

South Bank Academies

Annual Report and Financial Statements

31 August 2022

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



Contents

Reports

| | |
|--|----|
| Reference and administrative information | 3 |
| Trustees' report (including strategic report) | 4 |
| Governance statement | 19 |
| Statement of regularity, propriety and compliance | 26 |
| Statement of trustees' responsibilities | 27 |
| Independent auditor's report on the financial statements | 28 |
| Independent reporting accountant's report on regularity | 33 |

Financial statements

| | |
|-----------------------------------|----|
| Statement of financial activities | 35 |
| Balance sheet | 36 |
| Statement of cash flows | 37 |
| Principal accounting policies | 39 |
| Notes to the financial statements | 46 |

Reference and administrative information

| | |
|--|--|
| Members | London South Bank University (LSBU) Richard Flatman David Phoenix |
| Directors / Trustees | Hitesh Tailor (Chair) James Blastland Richard Flatman Trevor Gordon (appointed 12 September 2022) Nicole Louis Christopher Mallaband Nicola Martin (appointed 1 April 2022) Fiona Morey David Phoenix Zacharias Yiallourous (appointed 11 August 2022) Joanne Young (appointed 6 September 2022) |
| Company Secretary | Michael Broadway |
| Key Management Personnel | |
| Chief Executive Officer | Fiona Morey |
| Executive Principal | Dan Cundy |
| Principal of UTC | David Bell |
| Principal of University Academy of Engineering South Bank Business Manager | John Taylor Helena Abrahams |
| 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 |

Trustees' report (including strategic report) 31 August 2022

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 2022. 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'), renamed to South Bank University Academy ('SBUA') in September 2021, in the London Borough of Southwark which opened in September 2014, and South Bank Engineering UTC ('UTC'), renamed to South Bank UTC ('SBUTC') in September 2021, 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 trustees 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 is composed as follows:

- ◆ 5 trustees appointed by the sponsor, London South Bank University (LSBU);
- ◆ The Chief Executive Officer (CEO);
- ◆ The Chairs of the School Advisory Boards (to a maximum of three); and
- ◆ Co-opted Trustees.

Trustees' report (including strategic report) 31 August 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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

One new co-opted trustee was appointed during 2021/22, Zac Yiallourous to replace Tony Giddings. Two new co-opted trustees were appointed after year end, one as Chair of the SBUTC School Advisory Board and one from the SBUTC School Advisory Board due to her links to employers.

One new LSBU appointed trustee, Nicki Martin, was appointed during the year as the link trustee between the SBA Board and the LSBU Board.

Policies and procedures adopted for the induction and training of trustees

All new trustees receive an induction, both in-house and outsourced. New trustees meet with the CEO, the Chair of the Trust, the Chair of the relevant committees and the Executive Principal to discuss the operations and strategy of the Trust. They meet with the governance team to review the expectations of the governance role and how they will be supported to carry out their role.

The training and development programme for trustees and local governors focuses on resources provided by the National Governance Association (NGA) and other organisations. Training is also provided by London Borough of Southwark and London Borough of Lambeth.

Organisational structure

The Academy Trust is responsible for running the South Bank University Academy and South Bank 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: Audit Committee, Group Nomination Committee and Remuneration Committee. Both schools have a School Advisory Board.

The matters reserved to the Board and responsibilities delegated to the School Advisory Boards 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.

SBA has no subsidiary companies.

Trustees' report (including strategic report) 31 August 2022**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)****Arrangements for setting pay and remuneration of key management personnel**

The Remuneration Committee has defined the key management personnel as the CEO, Executive Principal, Principals, and the Trust Business Manager. 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, which pays her salary and is accounted for as donated to South Bank Academies Trust.

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 2021 – 31 August 2022 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.

London South Bank University (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 trustees 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, five trustees are salaried employees of LSBU Group entities including the current CEO.

| Trustee | Employer |
|-----------------|------------------------------|
| Richard Flatman | London South Bank University |
| Nicole Louis | London South Bank University |
| Nicola Martin | London South Bank University |
| Fiona Morey | South Bank Colleges |
| David Phoenix | London South Bank University |

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.

Trustees' report (including strategic report) 31 August 2022

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 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.

Trustees' report (including strategic report) 31 August 2022**OBJECTIVES AND ACTIVITIES (continued)****Improving educational outcomes**

We have defined our Trust level strategy informed by the LSBU Group corporate strategy 2020-25. In it we have articulated our mission: what South Bank Academies seeks to do is to provide excellent education for our learners in its widest sense, securing excellent outcomes, providing unrivalled care, advice and guidance and supporting high value pathways into higher education, employment or apprenticeships.

We have distilled our offer into six features which make South Bank Academies distinct and compelling in the local market.

1. Diversity of opportunities for our students to be positive citizens who actively improve the lives of others.
2. Access to technology brings opportunities for and expectations of powerful learning.
3. Outstanding, personal care, information, advice and guidance to support progression.
4. Wealth of opportunities for students to develop social and cultural capital.
5. Excellent preparation for successful, high value professional and technical careers.
6. Unrivalled development of students' employability and professional skills within and beyond the LSBU Group.

Following their studies at SBUA or SBUTC 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 would expect from a progressive education provider.

Both schools in the Trust continue to develop and improve. Secure and robust self-evaluation is in place along with improvement plans linked to key priority areas. Disruption related to the pandemic was profound and the effects are still being felt in many regards, including the increased volume and complexity of welfare and safeguarding load, in addition to the ongoing effects of 'lost' learning. 2022 examinations there were formal examinations but with some adaptations and changes including to grading to reflect some of the disruption experienced through the pandemic. For the 2023 examination cycle, we see a return to 'normal' grades and examinations.

SBUA was visited by Ofsted in June 2022 and secured a second consecutive Good judgement. Principal John Taylor wrote: 'We are really pleased that Ofsted recognised our success in creating a unique school where "pupils enjoy coming to school and like the strong sense of community. Where they "are considerate towards one another and find joy in learning new things"; where they "can focus on their learning because low-level disruption in lessons is rare', and where they "value the academic opportunities provided for them and take part in activities that help to extend their learning."

Trustees' report (including strategic report) 31 August 2022

OBJECTIVES AND ACTIVITIES (continued)

Improving educational outcomes (continued)

This Ofsted report is a testament to the commitment of all the staff and students in the school to live up to our values of social justice, community, empathy and kindness, and endeavour. Together we will continue to build a school where all of our students are determined and able to create a better future for themselves and their communities.'

Dan Cundy, Executive Principal, commented, 'this report is a reflection of the vision, tenacity and clear-sightedness of Principal John Taylor and team. It really captures what we know is a very special school with a community which genuinely lives its values every day. We are proud of the report as we are every success story coming out of South Bank University Academy.'

Work to improve the quality of education and improve consistency was undertaken throughout the 2021-22 academic year at the UTC, with a staffing restructure concluded to drive an efficient and effective structure to fit the UTC's trajectory towards a 16-19 academy in 2023, renamed as South Bank University 6th Form, subject to DfE approval. The 6th form will embrace its current specialisms with a broader curriculum offer including T levels and commissioned 14-16 provision. External school improvement engagement was used to triangulate leaders' own self-evaluation that the quality of education at the UTC is Good.

