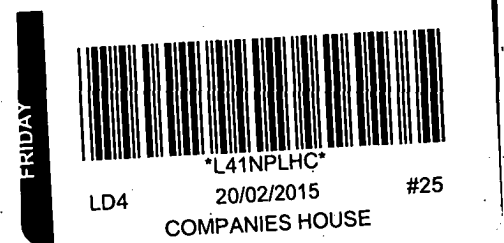


University Engineering Academy South Bank



Annual Report and Financial Statements

For the period ended 31 August 2014

Company Registration No. 08589525

University Engineering Academy South Bank
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University Engineering Academy South Bank
Reference and Administrative Details

Board of Governors

Prof. Rao Bhamidimarri (Chair)
Jane Rowlands (Principal)
Dr Irene Bishop CBE
Natalie Ferer
Karen Fowler
Dominic Nolan
Pearline Basford (Parent Governor)
Stephen French (Parent Governor)

Directors/Trustees:

Prof. Rao Bhamidimarri
Dr Irene Bishop CBE
Karen Fowler
Anil Puri

Principal and Registered Office

Faculty Of Engineering London South Bank University
Science And The Built Envi
London South Bank University
103 Borough Road
London
SE1 0AA

Company Registration Number

08589525

Independent Auditor

Kingston Smith LLP
105 St Peter's Street
St Albans
AL1 3EJ

The trustees present their annual report together with the financial statements and auditors' report of the company for the period ended 31 August 2014. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

Structure, Governance and Management

Constitution

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

The governors act as the governors for the charitable activities of University Academy of Engineering South Bank and are also the directors of the company for the purposes of company law. Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Governors' Indemnities

The company has purchased governors' liability insurance through Zurich Municipal which forms part of the academy insurance policy.

Method of Recruitment and Appointment or Election of Governors

The Governing Body for the period under review was made up of 7 governors. These are the principal and 6 co-opted governors. Staff governors are nominated and elected by the staff of the academy. Parent governors are nominated by the parents of the academy. Community and co-opted governors are nominated and elected by the Governing Body.

Policies and Procedures Adopted for the Induction and Training of Governors

As the academy was in its pre-opening period the induction process for governors was informal and tailored to the needs of the individual. The majority of governors were chosen for their significant skills and experience, in particular in educational governance.

At the first formal meeting training needs will be identified and a programme of bespoke training designed to meet the needs of the individual. All new governors will be given an induction to the academy vision and values which will include a tour of the academy and the chance to meet staff and students, they will also be provided with copies of documentation that will be needed for them to fulfil their role as governors.

Principal Activities

University Academy of Engineering South Bank's object is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing an academy offering a broad and balanced curriculum.

Organisational Structure

The managerial structure of the academy consists of two levels: Governors and Senior Managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The senior managers, led by the principal, control the academy at an executive level implementing the policies laid down by the governors and reporting back to them. The senior managers are responsible for the authorisation of spending within agreed limits and the appointment of non senior staff.

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

Risk Management

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

- Formal agendas for all meetings
- Development plan which identifies key strategic planning objectives and the resources required to achieve them.
- Budget planning, monitoring and reviews
- Financial authorisation and approval levels

- Written policies reviewed regularly
- Clear safeguarding and vetting procedures as required by law to protect the students
- Continuous review of educational achievements to ensure high standards can be achieved
- Succession planning

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

After the period end, the governors have appointed Kingston Smith LLP as the Responsible Officer (RO). The RO provides assurance to the governors on financial matters by performing a range of checks on the academy's Financial Management System (FMS). The RO will visit once a term to complete the checks and provide a report to the Chair of Governors and the Responsible Governor.

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

Connected Organisations, including Related Party Relationships

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

Objectives and Activities

Objects and Aims

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

The academy will work collaboratively with business and industry, as well as the learned societies, such as the Royal Academy of Engineering to ensure that the students experience a real world context to their learning.

