Total funds £'000
		General fund £'000	Fixed assets fund £'000	
Income from:				
Donations and capital grants	7	83	152	242
Charitable activities				
Funding for the Academy's educational operations	—	8,172	—	8,172
Other trading activities	2	—	—	2
Investments	1	—	—	1
Total income	10	8,255	152	8,417
Expenditure on:				
Charitable activities				
Academy's educational operations	—	8,250	447	8,697
Total expenditure	—	8,250	447	8,697
Net income (expenditure)	10	5	(295)	(280)
Transfers between funds	—	44	(44)	—
Other recognised gains and losses				
Revaluation of leasehold land and buildings	—	—	(8,434)	(8,434)
Actuarial losses on defined benefit pension schemes	—	(230)	—	(230)
Net movement in funds	10	(181)	(8,773)	(8,944)
Reconciliation of funds				
Total fund balances brought forward at 1 September	92	1,053	23,885	25,030
Total fund balances carried forward at 31 August	102	872	15,112	16,086

8 Staff

(a) Staff costs

Staff costs during the year were:

	2020 Total funds £'000	2019 Total funds £'000
Wages and salaries	4,350	4,165
Social security costs	471	409
Pension costs	1,139	676
	5,960	5,250
Redundancy costs	12	—
Supply teacher costs	503	499
	6,475	5,749

(b) Non-statutory / non-contractual staff severance payment

Included in redundancy costs above are non-statutory/non-contractual severance payments totalling £11,775 (2019: £nil).

(c) Staff numbers

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

Charitable activities	2020 No.	2019 No.
Teachers	60	63
Administration and support	60	56
Management	11	7
	131	126

(d) Higher paid staff

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

	2020 No.	2019 No.
£60,000 - £69,999	2	3
£70,000 - £79,999	4	4
£80,000 - £89,999	2	1
£90,000 - £99,999	1	1
£100,000 - £109,999	0	1
£110,000 - £119,999	1	0

(e) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and those individuals recorded as 'Key Management Personnel' on page 1 of the annual report. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the Academy Trust was £536,218 (2019 – £419,526).

9 Trustees' remuneration and expenses

Certain of the trustees are employees of the London South Bank University Group (LSBU) which sponsors the Academy Trust and provides support services to the Academy Trust. Included within staff costs are the value of donated salaries in relation to the following Trustees who are employed by LSBU Group and have provided support services to the Academy Trust. (See also note 19).

	2020 £'000	2019 £'000
N Louis (Interim CEO until 30 September 2019)		
. Remuneration	0 – 5	40 – 45
. Employer's pension contributions	0 – 5	10 – 15
F Morey (CEO from 1 October 2019)		
. Remuneration	25 – 30	—
. Employer's pension contributions	5 – 10	—

No Trustee is remunerated for their services as trustees to the Academy Trust. During the year ended 31 August 2020, no travel and subsistence expenses were reimbursed to any trustee (2019 – £nil).

Other related party transactions involving the trustees are set out in note 19.

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 6.3% (2019: 4.7%) of the individual schools' GAG income for the year.

Notes to the Financial Statements Year to 31 August 2020

	£'000	£'000
University Academy of Engineering South Bank	340	281
South Bank Engineering UTC	113	94
	453	375

12 Tangible fixed assets

	Leasehold land and buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer equipment £'000	Assets under construction £'000	Total funds £'000
Cost						
At 1 September 2019	14,312	17	1,167	640	—	16,136
Additions	—	—	135	177	61	373
At 31 August 2020	14,312	17	1,302	817	61	16,509
Depreciation						
At 1 September 2019	174	4	372	474	—	1,024
Charged in year	58	1	291	172	—	522
Disposals						
At 31 August 2020	232	5	663	646	—	1,546
Net book value						
At 31 August 2020	14,080	12	639	171	61	14,963
At 31 August 2019	14,138	13	795	166	—	15,112

During the year ended 31 August 2019, an adjustment was made to the fair value of the land and buildings occupied by the University Academy or 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 year ended 31 August 2019 and has resulted in a decrease in the cost of leasehold land and buildings by £8,688,000 and decrease in accumulated depreciation by £254,000 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 £8,434,000.