Practical engagements with the LSBU Group were to some degree disrupted or required to change shape through the pandemic. However the Group was able to offer significant value add to the curriculum and back office support. Likewise closer links with Group have enabled work to develop including in curriculum development, teaching research, staff training, joined up initiatives and more, which will further enhance quality and breadth of provision in the future. A new LSBU SBA Working Group has been established with the CEO and executive principal in attendance to drive the full range of engagement and value add. Considerable new engagement is in place with SBC as the FE component of the group, which is adding value.

STRATEGIC REPORT

Achievements and performance

GCSE results both in attainment and progress were low at both schools, and below prediction. Post-16 results were more positive albeit representing a mixed picture.

SBUA

GCSE results were low which was not fully anticipated given the improvement journey in many areas of the school in recent years including the Good Ofsted grade (June 2022). Results at SBUA were lower than forecast across the board, albeit marginally better than 2019, but low in absolute terms. Results were characterised by a lack of apparent improvement between Year 11 mocks and the final outcomes despite a very significant amount of input.

Trustees' report (including strategic report) 31 August 2022**STRATEGIC REPORT (continued)****Achievements and performance (continued)*****SBUA (continued)***

By subject, there is variability in terms of grade 4+ (standard Pass) and grade 5+ (strong pass). The better performing subjects include art, biology, chemistry, music, physics, Spanish and statistics, noting some of these subjects are typically studied by the more able. Poor performing subjects, again noting an ability skew for some include the BTECs, dance, history, PE and product design.

Attainment 8 – 43.1 points

Progress 8 estimate -0.5 to -0.7 subject to performance checking exercise through DfE

English and maths grade 4+ 57%

English and maths grade 5+ 38%

A levels

| | | | |
|-------|----|------|------|
| A* | 3 | A*-A | 12% |
| A | 5 | A*-B | 26% |
| B | 10 | A*-C | 60% |
| C | 23 | A*-E | 100% |
| D | 22 | | |
| E | 5 | | |
| Total | 68 | | |

This is positive, with 100% pass rate at A level. Grades by subject show some variability but with stronger performance at A*-C grade in biology, business, economics, maths, physics and psychology, with strongest performance at A*-A in maths. Value added data will be updated but sits at -0.37 for A level, with an average grade of C.

Trustees' report (including strategic report) 31 August 2022**STRATEGIC REPORT (continued)****Achievements and performance (continued)****BTEC**

BTEC results were good overall:

| Subject | Size (A level equiv) | No. candidates | Pass+% | Merit+% | Distinction+% |
|-------------|----------------------|----------------|--------|---------|---------------|
| Engineering | 3 | 31 | 97 | 90 | 48 |

Destinations

Intended and confirmed destinations include 55% progressing to university including 7% to LSBU and 9% to Russell Group. 27% are progressing to apprenticeships, which is a considerable increase on previous years. Students at risk of becoming NEET are progressing onto a 6 month Construction Youth Trust programme.

South Bank UTC

Results at the UTC were strong for some individual students but overall very low at GCSE. Attainment is particularly low in relation to previous years and previous national averages. Progress from starting points is low and far lower than previous years. The cohort of Year 11 was small and very complex with unprecedented level of need. The approach taken by leaders was to offer a fully bespoke curriculum pathway to individual students in their best interests; however Attainment 8 and Progress measures are well below national levels. A very different teaching environment and management structure along with enhanced specialist staffing capacity is in place for 2022-3 to rapidly improve outcomes. Additionally, this year, those students with the most extreme level of need are working at SBC following a curriculum and in an environment more suited to their needs and aspirations.

| | |
|-------------------------------|-------|
| Attainment 8 | 27.14 |
| Progress from starting points | -0.97 |
| English and maths grade 4+ | 39% |
| English and maths grade 5+ | 32% |

Trustees' report (including strategic report) 31 August 2022**STRATEGIC REPORT (continued)****Achievements and performance (continued)****BTEC**

BTEC outcomes are positive and represent the significant majority of entries at the UTC. There is an almost universal 100% Pass+ (A Level grade E equivalent) achieved, and the first cohort of health results strong in terms of merit+ (Grade C+ equivalent) performance.

| Subject | Size (A level equiv) | No. candidates | Pass+% | Merit+% | Distinction+% |
|-------------|----------------------|----------------|--------|---------|---------------|
| Health | 3 | 6 | 100 | 83 | 50 |
| Engineering | 2 | 25 | 100 | 92 | 68 |
| Health | 1.5 | 4 | 100 | 100 | 0 |
| Engineering | 1.5 | 18 | 100 | 61 | 28 |
| Business | 1.5 | 28 | 93 | 46 | 18 |
| Health | 1 | 6 | 100 | 50 | 50 |
| Engineering | 1 | 29 | 100 | 14 | 7 |
| Business | 1 | 6 | 100 | 33 | 6 |

A level

A level performance was variable between subjects and weak overall. Computer science (where the teacher left at the end of Year 12 and was not immediately able to be replaced) was particularly low in terms of pass rate. This course is no longer running. There were a number of U grades which were not anticipated in most subjects, which is a significant concern. Performance in chemistry and English was stronger.

| Subject | No. candidates | Grade E+ % | Grade C+ % |
|------------------|----------------|------------|------------|
| Biology | 6 | 67 | 17 |
| Business | 19 | 74 | 16 |
| Chemistry | 7 | 100 | 29 |
| Computer science | 7 | 29 | 0 |
| English | 3 | 100 | 67 |
| Maths | 18 | 78 | 17 |
| Physics | 8 | 75 | 0 |

Destinations

Destinations are very positive. 56% are progressing to university including 5 students (7%) to LSBU and 29% to apprenticeships including two to Skanska.

Trustees' report (including strategic report) 31 August 2022

STRATEGIC REPORT (continued)

Financial review

Results for the year

The results for the year are shown on the statement of financial activities on page 35.

Total income for the year ended 31 August 2022 amounted to £9,629,000 (2021: £26,025,000).

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 2021/22 also included exceptional Covid-19 related funding of £50,000 (2021: £131,000) which was all fully expended in year.

Total expenditure for the year ended 31 August 2022 amounted to £10,801,000 (2021: £10,636,000). The largest component of the Academy Trust's expenditure is in relation to its staff costs which totalled £7,527,000 (2021: £7,466,000).

Overall net expenditure (before other recognised gains and losses) was therefore £1,172,000 (2021: net income of £15,389,000). After accounting for actuarial gains of £1,764,000 (2021: actuarial gains of £239,000) on the local government pension scheme (LGPS), the overall net increase in the Academy Trust's fund balances were £582,000 (2021: net increase of £15,150,000).

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 a £374,000 operational loss (2021: operational loss of £304,000).

Financial position

The total funds held by the Academy Trust at 31 August 2022 were £31,307,000 (2021: £30,715,000). This comprised unrestricted funds of £380,000 (2021: £483,000), restricted fixed assets fund of £30,686,000 (2021: £31,028,000) and other restricted funds (including the LGPS pension reserve) of £9,000 deficit (2021: £796,000 deficit).

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 2022, amounted to £9,000 (2021: £1,317,000).