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

Objectives, Strategies and Activities

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

- Recruitment of high quality and experienced staff ahead of the academy opening, including the principal and other key teaching and support staff
- Recruiting a sufficient number of students to start in Year 7 for the academic year 2014/15 for the academy to be financially viable
- Development of key educational and organisational policies and procedures
- Preparing the academy for opening and Ofsted pre-opening inspections

Vision and Values

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

Connections

Our students will be well connected:

- To the LSBU, our business partners, and our local, national and global community
- They will be able to articulate the connections between all aspects of learning
- To the diverse groups in our community to enhance their learning experiences
- Creating and maintaining connections to secure excellent progression routes

Challenge

The University Academy of Engineering South Bank will be a challenging place to learn:

- We will challenge each other to achieve
- Using our inquiring minds to challenge and question the world
- Our business and University partners will set our UEASB challenges
- We will meet the challenges that we set ourselves by being risk takers, persevering, persisting and showing courage

Creativity

Creativity will be at the heart of all that we do:

- To ensure that we are unique and distinctive
- Generated through hands-on real world experiences
- Creating opportunities where others see challenges
- Enabling everyone to become part of a new generation of polymaths

Public Benefit

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

Strategic Report

Achievements and Performance

The academy's main objective in the period was to successfully open the academy fully staffed with specialist professionals in September 2014, this was achieved with a sufficient number of students to be financially viable, the academy is operational and has completed its first module.

The academy passed inspections by both the Department of Education and Ofsted regarding pre-opening. All policies and procedures were in place and checked during these inspections.

The academy scored green on all areas during the Department for Education (DfE) readiness for opening inspection, the DfE education advisor noted that the curriculum was a strong green, documentation and preparation was also commented on for its thoroughness.

Key Financial Performance Indicators

The set-up of the academy was within the budget agreed with the Department for Education for lead-in costs.

Going Concern

After making appropriate enquiries, the Governing Body of University Academy of Engineering South Bank has a reasonable expectation that University Academy of Engineering South Bank has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

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

During this period under review the main source of income was from the Lead-In Costs Grant provided by the Department for Education. These funds have been used for setting up the school in advance of its opening on 3rd September 2014.

Reserves Policy

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

Investment Policy

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

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

Principal Risks and Uncertainties

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

Financial Risk

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

Failure in governance/management

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

Reputational Risk

The success of the academy depends on maintaining high educational standards in order to attract sufficient number of students to the academy. Governors are focused in monitoring and reviewing the achievement and success of the children once the academy has opened.

Safeguarding and Child Protection Risks

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

Significant Changes in Staff

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

Plans for Future Periods

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

Achievement	Quality of Teaching	Behaviour and Safety	Quality of Leadership and Management including Safeguarding
<p>Progress in all Learning Areas: All students making 3 sublevels of progress unless identified as suitable for CASPER progress trajectory.</p> <p>Progress of identified groups in line with whole Academy progress.</p>	<p>Quality of teaching: 100% Good or better 50% Outstanding</p> <p>Assessment: All marking and progress reviews Good or better</p> <p>Curriculum: Schemes of learning established, reviewed and impact on learner progress evidenced. Two progress measures – student questionnaires & reviews.</p>	<p>Behaviour for Learning: % No Exclusions Attendance 97%</p>	<p>All leaders well established and competently leading their learning area.</p> <p>All leaders have planned, delivered and evaluated one University Challenge with an Academy Challenge Partner.</p> <p>Leaders of Learning fluently working together, collaborating with one another and community and University and Business Partners.</p>

SMSC	Community	Literacy	Enrichment
<p>Students able to identify and articulate SMSC in their pastoral learning.</p> <p>Students' questioning of SMSC issues reflects awareness and how safe they feel to challenge these issues in the Academy.</p> <p>All lesson observations record SMSC in evidence and explicitly connected to the learning.</p>	<p>Recruitment: Academy oversubscribed for 2015/16 + 40% Girls : 60% Boys</p> <p>Community involvement: all students have established a community group contact and are regularly involved.</p> <p>Community: 100% of parents / carers have taken advantage of at least one community event in the first year.</p> <p>Community lettings generate £10K revenue.</p>	<p>Reading: All students have met individual reading target and carry a reading book of choice.</p> <p>LRC: All resources in LRC justified by students and staff and reviews of resources are established as a learning habit.</p> <p>LRC: Enrichment session attendance rates consistently grow throughout the year.</p>	<p>Academy Partners: students have worked to criteria set by business or University partners and have evaluated their learning in them too.</p> <p>Mentors: students have worked with mentors and LSBU Ambassadors in the year.</p> <p>Enrichment sessions: 100% students have attended the enrichment session each week throughout the year.</p>

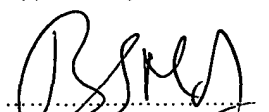
Auditor

In so far as the governors are aware:

- There is no relevant audit information of which the company's auditor is unaware; and
- The governors have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by order of the members of the Governing Body on 2nd December 2014 and signed on its behalf by:


Prof. Rao Bhamidimarri
Trustee

Governance Statement

Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between University Academy of Engineering South Bank and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

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

The board of trustees held no formal meetings for the period under review. Going forward formal meetings will be held on a regular basis.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in University Academy of Engineering South Bank for the period ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which University Academy of Engineering South Bank is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing University Academy of Engineering South Bank's significant risks that has been in place for the period ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

University Academy of Engineering South Bank's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- Regular reviews of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties;
- Identification and management of risks.