13 Debtors

	2020 £'000	2019 £'000
Prepayments and accrued income	475	389
VAT recoverable	54	97
Other debtors	74	113
Provision for bad and doubtful debt	—	(112)
	603	487

14 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	301	449
Accruals and deferred income	530	506
Other taxation and social security	122	108
Other creditors	99	6
	1,052	1,069

Deferred income

	2020 Total funds £'000	2019 Total funds £'000
Deferred income at 1 September	13	—
Resources deferred in the year	34	13
Amounts released from previous years	(13)	—
Deferred income at 31 August	34	13

Deferred income at the balance sheet date in respect of unspent bursary funds received from the ESFA.

15 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
. General Annual Grant (GAG)	1,350	7,205	(7,211)	(254)	1,090
. Start Up Grant	—	29	(29)	—	—
. Other DfE/ESFA grants	—	612	(612)	—	—
. Pupil premium	—	375	(375)	—	—
. Pension reserve	(478)	—	(375)	147	(706)
	<u>872</u>	<u>8,221</u>	<u>(8,602)</u>	<u>(107)</u>	<u>384</u>
Restricted fixed assets fund					
. DfE/ESFA capital grants	856	119	(420)	254	809
. Local authority capital grants	41	—	(15)	—	26
. Transfer for Local Authority	14,138	—	(58)	—	14,080
. Other transfers	77	—	(29)	—	48
	<u>15,112</u>	<u>119</u>	<u>(522)</u>	<u>254</u>	<u>14,963</u>
Total restricted funds	<u>15,984</u>	<u>8,340</u>	<u>(9,124)</u>	<u>147</u>	<u>15,347</u>
Total unrestricted funds	<u>102</u>	<u>116</u>	<u>—</u>	<u>—</u>	<u>218</u>
Total funds	<u>16,086</u>	<u>8,456</u>	<u>(9,124)</u>	<u>147</u>	<u>15,565</u>

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

Restricted general funds

All restricted funds are grants received from the Department for Education and the Local Authority for the purpose of running the Academy. 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 2020.

Start Up Grant

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

15 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 restricted general fund to the fixed asset fund relate to assets purchased from GAG.

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

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
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					
. Local Authority Grant	—	215	(215)	—	—
. Other income	—	116	(116)	—	—
. Pension reserve	(66)	—	(182)	(230)	(478)
	<u>1,053</u>	<u>8,255</u>	<u>(8,250)</u>	<u>(186)</u>	<u>872</u>
Restricted fixed assets fund					
. DfE/ESFA capital grants	1,091	152	(343)	(44)	856
. Local authority capital grants	56	—	(15)	—	41
. Transfer for Local Authority	22,632	—	(60)	(8,434)	14,138
. Other transfers	106	—	(29)	—	77
	<u>23,885</u>	<u>152</u>	<u>(447)</u>	<u>(8,478)</u>	<u>15,112</u>
Total restricted funds	<u>24,938</u>	<u>8,407</u>	<u>(8,697)</u>	<u>(8,664)</u>	<u>15,984</u>

Notes to the Financial Statements Year to 31 August 2020

Total unrestricted funds	92	10	—	—	102
Total funds	25,030	8,417	(8,697)	(8,664)	16,086

15 Funds (continued)

Fund balances at 31 August 2020 were allocated as follows:

	2020 £'000	2019 £'000
University Academy of Engineering South Bank	886	973
South Bank Engineering UTC	49	433
Central services	373	46
Total before fixed assets and pension reserve	1,308	1,452
Restricted fixed asset fund	14,963	15,112
Pension reserve	(706)	(478)
Total funds	15,565	16,086

Total cost analysis by academy

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total 2020 £'000	Total 2019 £'000
University Academy of Engineering South Bank	2,923	1,494	441	1,008	5,866	5,915
South Bank Engineering UTC	1,053	590	130	418	2,191	1,635
Central services	38	378	16	113	545	731
	4,014	2,462	587	1,539	8,602	8,281

16 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2020 £'000	Total 2019 £'000
Fund balances at 31 August 2020 are represented by:					
Tangible fixed assets	—	—	14,963	14,963	15,112
Current assets	218	2,142	—	2,360	2,521
Current liabilities	—	(1,052)	—	(1,052)	(1,069)
Pension scheme liability	—	(706)	—	(706)	(478)
Total net assets	218	384	14,963	15,565	(16,086)

16 Analysis of net assets between funds (continued)

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2019 £'000
Fund balances at 31 August 2019 are represented by:				
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	102	872	15,112	16,086

17 Members' Liability

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

18 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 Surrey County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £94,000 were payable to the schemes at 31 August 2020 (2019: £nil) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

18 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.
- ◆ The 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 next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £633,000 (2019: £344,000).