Trustees' report (including strategic report) 31 August 2022

STRATEGIC REPORT (continued)

Financial review (continued)

Financial position (continued)

Excluding the pension reserve, the restricted revenue funds at 31 August 2022 were £250,000 (2021: £1,090,000). Aggregating this with unrestricted revenue reserves of £380,000 (2021: £483,000) provides the Academy Trust with total operational revenue reserves of £630,000 (2021: £1,004,000). This is effectively the free reserves of SBA which may be used on the day-to-day operations of the Academy Trust.

Reserves policy and position

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. As a general target, the Academy Trust aims to hold between 3% and 5% of recurrent funding as revenue reserves at any given time.

At 31 August 2022 the balance of unrestricted revenue reserves was £380,000 (2021: £483,000). This will be used to increase the capacity for learning and teaching at the Academy. Restricted revenue reserves on the same date amounted to £250,000 (2021: £521,000). The aggregate of the aforementioned balances provides total revenue reserves of £630,000 at 31 August 2022 (2021: £1,004,000).

The Trustees are satisfied that the revenue reserves held at 31 August 2022 meets the agreed reserves policy.

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. It is presented in a format common to the LSBU Group to allow for scrutiny and challenge at the audit and risk committee.

Trustees' report (including strategic report) 31 August 2022**PRINCIPAL RISKS AND UNCERTAINTIES**

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 | <ul style="list-style-type: none"> ◆ Effective budgeting and management ◆ Prudent financial planning ◆ 3–5-year forecast planning ◆ Sufficient reserves ◆ Capital expenditure planning ◆ Staffing and budget scrutiny and review ◆ Marketing strategy in place at both schools ◆ New marketing appointment for the trust and both schools |
| Changes in personnel/ high turnover of staff creating instability in operations at the Trust | <ul style="list-style-type: none"> ◆ Experienced Trust Business Manager in financial management ◆ Experienced Financial Controller oversight ◆ Financial policies and procedures in place ◆ Trust HR Manager in place |
| Failure of the schools to recruit sufficient learners | <ul style="list-style-type: none"> ◆ Admissions policy review ◆ Parent/Carer communication and wider word of mouth building ◆ Marketing strategy and activity ◆ Use of Integrated Curriculum and Financial Planning ◆ Effective networking including with potential feeder schools |
| Cybersecurity incident | <ul style="list-style-type: none"> ◆ Internal Audit ◆ Hardware upgrades being implemented ◆ Software upgrades being implemented, including off-site backup to cloud services ◆ Operating practice changes. |

Trustees' report (including strategic report) 31 August 2022

PLANS FOR FUTURE PERIODS

The Academy Trust's plans for future period include:

Student success

- ◆ Continue to innovate the curriculum to drive the acquisition of powerful knowledge, to support the development of professional and technical capability and to build social and cultural capital.
- ◆ Raise achievement (attainment and progress) across trust schools through rigorous focus on the quality of education, curriculum design, sequencing and delivery, assessment and intervention programmes
- ◆ Further develop delivery and assessment models which support high quality responsive teaching based on high-quality, personalised feedback. This is particularly a focus following the summer 2022 examination cycle
- ◆ Refine and develop pedagogies including through the LSBU Group structure 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.
- ◆ Develop and embed evidence-informed approaches to closing the gap between groups of learners, especially boys and the most disadvantaged as well as other identified groups.
- ◆ Target resource and intervention into reducing variability in performance between departments and subject areas.
- ◆ Further enhance wellbeing and pastoral support for students to understand and mitigate the barriers to success
- ◆ 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.
- ◆ Further develop a Trust-wide and Group-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.

Trustees' report (including strategic report) 31 August 2022

PLANS FOR FUTURE PERIODS (continued)

Access to opportunity

- ◆ Create an even wider range of high-quality education pathways to cater for the diversity of our current and potential learner population. To include development of HNC model and pathways within LSBU Group and partner organisations.
- ◆ 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.

Real world impact

- ◆ Further 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 in line with the mission of the schools
- ◆ Pursue enrichment work and engagements to make a positive difference in our communities, supporting our students to be positive citizens

Fit for the Future

- ◆ Develop organisational capabilities and efficiency of operations to extend provision and generate improved value for money
- ◆ Further develop scale and breadth of trust and Group offer, in terms of pathways and portfolio of curriculum subjects, including T levels and a broader range of technical qualifications.
- ◆ Explore alternative models of learning delivery both in-person and remote, and utilising opportunities across the LSBU Group estate.
- ◆ Become financially sustainable by increasing student numbers to PAN, as well as increasing breadth of revenue-generating activity.
- ◆ 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.

Trustees' report (including strategic report) 31 August 2022

PLANS FOR FUTURE PERIODS (continued)

Fit for the Future (continued)

- ◆ 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 has confirmed that Buzzacott LLP shall continue as auditor of the Academy Trust for the financial year, 2022/23.

The 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:

Hitesh Tailor

Hitesh Tailor
Chair of Trustees

Date: 15 December 2022

Governance statement 31 August 2022**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 Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Directors' Responsibilities. The Board of Trustees has formally met four times during the year (five including a strategy day). Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------------------------|-------------------|-------------------|
| Hitesh Tailor (Chair) | 5 | 5 |
| Richard Flatman (Vice Chair) | 5 | 5 |
| James Blastland | 3 | 5 |
| Tony Giddings | 1 | 4 |
| Nicole Louis | 4 | 5 |
| Chris Mallaband | 3 | 5 |
| Nicki Martin | 0 | 2 |
| Hilary McCallion | 1 | 3 |
| Fiona Morey | 5 | 5 |
| Lesley Morrison | 3 | 4 |
| David Phoenix | 3 | 5 |
| Zac Yiallourous | 0 | 0 |

The Academy Trust has an Audit and Risk Committee which has met three times this year in addition to the four meetings of the SBA Board. The Board regularly receives the management accounts throughout the year. The Board considers that these seven meetings and its regular review of the management accounts have provided the trustees with the opportunity to maintain effective oversight of funds during 2021-22.

The SBA Board will continue to receive high level financial reporting, in addition to holding a dedicated session focused on strategic matters in conjunction with financial forecasting.

Governance statement 31 August 2022

Conflicts of interest

The Academy Trust has a conflict of interest policy. Trustees and governors are required to declare any interests they have on appointment. Trustees and governors are encouraged to declare additional interests to the Board when they occur and are reminded annually to update their declarations of interests. Declarations of interest are included at the beginning of each agenda to allow trustees or governors to declare any interest with any item of business on the agenda. A number of trustees are also either governors or members of the Executive of LSBU. The Secretary advises the Board if any matters under consideration could lead to a potential conflict for these trustees between their duties to SBA and to LSBU. No potential conflicts were identified during the year

Governance reviews

During the year a governance effectiveness review was carried out. The review was carried out by reviewing good practice in the sector and through questionnaires to SBA trustees and local governors. The questionnaires sought to find trustees' and governors' views on the effectiveness and the maturity of SBA's governance based on the CGI's Academy Maturity Matrix.

The review identified areas in which further development will support the Trust's move to best governance practice. There were eight recommendations covering roles and responsibilities, communication, engagement with stakeholders, quality of board papers, training and development of trustees and local governors, link governor roles and developing links with the LSBU group.