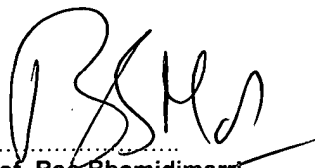
The governing body has considered the need for a specific internal audit function and Kingston Smith LLP as the Responsible Officer (RO). The RO provides assurance to the Governors on Financial matters by performing a range of checks on the School's Financial Management System (PS Financials). The RO will visit once a term to complete the checks and provide a report to the Chair of Governors and the Responsible Governor on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

Review of Effectiveness

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

- The financial management and governance self-assessment process;
- The work of the executive managers within University Academy of Engineering South Bank who have responsibility for the development and maintenance of the internal control framework;
- The accounting officer has been advised of the system of internal control in place during the period and a plan to address any weakness and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 2/12/14 and signed on its behalf by:



Prof. Rao Bhamidimarri
Trustee



Jane Rowlands
Accounting Officer

University Engineering Academy South Bank
Statement on Regularity, Propriety and Compliance

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

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

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



Jane Rowlands
Accounting Officer

2nd December 2014

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

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


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

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

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

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

Approved by order of the members of the board of trustees on 2nd December 2014 and signed on its behalf by:



Prof. Rao Bhamidimarri
Trustee

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

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

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Kingston Smith LLP

Date: 18 December 2014

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

Devonshire House
60 Goswell Road
London
EC1M 7AD

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

In accordance with the terms of our engagement letter dated xx xxxx 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by University Engineering Academy South Bank during the period have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of University Engineering Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of University Engineering Academy's funding agreement with the Secretary of State for Education dated 8 April 2014, University Engineering Academy South Bank and the Academies Financial Handbook, extant from 1 September 2013, 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 2013 to 2014. 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, University Engineering Academy South Bank 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 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry
- Inspection and review
- Observation and reperformance

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period, University Engineering Academy South Bank has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Kingston Smith LLP

Date: 18 December 2014

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

Devonshire House
60 Goswell Road
London
EC1M 7AD

University Engineering Academy South Bank
Statement of Financial Activities for the Period Ended 31 August 2014

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income	2	8,000	-	-	8,000
Investment income	3	120	-	-	120
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy's educational operations	4	-	204,919	774,831	979,750
Total incoming resources		8,120	204,919	774,831	987,870
Resources expended					
<i>Cost of generating funds:</i>					
Costs of generating voluntary income		-	-	-	-
<i>Charitable activities:</i>					
Academy educational operations	6	-	163,652	66,520	230,172
Governance costs	7	-	9,668	-	9,668
Total resources expended	5	-	173,320	66,520	239,840
Net incoming / (outgoing) resources before transfers		8,120	31,599	708,311	748,030
Gross transfers between funds	14	-	-	-	-
Net income/(expenditure) for the year		8,120	31,599	708,311	748,030
Other recognised gains and losses					
Actuarial gains / (losses) on defined benefit pension schemes		-	-	-	-
Net movement in funds		8,120	31,599	708,311	748,030
Reconciliation of funds					
Total funds brought forward at 28 June 2013	14	-	-	-	-
Total funds carried forward at 31 August 2014		8,120	31,599	708,311	748,030

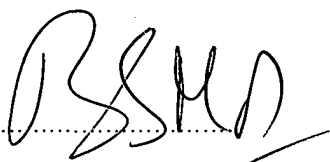
All of the Academy's activities derive from continuing operations during the above two financial periods.