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.

18 Pension and similar obligations (continued)**Local Government Pension Scheme (LGPS)**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £215,000 (2019 – £167,000), of which employer's contributions totalled £158,000 (2019: £129,000) and employees' contributions totalled £57,000 (2019 – £38,000). The agreed employer contribution rates for future years are an average of between 13.6% and 16.9% for the UAE and 20.8% and 22.8% for the UTC, with actual contribution rates being dependent upon salary.

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

The Academy Trust participates in the following LGPSs:

Academy	Scheme
South Bank Engineering UTC	London Borough of Lambeth Pension Fund
University Academy Engineering South Bank	London Borough of Southwark Pension Fund

The principal assumptions used in determining the valuations are provided below:

Principal actuarial assumptions	Lambeth at 31 August 2020	Southwark at 31 August 2020	Lambeth at 31 August 2019	Southwark at 31 August 2019
Rate of increase in salaries	2.7%	3.7%	2.7%	3.5%
Rate of increase in pensions	2.2%	2.2%	2.3%	2.0%
Discount rate for scheme liabilities	1.7%	1.7%	1.9%	1.9%
Inflation assumption (CPI)	2.2%	2.2%	2.3%	2.0%

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

Mortality assumptions	Lambeth at 31 August 2020	Southwark at 31 August 2020	Lambeth at 31 August 2019	Southwark at 31 August 2019
<i>Retiring today</i>				
Males	21.3	20.8	20.7	22.6
Females	23.5	23.6	23.0	26.3
<i>Retiring in 20 years</i>				
Males	22.7	22.7	22.2	24.3
Females	25.0	25.5	24.5	28.1

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Sensitivity analysis	2020 £'000
Southwark	
0.1% increase in the salary increase rate	—
0.1% increase in the pension increase rate	50
0.1% decrease in the real discount rate	50
Lambeth	
0.5% increase in the salary increase rate	—
0.5% increase in the pension increase rate	47
0.5% decrease in the real discount rate	47

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

	2020 £'000	2019 £'000
Equity instruments	423	288
Bonds	160	101
Property	92	75
Other	22	6
Cash and other liquid assets	22	10
Total market value of assets	719	480
Present value of scheme liabilities	(1,425)	(958)
Deficit in the scheme	(706)	(478)

Amounts recognised in statement of financial activities	2020 £'000	2019 £'000
Current service cost	518	222
Past service cost	6	88
Interest income	(11)	(10)
Interest cost	20	11
Total amount recognised in the SOFA	533	311

Changes in the present value of defined benefit obligations were as follows:	2020 £'000	2019 £'000
At 1 September	958	352
Current service cost	518	222
Interest cost	20	11
Employee contributions	57	38
Actuarial (gain) / loss	(124)	251

Benefits paid	(10)	(4)
Past service cost	6	88
At 31 August	1,425	958

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Academy's share of scheme assets:	2020 £'000	2019 £'000
At 1 September	480	286
Interest income	11	10
Actuarial gains	23	21
Employer contributions	158	129
Employee contributions	57	38
Benefits paid	(10)	(4)
At 31 August	719	480

19 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.

Richard Flatman, a Trustee and Member of the Academy Trust, is also a Director of South Bank Enterprises Ltd. During the year ended 31 August 2020, the Academy Trust was charged £30,737 (2019: £25,287) by South Bank Enterprises Ltd for the provision of invigilators. There were no outstanding balances in relation to these charges at the start or end of the financial year.

The Academy Trust received governance related services from its sponsor, LSBU, during the year ended 31 August 2020 totalling £34,420 (2019: £15,094). A balance of £10,967 (2019: £nil) was owing to LSBU at the year end and included in creditors.

In addition, four individuals employed by LSBU Group (2019: five individuals) allocate part of their time to provide support services to the Academy Trust. The cost of this time is gifted to the Academy Trust and included as part of the Academy Trust's income (from donations) and expenditure (on staff costs). The total value of the donated salaries for the year ended 31 August 2020 was £88,453 (2019: 82,981).

One Director David Phoenix is also a director of South Bank Colleges, a wholly owned subsidiary of LSBU. Other than the donated salaries referenced in the previous paragraph, there were no transactions with South Bank Colleges during the year. (2019 - £nil).