The Trust has established a working group to oversee the implementation of the recommendations from the effectiveness review and progress is regularly reported to the Board. Following review by the working group, the Board has approved an enhanced role for the Quality Committee, with it becoming a sub-committee of the Trust Board. These changes have come into effect in 2022-2023. The purpose of the Quality Committee is to provide an in-depth review to the Board in terms of the quality of education provided by the schools.

In order for the Quality Committee to fulfil its function, the role of the Schools Advisory Boards (SABs) has been updated. The primary focus of the SABs is to scrutinise the effectiveness of the schools in terms of quality of education, student behaviour and attitudes. It will also play a role in providing support and advocacy for the school with parents and community, both collectively and through the exercise of key link governor roles.

As part of establishing the group governance structure, a Group Nomination Committee has been established. The aim of this group in joining group Boards together is to develop an understanding of the challenges facing each Board and the skills that are required to tackle those challenges.

The Corporate Governance Institute (CGI)'s maturity matrix evaluation demonstrated that the trust has securely attained the 'Compliant' level of maturity and needs only small improvements to securely attain the 'Developing' level.

Governance statement 31 August 2022**Sub-committees**

For the year 2021/22, the Board was supported by three committees: Audit Committee, Group Nomination Committee and Remuneration Committee. For the year 2022/23, the Quality Committee has become a committee of the Board.

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:

| Trustee / co-opted member | Meetings attended | Out of a possible |
|-----------------------------------|--------------------------|--------------------------|
| Richard Flatman (Chair) | 3 | 3 |
| Tony Giddings | 2 | 2 |
| James Blastland | 3 | 3 |
| Zac Yiallourous (co-opted member) | 3 | 3 |

Group Nomination committee

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

Attendance at meetings in the year was as follows (other members of the committee are LSBU governors and SBC trustees):

| Trustee | Meetings attended | Out of a possible |
|-----------------|--------------------------|--------------------------|
| Hitesh Tailor | 1 | 1 |
| Lesley Morrison | 0 | 1 |
| David Phoenix | 1 | 1 |

Remuneration Committee

The Remuneration Committee considers the pay and proposed bonus of the CEO ahead of a decision being taken by the LSBU Remuneration Committee and receives assurance that the pay award process has been fairly applied and applied in line with the pay policy.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------------------|--------------------------|--------------------------|
| Hilary McCallion (Chair) | 1 | 1 |
| Lesley Morrison | 1 | 1 |
| David Phoenix | 1 | 1 |
| Hitesh Tailor | 1 | 1 |

Governance statement 31 August 2022

Sub-committees (continued)

Remote meetings

The Trust has operated a hybrid system of meetings throughout 2021-2022. The Trust recognises how important it is that governors and trustees attend the schools to see how strategy is being implemented; however, it also recognises that some meetings are required to be held remotely to ensure maximum attendance. The option to move meetings online quickly in the event of unforeseen circumstances has been beneficial.

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. These are rare or difficult to secure in most schools and academies.

Our links to academics within the University and with South Bank Colleges 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 SBUA. 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.

Governance statement 31 August 2022

Review of value for money (continued)

◆ 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.

◆ 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 Academy Trust Handbook (ATH), formerly known as the Academy Trust 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 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

Governance statement 31 August 2022

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 2021 to 31 August 2022 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 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 facilities contract management, student experience, budget setting and control and HR policies and procedures. In addition, South Bank Academies coverage was included in group level reviews of Covid-19 response, KPIs and IT disaster recovery.

The Internal auditor has delivered their schedule of work as planned. 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.

Governance statement 31 August 2022

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:

Hitesh Tailor

Hitesh Tailor
Chair of Trustees

Fiona Morey

Fiona Morey
Accounting Officer

Date: 15 December 2022

Statement on regularity, propriety and compliance 31 August 2022

As Accounting Officer of South Bank Academies, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with 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 Academy Trust Handbook 2021.

I confirm that I and the Academy Trust Board of Trustees 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 Academy Trust Handbook 2021.

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.

Fiona Morey

Fiona Morey
Accounting Officer

Date: 16 December 2022

Statement of trustees' responsibilities 31 August 2022

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 FRS 102 and the Academies Accounts Direction 2021 to 2022;
- ◆ 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 the Board of Trustees and signed on its behalf by:

Hitesh Tailor

Hitesh Tailor
Chair of Trustees

Date: 15 December 2022

Independent auditor's report 31 August 2022

Independent auditor's report to the members of South Bank Academies

Opinion

We have audited the financial statements of South Bank Academies (the 'charitable company') for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, 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 FRS 102) and the Academies Accounts Direction 2021 to 2022.

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 2022 and of 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 Charities SORP FRS 102 and Academies Accounts Direction 2021 to 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Independent auditor's report 31 August 2022

Conclusions relating to going concern (continued)

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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 charitable company 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
- ◆ 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.

Independent auditor's report 31 August 2022

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102, the Academies Accounts Direction 2021 to 2022, the Academy Trust Handbook 2021, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of trustees' meetings.

Independent auditor's report 31 August 2022

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

Independent auditor's report 31 August 2022

Auditor's responsibilities for the audit of the financial statements (continued)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

A handwritten signature in black ink, appearing to read 'Bizzacott LLP', is written over the printed name of the auditor.

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

Date: 16 December 2022

Independent reporting accountant's report 31 August 2022

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 2021 to 2022, 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 2021 to 31 August 2022 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 Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

Independent reporting accountant's report 31 August 2022

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 2021 to 31 August 2022 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

Date: 16 December 2022

Statement of financial activities (including income and expenditure account) Year to 31 August 2022

| | Notes | Unrestricted general fund £'000 | Restricted funds | | 2022 Total funds £'000 | 2021 Total funds £'000 |
|---|-------|--|--------------------------|----------------------------------|---------------------------------|---------------------------------|
| | | | General fund £'000 | Fixed assets fund £'000 | | |
| Income from: | | | | | | |
| Donations and capital grants | 1 | 67 | — | 118 | 185 | 16,551 |
| Charitable activities | | | | | | |
| Funding for the Academy Trust's educational operations | 2 | 133 | 9,270 | — | 9,403 | 9,459 |
| Other trading activities | 3 | 41 | — | — | 41 | 15 |
| Total income | | 241 | 9,270 | 118 | 9,629 | 26,025 |
| Expenditure on: | | | | | | |
| Charitable activities | | | | | | |
| Academy Trust's educational operations | | 344 | 9,786 | 671 | 10,801 | 10,636 |
| Total expenditure | 4 | 344 | 9,786 | 671 | 10,801 | 10,636 |
| Net income (expenditure) | 5 | (103) | (516) | (553) | (1,172) | 15,389 |
| Transfers between funds | 14 | — | (211) | 211 | — | — |
| Other recognised gains and losses | | | | | | |
| Actuarial (losses) gains on defined benefit pension schemes | 18 | — | 1,764 | — | 1,764 | (239) |
| Net movement in funds | | (103) | 1,037 | (342) | 592 | 15,150 |
| Reconciliation of funds | | | | | | |
| Total fund balances brought forward at 1 September | | 483 | (796) | 31,028 | 30,715 | 15,565 |
| Total fund balances carried forward at 31 August | 15 | 380 | 241 | 30,686 | 31,307 | 30,715 |