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

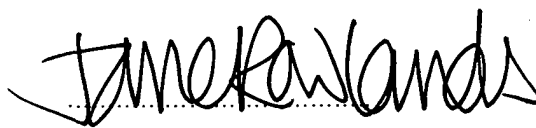
University Engineering Academy South Bank
Balance Sheet as at 31 August 2014

	Notes	2014 £	2014 £
Fixed assets			
Tangible assets	11		7,994
Current assets			
Debtors	12	51,773	
Cash at bank and in hand		692,916	
		<u>744,689</u>	
Liabilities			
Creditors : amounts falling due within one year	13	<u>(4,653)</u>	
Net current assets			<u>740,036</u>
Total assets less current liabilities			<u><u>748,030</u></u>
Funds of the Academy:			
Restricted funds			
Fixed asset fund	14	708,311	
General fund	14	<u>31,599</u>	
Total restricted funds			739,910
Unrestricted income funds			
General fund	14	<u>8,120</u>	
Total unrestricted funds			8,120
Total funds			<u><u>748,030</u></u>

The financial statements on pages 15 to 30 were approved by the trustees, and authorised for issue on 2nd December 2014 and are signed on their behalf by:



Prof. Rao Bhamidimarri
Chair of trustees



Jane Rowlands
Headteacher

Company number: 08589525

University Engineering Academy South Bank
Cash Flow Statement for the Period Ended 31 August 2014

	Notes	2014 £
Net cash outflow from operating activities	17	(72,042)
Returns on investments and servicing of finance	18	120
Capital income	19	764,838
Increase in cash in the year	20	<u>692,916</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 28 June 2013		-
Net funds at 31 August 2014		<u>692,916</u>

1 Statement of Accounting Policies

Basis of Preparation

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

Going Concern

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

Incoming Resources

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

Grants Receivable

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

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

Donations

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

Other Income

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

Resources Expended

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

Costs of Generating Funds

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

Charitable Activities

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

Governance Costs

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

All resources expended are inclusive of irrecoverable VAT.

1 Statement of Accounting Policies (continued)

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 in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

ICT equipment	3 Year Straight Line
Furniture & Equipment	5 Year Straight Line

Taxation

The Academy 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 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.

Leased Assets

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

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 Department for Education or the Local Authority where the asset acquired or created is held for a specific purpose.

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

1 Statement of Accounting Policies (continued)

Pensions Benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme and the assets are held separately from those of the Academy.

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £
Donations	8,000	-	8,000
	<u>8,000</u>	<u>-</u>	<u>8,000</u>

3 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £
Short term deposits	120	-	120
	<u>120</u>	<u>-</u>	<u>120</u>

4 Funding for the Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £
DfE / EFA grants			
General Annual Grant (GAG)	-	-	-
Lead-in Grant		204,919	204,919
Other Government grants			
Local authority capital grants	-	774,831	774,831
	<u>-</u>	<u>979,750</u>	<u>979,750</u>

5 Resources Expended

	Staff Costs £	Premises £	Other Costs £	Total 2014 £
Academy's educational operations				
Direct costs	109,034	-	6,827	115,861
Allocated support costs	25,141	66,520	22,650	114,311
	<u>134,175</u>	<u>66,520</u>	<u>29,477</u>	<u>230,172</u>
Governance costs including allocated support costs	-	-	9,668	9,668
	<u>134,175</u>	<u>66,520</u>	<u>39,145</u>	<u>239,840</u>

Incoming resources for the year include:

	2014 £
Auditor's remuneration	<u>3,000</u>

6 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £
Direct costs			
Teaching and educational support staff costs (Note 8)	-	109,034	109,034
Staff development	-	540	540
Educational consultancy	-	6,287	6,287
	<u>-</u>	<u>115,861</u>	<u>115,861</u>
Allocated support costs			
Support staff costs (Note 8)	-	25,141	25,141
Recruitment and support	-	17,339	17,339
Premises and equipment	-	66,520	66,520
Professional fees	-	2,961	2,961
Other support costs	-	2,350	2,350
	<u>-</u>	<u>114,311</u>	<u>114,311</u>
	<u>-</u>	<u>230,172</u>	<u>230,172</u>

University Engineering Academy South Bank
Notes to the Financial Statements for the Period Ended 31 August 2014

7 Governance Costs

	Unrestricted Funds £	Restricted General Funds £	Total 2014 £
Legal and professional fees	-	6,668	6,668
Auditor's remuneration		3,000	3,000
	<u>-</u>	<u>9,668</u>	<u>9,668</u>

8 Staff Costs

	2014 £
Staff costs during the period were:	
Salaries and social security costs	112,030
Pension costs	<u>22,145</u>
	134,175
Supply teacher costs	-
	<u>134,175</u>

The average number of persons (including senior management team) employed by the school during the year expressed as full time equivalents was as follows:

	2014 No.
Charitable Activities	
Teachers	1
Administration and support	2
	<u>3</u>

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

	2014 No.
£60,001 - £70,000	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions amounted to £9,058.

9 Related Party Transactions - Trustees' Remuneration & Expenses

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

J Rowland (principal and trustee):	£65,000 - £70,000
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During the year ended 31 August 2014, there were not any travel and subsistence expenses reimbursed to trustees.