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 2022

| | Notes | 2022 £'000 | 2022 £'000 | 2021 £'000 | 2021 £'000 |
|--|-------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 11 | | 30,686 | | 31,028 |
| Current assets | | | | | |
| Debtors | 12 | 295 | | 392 | |
| Cash at bank and in hand | | 1,199 | | 1,766 | |
| | | 1,494 | | 2,158 | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 13 | (864) | | (1,154) | |
| Net current assets | | | 630 | | 1,004 |
| Total assets less current liabilities | | | 31,316 | | 32,032 |
| Pension scheme liability | 18 | | (9) | | (1,317) |
| Total net assets | | | 31,307 | | 30,715 |
| Funds of the Academy Trust: | | | | | |
| Restricted funds | | | | | |
| Fixed assets fund | 14 | | 30,686 | | 31,028 |
| General fund | 14 | | 250 | | 521 |
| Pension reserve | 14 | | (9) | | (1,317) |
| Total restricted funds | | | 30,927 | | 30,232 |
| Unrestricted income funds | | | | | |
| General fund | 14 | | 380 | | 483 |
| Total funds | 15 | | 31,307 | | 30,715 |

The financial statements on page 46 to 61 were approved by the Board of Trustees and signed on its behalf by:

Hitesh Tailor

Hitesh Tailor
Chair

Approved on: 15 December 2022

Statement of cash flows Year to 31 August 2022

| | | 2022 £'000 | 2021 £'000 |
|--|---|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by (used in) operating activities | A | (356) | 260 |
| Cash flows used in investing activities | | | |
| | B | (211) | (251) |
| Change in cash and cash equivalents in the year | | (567) | 9 |
| Cash and cash equivalents at 1 September | | 1,766 | 1,757 |
| Cash and cash equivalents at 31 August | C | 1,199 | 1,766 |

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

| | 2022 £'000 | 2021 £'000 |
|--|-----------------------|-----------------------|
| Net expenditure for the year (as per the statement of financial activities) | (1,172) | 15,389 |
| Adjusted for: | | |
| Donated assets (note 12) | — | (16,347) |
| Depreciation charges (note 12) | 671 | 598 |
| Capital grants from DfE and other capital income | (118) | (65) |
| Interest receivable (note 4) | — | — |
| Defined benefit pension scheme cost less contributions payable (note 18) | 433 | 360 |
| Defined benefit pension scheme finance cost (note 18) | 23 | 12 |
| Decrease (increase) in debtors | 97 | 211 |
| Increase (decrease) in creditors | (290) | 102 |
| Net cash provided by (used in) operating activities | (356) | 260 |

B Cash flows from investing activities

| | 2022 £'000 | 2021 £'000 |
|--|-----------------------|-----------------------|
| Payments to acquire tangible fixed assets | (329) | (316) |
| Capital grants received from the DfE / ESFA | 118 | 65 |
| Net cash used in investing activities | (211) | (251) |

C Analysis of cash and cash equivalents

| | 2022 £'000 | 2021 £'000 |
|--|-----------------------|-----------------------|
| Cash at bank and in hand | 1,199 | 1,766 |
| Total cash and cash equivalents | 1,199 | 1,766 |

Statement of cash flows Year to 31 August 2022**D Analysis of changes in net debt**

| | At 1 September 2021 £'000 | Cash flows £'000 | At 31 August 2022 £'000 |
|--------------------------|------------------------------------|------------------------|----------------------------------|
| Cash at bank and in hand | 1,766 | (567) | 1,199 |
| Total | 1,766 | (567) | 1,199 |

Principal accounting policies 31 August 2022

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 FRS 102), the Academies Accounts Direction 2021 to 2022 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.

In forming this assessment, the trustees have considered the wider impact of the 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.

Principal accounting policies 31 August 2022

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.

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 LSBU Group 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.

Principal accounting policies 31 August 2022

Income (continued)

Donated services (continued)

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 and an estimate of the time expended on supporting the Academy Trust. 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.

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.

Principal accounting policies 31 August 2022**Tangible fixed assets (continued)**

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.

Principal accounting policies 31 August 2022

Provisions (continued)

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.

Principal accounting policies 31 August 2022

Pensions benefits

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

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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.

Principal accounting policies 31 August 2022

Critical accounting estimates and areas of judgement (continued)

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.

Initial value recognised for the UTC long leasehold land and buildings

The Academy Trust has previously omitted the inclusion of the UTC land and buildings from the balance sheet due to challenges encountered in finalising the terms of the long lease agreement following academisation. At 31 August 2022, the long lease agreement was near to finalisation (subject to administrative issues only), and the trustees are of the opinion that the Academy Trust now holds the major risks and rewards of occupying the property. As such, at 31 August 2021 the Academy Trust recognised the asset, effectively donated by the Local Authority for no consideration, on its balance sheet.

The value of the gift, which will be taken to equal its deemed historic cost going forward, has been determined with reference to an ESFA desktop valuation.

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.

Donated salaries of LSBU Group personnel

As noted in the income recognition accounting policy above, 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 and an estimate of the time expended on supporting the Academy Trust.

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 2022. 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.

Notes to the Financial Statements Year to 31 August 2022

1 Donations and capital grants

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed assets funds £'000 | 2022 Total funds £'000 | 2021 Total funds £'000 |
|----------------------|--------------------------------|---|---|---------------------------------|---------------------------------|
| Capital grants | — | — | 118 | 118 | 65 |
| Donated fixed assets | — | — | — | — | 16,347 |
| Other donations | 67 | — | — | 67 | 139 |
| | 67 | — | 118 | 185 | 16,551 |

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed assets funds £'000 | 2020 Total funds £'000 |
|----------------------|--------------------------------|---|---|---------------------------------|
| Capital grants | — | — | 65 | 65 |
| Donated fixed assets | — | — | 16,347 | 16,347 |
| Other donations | 139 | — | — | 139 |
| | 139 | — | 16,412 | 16,551 |

2 Funding for the Academy Trust's educational operations

| | Unrestricted funds £'000 | Restricted funds £'000 | 2022 Total funds £'000 | 2021* Total funds £'000 |
|---|--------------------------------|------------------------------|---------------------------------|----------------------------------|
| DfE / ESFA revenue grants | | | | |
| General Annual Grant (GAG) | — | 8,282 | 8,282 | 8,197 |
| Start-up grants | — | 21 | 21 | 19 |
| Pupil Premium | — | 325 | 325 | 367 |
| Other DfE / ESFA | — | 229 | 229 | 421 |
| | — | 8,857 | 8,857 | 9,004 |
| Other Government grants | | | | |
| Local authority grants | — | 267 | 267 | 162 |
| COVID-19 additional funding (DfE/ESFA) | | | | |
| Catch-up premium | — | 62 | 62 | 51 |
| COVID-19 additional funding (Non-DfE/ESFA) | | | | |
| Free school meals funding | — | 31 | 31 | 80 |
| Mass testing funding | — | 19 | 19 | 51 |
| | — | 50 | 50 | 131 |
| Other income from the Academy Trust's educational operations | | | | |
| Catering income | 53 | — | 53 | 44 |
| Other | 80 | 34 | 114 | 67 |
| | 133 | 34 | 167 | 111 |
| | 133 | 9,270 | 9,403 | 9,459 |

Notes to the Financial Statements Year to 31 August 2022**2 Funding for the Academy Trust's educational operations (continued)**

| | Unrestricted funds £'000 | Restricted funds £'000 | 2021 Total funds £'000 |
|---|--------------------------------|------------------------------|---------------------------------|
| <i>DfE / ESFA revenue grants</i> | | | |
| General Annual Grant (GAG) | — | 8,197 | 8,197 |
| Start-up grants | — | 19 | 19 |
| Pupil Premium | — | 367 | 367 |
| Other DfE / ESFA | — | 421 | 421 |
| | — | 9,004 | 9,004 |
| <i>Other Government grants</i> | | | |
| Local authority grants | — | 162 | 162 |
| <i>COVID-19 additional funding (DfE/ESFA)</i> | | | |
| Catch-up premium | — | 51 | 51 |
| <i>COVID-19 additional funding (Non-DfE/ESFA)</i> | | | |
| Free school meals funding | — | 80 | 80 |
| Mass testing funding | — | 51 | 51 |
| | — | 131 | 131 |
| <i>Other income from the Academy Trust's educational operations</i> | | | |
| Catering income | 44 | — | 44 |
| Other | 67 | — | 67 |
| | 111 | — | 111 |
| | 111 | 9,348 | 9,459 |

In 2020/21 the Academy Trust received £51k of catch-up premium which was fully utilised during the year.

3 Other trading activities

| | Unrestricted funds | |
|-----------------|--------------------|---------------|
| | 2022 £'000 | 2021 £'000 |
| Lettings income | 41 | 15 |
| | 41 | 15 |

Notes to the Financial Statements Year to 31 August 2022

4 Expenditure

| | Non pay expenditure | | | 2022 Total funds £'000 | 2021 Total funds £'000 |
|----------------------------------|-------------------------|-------------------|-------------------------|---------------------------------|---------------------------------|
| | Staff costs £'000 | Premises £'000 | Other costs £'000 | | |
| Academy's educational operations | | | | | |
| · Direct costs | 5,931 | — | 738 | 6,669 | 6,636 |
| · Allocated support costs | 1,596 | 1,301 | 1,235 | 4,132 | 4,000 |
| | 7,527 | 1,301 | 1,973 | 10,801 | 10,636 |

| | Non pay expenditure | | | 2021 Total funds £'000 |
|----------------------------------|-------------------------|-------------------|-------------------------|---------------------------------|
| | Staff costs £'000 | Premises £'000 | Other costs £'000 | |
| Academy's educational operations | | | | |
| · Direct costs | 5,998 | — | 638 | 6,636 |
| · Allocated support costs | 1,468 | 668 | 1,864 | 4,000 |
| | 7,466 | 668 | 2,502 | 10,636 |

| | 2022 Total funds £'000 | 2021 Total funds £'000 |
|----------------------------------|---------------------------------|---------------------------------|
| Analysis of support costs | | |
| Support staff costs | 1,596 | 1,468 |
| Depreciation | 688 | 598 |
| Technology costs | 367 | 346 |
| Premises costs | 613 | 668 |
| Catering | 393 | 325 |
| Other support costs | 344 | 459 |
| Governance costs | 131 | 136 |
| Total support costs | 4,132 | 4,000 |

5 Net income (expenditure)

| | 2022 Total funds £'000 | 2021 Total funds £'000 |
|--|---------------------------------|---------------------------------|
| Net income (expenditure) for the year includes: | | |
| Depreciation | 671 | 598 |
| Fees payable to current auditor | | |
| · Statutory audit services | 15 | 15 |
| · Other services | 10 | 10 |

Notes to the Financial Statements Year to 31 August 2022

6 Comparative information

Analysis of income and expenditure in the year ended 31 August 2021 between restricted and unrestricted funds:

| | Unrestricted general fund £'000 | Restricted funds | | 2021 Total funds £'000 |
|--|--|--------------------------|----------------------------------|---------------------------------|
| | | General fund £'000 | Fixed assets fund £'000 | |
| <i>Income from:</i> | | | | |
| Donations and capital grants | 139 | — | 16,412 | 16,551 |
| Charitable activities | | | | |
| Funding for the Academy Trust's educational operations | 111 | 9,348 | — | 9,459 |
| Other trading activities | 15 | — | — | 15 |
| Investments | — | — | — | — |
| Total income | 265 | 9,348 | 16,412 | 26,025 |
| <i>Expenditure on:</i> | | | | |
| Charitable activities | | | | |
| Academy Trust's educational operations | — | 10,038 | 598 | 10,636 |
| Total expenditure | — | 10,038 | 598 | 10,636 |
| Net income (expenditure) | 265 | (690) | 15,814 | 15,389 |
| Transfers between funds | — | (251) | 251 | — |
| <i>Other recognised gains and losses</i> | | | | |
| Actuarial (losses) gains on defined benefit pension schemes | — | (239) | — | (239) |
| Net movement in funds | 265 | (1,180) | 16,065 | 15,150 |
| <i>Reconciliation of funds</i> | | | | |
| Total fund balances brought forward at 1 September | 218 | 384 | 14,963 | 15,565 |
| Total fund balances carried forward at 31 August | 483 | (796) | 31,028 | 30,715 |

Notes to the Financial Statements Year to 31 August 2022**7 Staff****(a) Staff costs**

Staff costs during the year were:

| | 2022 Total funds £'000 | 2021 Total funds £'000 |
|-----------------------|---|---|
| Wages and salaries | 5,294 | 5,118 |
| Social security costs | 572 | 539 |
| Pension costs | 1,337 | 1,254 |
| | 7,234 | 6,911 |
| Redundancy costs | 31 | 34 |
| Supply teacher costs | 293 | 521 |
| | 7,527 | 7,466 |

(b) Severance payments

The academy trust paid 6 severance payments in the year, disclosed in the following bands:

| | 2022 No. |
|--------------|---------------------|
| £0 - £25,000 | 6 |

(c) Special staff severance payments

Included in staff restructuring costs are special severance payments totalling £30,807 (2021: £34,224). Individually, the payments were: £820, £2,242, £12,893, £4,283, £3,000 and £7,569.

(d) Staff numbers

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

| Charitable activities | 2022 No. | 2021 No. |
|------------------------------|---------------------|---------------------|
| Teachers | 68 | 66 |
| Administration and support | 53 | 55 |
| Management | 12 | 11 |
| | 133 | 132 |

Notes to the Financial Statements Year to 31 August 2022**7 Staff (continued)****(e) Higher paid staff**

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

| | 2022 No. | 2021 No. |
|---------------------|-------------|-------------|
| £60,001 - £69,999 | 4 | 3 |
| £70,000 - £79,999 | 4 | 5 |
| £80,000 - £89,000 | 4 | 3 |
| £90,000 - £99,999 | — | 1 |
| £100,001 - £109,999 | 1 | 1 |
| £120,001 - £129,999 | 1 | 1 |

(f) 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 £536,260 (2021 – £558,010).