Related Party Transactions

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

During the year, the academy received a loan of £20,208 from London South Bank University who sponsor the academy. The loan was fully repaid by the year end.

10 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £12,521 which included all other aspects of the academy's insurance.

11 Tangible Fixed Assets

	Furniture and Equipment £
Cost	
At 28 June 2013	-
Additions	9,993
At 31 August 2014	<u>9,993</u>
Depreciation	
At 28 June 2013	-
Charged in year	1,999
At 31 August 2014	<u>1,999</u>
Net book values	
At 31 August 2014	<u><u>7,994</u></u>
At 28 June 2013	<u><u>-</u></u>

12 Debtors

	2014 £
Accrued grant income	42,889
Prepayments	8,884
	<u>51,773</u>

13 Creditors: Amounts Falling due within one year

	2014 £
Accruals	4,653
	<u>4,653</u>

University Engineering Academy South Bank
Notes to the Financial Statements for the Period Ended 31 August 2014

14 Funds

	Balance at 28 June 2013 £	Incoming Resources £	Resources Expended £	Gains, Losses & Transfers £	Balance at 31 August 2014 £
Restricted general funds					
General Annual Grant (GAG)	-	-	-	-	-
Start Up Grant	-	204,919	(173,320)	-	31,599
	<u>-</u>	<u>204,919</u>	<u>(173,320)</u>	<u>-</u>	<u>31,599</u>
Restricted fixed asset funds					
Local Authority capital grants	-	774,831	(66,520)	-	708,311
	<u>-</u>	<u>774,831</u>	<u>(66,520)</u>	<u>-</u>	<u>708,311</u>
Total restricted funds	<u>-</u>	<u>979,750</u>	<u>(239,840)</u>	<u>-</u>	<u>739,910</u>
Unrestricted funds					
Unrestricted funds	-	8,120	-	-	8,120
	<u>-</u>	<u>8,120</u>	<u>-</u>	<u>-</u>	<u>8,120</u>
Total unrestricted funds	<u>-</u>	<u>8,120</u>	<u>-</u>	<u>-</u>	<u>8,120</u>
Total funds	<u>-</u>	<u>987,870</u>	<u>(239,840)</u>	<u>-</u>	<u>748,030</u>

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

Restricted general funds

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

Restricted fixed asset funds

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

Unrestricted funds

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

15 Analysis of Net Assets between Funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	7,994	7,994
Current assets	8,120	36,252	700,317	744,689
Current liabilities	-	(4,653)	-	(4,653)
Total net assets	8,120	31,599	708,311	748,030

16 Capital Commitments

2014
£

Contracted for, but not provided in the financial statements	165,331
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This amount represents a contract for the installation of classroom furniture after the year end.

University Engineering Academy South Bank
Notes to the Financial Statements for the Period Ended 31 August 2014

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

	2014 £
Net income	748,030
Depreciation (note 11)	1,999
Capital grants from DfE and other capital income	(774,831)
Interest receivable (note 4)	(120)
(Increase)/decrease in debtors	(51,773)
Increase/(decrease) in creditors	4,653
Net Cash Outflow from Operating Activities	<u>(72,042)</u>

18 Returns on Investments and Servicing of Finance

Interest received	120
Net cash inflow from returns on investment and servicing of finance	<u>120</u>

19 Capital Expenditure and Financial Investment

Purchase of tangible fixed assets (note 12)	(9,993)
Capital grants from Local Authority	774,831
Net cash inflow from capital expenditure and financial investment	<u>764,838</u>

20 Analysis of Changes in Net Funds

	As at 28 June 2013 £	£	As at 31 August 2014 £
Cash in hand and at bank	-	692,916	692,916
	<u>-</u>	<u>692,916</u>	<u>692,916</u>

21 Members' Liability

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

22 Pension and Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 August 2014.

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

Teachers' Pension Scheme**Introduction**

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

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Services Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

22 Pension and Similar Obligations (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

During the period to 31 August 2014 no contributions were made on behalf of the Academy's employees into the scheme.

As of 1 September 2014 the Academy has started to contribute into the scheme.