8 Trustees' remuneration and expenses

Certain of the trustees are employees of London South Bank University (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 18).

| | 2022 £'000 | 2021 £'000 |
|----------------------------------|---------------|---------------|
| F Morey (CEO) | | |
| Remuneration | 30 – 35 | 20 – 25 |
| Employer's pension contributions | 5 – 10 | 0 – 5 |

No Trustee is remunerated for their services as trustees to the Academy Trust. During the year ended 31 August 2022, no travel and subsistence expenses were reimbursed to any trustee (2021 – £nil).

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

9 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.

Notes to the Financial Statements Year to 31 August 2022**10 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.

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| University Academy of Engineering South Bank | 493 | 476 |
| South Bank Engineering UTC | 169 | 185 |
| | 662 | 661 |

11 Tangible fixed assets

| | Long leasehold land and buildings £'000 | Long leasehold improvements £'000 | Assets under construction £'000 | Furniture and equipment £'000 | Computer equipment £'000 | Total funds £'000 |
|-----------------------|---|--|---------------------------------------|--|--------------------------------|-------------------------|
| Cost | | | | | | |
| At 1 September 2021 | 30,659 | 17 | 11 | 1,428 | 1,057 | 33,172 |
| Additions | — | 1 | — | 229 | 99 | 329 |
| At 31 August 2022 | 30,659 | 18 | 11 | 1,657 | 1,156 | 33,501 |
| Depreciation | | | | | | |
| At 1 September 2021 | 441 | 6 | — | 930 | 767 | 2,144 |
| Charge for the year | 209 | 1 | — | 289 | 172 | 671 |
| At 31 August 2022 | 650 | 7 | — | 1,219 | 939 | 2,815 |
| Net book value | | | | | | |
| At 31 August 2022 | 30,009 | 11 | 11 | 438 | 217 | 30,686 |
| At 31 August 2021 | 30,218 | 11 | 11 | 498 | 290 | 31,028 |

Initial recognition of UTC property

The Academy Trust has previously omitted the inclusion of the UTC land and buildings from the balance sheet due to challenges encountered in finalising the terms of the long lease agreement following academisation. At 31 August 2022, the long lease agreement was near to finalisation (subject to administrative issues only), and the trustees are of the opinion that the Academy Trust now holds the major risks and rewards of occupying the property. As such, at 31 August 2021 the Academy Trust recognised the asset, effectively donated by the Local Authority for no consideration, on its balance sheet.

The value of the gift, which will be taken to equal its deemed historic cost going forward, has been determined with reference to an ESFA desktop valuation.

12 Debtors

| | 2022 £'000 | 2021 £'000 |
|--------------------------------|---------------|---------------|
| Trade debtors | 19 | — |
| Prepayments and accrued income | 118 | 272 |
| VAT recoverable | 158 | 120 |
| | 295 | 392 |

Notes to the Financial Statements Year to 31 August 2022

13 Creditors: amounts falling due within one year

| | 2022 £'000 | 2021 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 119 | 214 |
| Accruals and deferred income | 463 | 663 |
| Other taxation and social security | 148 | 139 |
| Other creditors | 134 | 138 |
| | 864 | 1,154 |

Deferred income

| | 2022 Total funds £'000 | 2021 Total funds £'000 |
|--------------------------------------|---------------------------------|---------------------------------|
| Deferred income at 1 September | 50 | 34 |
| Resources deferred in the year | (50) | (34) |
| Amounts released from previous years | 50 | 50 |
| Deferred income at 31 August | 50 | 50 |

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

14 Funds

| | Balance at 1 September 2021 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2022 £'000 |
|-------------------------------------|---|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 521 | 8,282 | (8,342) | (211) | 250 |
| Start Up Grant | — | — | — | — | — |
| Pupil premium | — | 325 | (325) | — | — |
| Recovery premium | — | 62 | (62) | — | — |
| Local authority grants | — | 267 | (267) | — | — |
| Coronavirus Job Retention Scheme | — | 31 | (31) | — | — |
| Other Coronavirus Funding | — | 19 | (19) | — | — |
| Other grants | — | 284 | (284) | — | — |
| Pension reserve | (1,317) | — | (456) | 1,764 | (9) |
| | (796) | 9,270 | (9,786) | 1,553 | 241 |
| Restricted fixed assets fund | | | | | |
| Transfer for Local Authority | 30,218 | — | (209) | — | 30,009 |
| DfE/ESFA capital grants | 736 | 118 | (462) | 211 | 603 |
| Local authority capital grants | 26 | — | — | — | — |
| Other transfers | 48 | — | — | — | — |
| | 31,028 | 118 | (671) | 211 | 30,686 |
| Total restricted funds | 30,232 | 9,388 | (10,457) | 1,764 | 30,927 |
| Total unrestricted funds | 483 | 241 | (344) | — | 380 |
| Total funds | 30,715 | 9,629 | (10,801) | 1,764 | 31,307 |

Notes to the Financial Statements Year to 31 August 2022

14 Funds (continued)

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 2022.

Start Up Grant

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

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.

Notes to the Financial Statements Year to 31 August 2022**14 Funds (continued)****Transfers between funds (continued)**

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

| | Balance at 1 September 2020 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2021 £'000 |
|-------------------------------------|---|-----------------|----------------------|--|--|
| <i>Restricted general funds</i> | | | | | |
| · General Annual Grant (GAG) | 1,090 | 8,197 | (8,515) | (251) | 521 |
| · Start Up Grant | — | 19 | (19) | — | — |
| · Pupil premium | — | 367 | (367) | — | — |
| · Catch-up premium | — | 51 | (51) | — | — |
| · Other Coronavirus funding | — | 131 | (131) | — | — |
| · Other grants | — | 583 | (583) | — | — |
| · Pension reserve | (706) | — | (372) | (239) | (1,317) |
| | <u>384</u> | <u>9,348</u> | <u>(10,038)</u> | <u>(490)</u> | <u>(796)</u> |
| <i>Restricted fixed assets fund</i> | | | | | |
| · Transfer for Local Authority | 14,080 | 16,347 | (209) | — | 30,218 |
| · DfE/ESFA capital grants | 809 | 65 | (389) | 251 | 736 |
| · Local authority capital grants | 26 | — | — | — | 26 |
| · Other transfers | 48 | — | — | — | 48 |
| | <u>14,963</u> | <u>16,412</u> | <u>(598)</u> | <u>251</u> | <u>31,028</u> |
| <i>Total restricted funds</i> | <u>15,347</u> | <u>25,760</u> | <u>(10,636)</u> | <u>(239)</u> | <u>30,232</u> |
| <i>Total unrestricted funds</i> | <u>218</u> | <u>265</u> | <u>—</u> | <u>—</u> | <u>483</u> |
| <i>Total funds</i> | <u>15,565</u> | <u>26,025</u> | <u>(10,636)</u> | <u>(239)</u> | <u>30,715</u> |

Fund balances at 31 August 2022 were allocated as follows:

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| University Academy of Engineering South Bank | 737 | 955 |
| South Bank Engineering UTC | (173) | (26) |
| Central services | 66 | 75 |
| Total before fixed assets and pension reserve | 630 | 1,004 |
| Restricted fixed asset fund | 30,686 | 31,028 |
| Pension reserve | (9) | (1,317) |
| Total funds | 31,307 | 30,715 |

At 31 August 2022, South Bank Engineering UTC's revenue reserves were in deficit by £173,000. The deficit has mainly arisen due to the reduction in pupil numbers being less than forecasted in October 2021.

Notes to the Financial Statements Year to 31 August 2022**14 Funds (continued)****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 2022 £'000 | Total 2021 £'000 |
|--|---|------------------------------------|-------------------------------|---|------------------------|------------------------|
| University Academy of Engineering South Bank | 243 | 349 | 9 | 170 | 771 | 6,825 |
| South Bank Engineering UTC | 1,543 | 352 | 116 | 502 | 2,513 | 2,491 |
| Central services | 3,852 | 753 | 614 | 1,627 | 6,846 | 722 |
| | 5,638 | 1,454 | 739 | 2,299 | 10,130 | 10,038 |

15 Analysis of net assets between funds

| | Unrestricted funds £'000 | Restricted General Funds £'000 | Restricted Fixed Asset Fund £'000 | Total 2022 £'000 | Total 2021 £'000 |
|--|-----------------------------|-----------------------------------|--------------------------------------|------------------------|------------------------|
| Fund balances at 31 August 2022 are represented by: | | | | | |
| Tangible fixed assets | — | — | 30,686 | 30,686 | 31,028 |
| Current assets | 380 | 1,114 | — | 1,494 | 2,158 |
| Current liabilities | — | (864) | — | (864) | (1,154) |
| Pension scheme liability | — | (9) | — | (9) | (1,317) |
| Total net assets | 380 | 241 | 30,686 | 31,307 | 30,715 |

| | Unrestricted funds £'000 | Restricted General Funds £'000 | Restricted Fixed Asset Fund £'000 | Total 2021 £'000 |
|--|-----------------------------|-----------------------------------|--------------------------------------|------------------------|
| Fund balances at 31 August 2021 are represented by: | | | | |
| Tangible fixed assets | — | — | 31,028 | 31,028 |
| Current assets | 483 | 1,675 | — | 2,158 |
| Current liabilities | — | (1,154) | — | (1,154) |
| Pension scheme liability | — | (1,317) | — | (1,317) |
| Total net assets | 483 | (796) | 31,028 | 30,715 |

16 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.

Notes to the Financial Statements Year to 31 August 2022**17 Commitments under operating leases**

At 31 August 2022 the total of the Multi Academy Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Amounts due within one year | 18 | 6 |
| Amounts due between one and five years | 44 | 25 |
| | 62 | 31 |

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 £83,694 were payable to the schemes at 31 August 2022 (2021: £113,000) 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.

Notes to the Financial Statements Year to 31 August 2022**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 £635,000 (2021: £552,000).

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.

Notes to the Financial Statements Year to 31 August 2022

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 2022 was £250,000 (2021 – £257,000), of which employer's contributions totalled £179,000 (2021: £180,000) and employees' contributions totalled £71,000 (2021: £77,000). The agreed employer contribution rates for future years are an average of between 13.6% and 16.9% for the SBUA 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 2022 | Southwark at 31 August 2022 | Lambeth at 31 August 2021 | Southwark at 31 August 2021 |
|--|--|--|--|--|
| Rate of increase in salaries | 3.5% | 4.2% | 3.4% | 4.1% |
| Rate of increase in pensions | 3.0% | 2.7% | 2.9% | 2.6% |
| Discount rate for scheme liabilities | 4.2% | 4.0% | 1.7% | 1.7% |
| Inflation assumption (CPI) | 3.0% | 2.7% | 2.9% | 2.6% |

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 2022 | Southwark at 31 August 2022 | Lambeth at 31 August 2021 | Southwark at 31 August 2021 |
|------------------------------|--|--|--|--|
| <i>Retiring today</i> | | | | |
| Males | 21.3 | 20.7 | 21.5 | 20.9 |
| Females | 23.7 | 23.6 | 23.9 | 23.7 |
| <i>Retiring in 20 years</i> | | | | |
| Males | 22.9 | 22.6 | 23.1 | 22.8 |
| Females | 25.5 | 25.4 | 25.7 | 25.6 |

Notes to the Financial Statements Year to 31 August 2022**18 Pension and similar obligations (continued)****Local Government Pension Scheme (LGPS) (continued)**

| Sensitivity analysis | 2022 £'000 | 2021 £'000 |
|---|-----------------------|-----------------------|
| Approximate increase (decrease) in defined benefit liability is as follows: | | |
| Southwark | | |
| 0.1% increase in the pension increase rate | 43 | 82 |
| 0.1% decrease in the real discount rate | (43) | (82) |
| Lambeth | | |
| 0.1% increase in the pension increase rate | 10 | 18 |
| 0.1% decrease in the real discount rate | (10) | (18) |

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

| | 2022 £'000 | 2021 £'000 |
|--|-----------------------|-----------------------|
| Equity instruments | 688 | 688 |
| Bonds | 277 | 249 |
| Property | 198 | 131 |
| Other | 79 | 33 |
| Cash and other liquid assets | 60 | 16 |
| Total market value of assets | 1,302 | 1,117 |
| Present value of scheme liabilities | 1,311 | (2,434) |
| Deficit in the scheme | (9) | (1,317) |

| Amounts recognised in statement of financial activities | 2022 £'000 | 2021 £'000 |
|--|-----------------------|-----------------------|
| Current service cost | 612 | 540 |
| Interest income | (21) | (14) |
| Interest cost | 44 | 26 |
| Total amount recognised in the SOFA | 635 | 552 |

| Changes in the present value of defined benefit obligations were as follows: | 2022 £'000 | 2021 £'000 |
|---|-----------------------|-----------------------|
| At 1 September | 2,434 | 1,425 |
| Current service cost | 612 | 540 |
| Interest cost | 44 | 26 |
| Employee contributions | 71 | 77 |
| Actuarial loss (gain) | (1,848) | 376 |
| Benefits paid | (2) | (10) |
| Past service cost | — | — |
| At 31 August | 1,311 | 2,434 |

Notes to the Financial Statements Year to 31 August 2022

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: | 2022 £'000 | 2021 £'000 |
|---|-----------------------|-----------------------|
| At 1 September | 1,117 | 719 |
| Interest income | 21 | 14 |
| Actuarial gains | (84) | 137 |
| Employer contributions | 179 | 180 |
| Employee contributions | 71 | 77 |
| Benefits paid | (2) | (10) |
| At 31 August | 1,302 | 1,117 |

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 2022, the Academy Trust was charged £68,599 (2021: £38,617) by South Bank Enterprises Ltd for the provision of invigilators. A balance of £nil (2021: £30,337) was outstanding 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 2022 at a cost of £10,980 (2021: £11,000). A balance of £nil (2021: £nil) was owing to LSBU at the year end and included in creditors.

In addition, three individuals employed by LSBU (2021: three 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 2022 was £67,036 (2021: £65,036).

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. (2021 - £nil).

David Pheonix is also a trustee of the Science Museum Group. During the year, the Academy Trust paid £nil (2021 - £90) to the Science Museum Group. There was no balance outstanding at the end of the year in relation to this.

Claire Arkwright is also a community organiser at Citizens UK. During the year the academy paid £3,000 to Citizens UK. There was no balance outstanding at the end of the year in relation to this.