

South Bank Academies Audit Committee Meeting

12.00 - 3.00 pm on Wednesday, 20 December 2017
in Technopark, SE1 6LN

Agenda

<i>No.</i>	<i>Time</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
12.		South Bank Academies Annual Report and Accounts (to recommend to the Board)	65 - 84	CV

**Date of next meeting
4.00 pm on Tuesday, 6 March 2018**

Members: Richard Flatman (Chair), Adam Crossley, Tony Giddings, Douglas Denham St Pinnock, Richard Parrish, David Phoenix and Lesley Morrison

In attendance Claire Viner, Rao Bhamidimarri, Michael Broadway, Joe Kelly and James Stevenson

Apologies

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South Bank Academies

Statement of Financial Activities for the year ended 31 August 2017
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	2	3	-	-	3	92
Transfer on conversion		28	-	-	28	-
Charitable activities:						
Funding for the academy trust's educational operations	3	83	5,496	-	5,579	2,472
Other trading activities	4	1	-	-	1	12
Investments	5	2	-	-	2	2
Total		117	5,496	-	5,613	2,578
Expenditure on:						
Raising funds	6	10	-	-	10	-
Charitable activities:						
Academy trust educational operations	7	214	4,028	254	4,496	2,270
Other						2
Net liabilities transfer loss						2
Total		224	4,028	254	4,506	2,272
Net income / (expenditure)		(107)	1,468	(254)	1,107	306
Transfers between funds	15	-	(13)	13	-	-
		(107)	1,455	(241)	1,107	306
Other recognised gains/(losses)						
Actuarial (losses) / gains on defined benefit pension schemes	15, 22	-	42	-	42	(36)
Net movement in funds		(107)	1,497	(241)	1,149	270
Reconciliation of funds						
Total funds brought forward		62	501	304	867	597
Total funds carried forward		3	1,950	63	2,016	867

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

South Bank Academies

Balance Sheet
as at 31 August 2017

Company number 08589525

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	11		63		100
Current assets					
Debtors	13	217		124	
Cash at bank and in hand		<u>2,240</u>		<u>1,188</u>	
		2,457		1,312	
Liabilities					
Creditors : Amounts falling due within one year	14	<u>(477)</u>		<u>(517)</u>	
Net current assets/(liabilities)			<u>1,980</u>		<u>795</u>
Total assets less current liabilities			2,043		895
Net assets excluding pension liability					
Defined benefit pension scheme liability	22		(27)		(28)
Total net assets			<u>2,016</u>		<u>867</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	63		304	
General fund	15	1,977		412	
Pension reserve	15	<u>(27)</u>		<u>89</u>	
Total restricted funds			2,013		805
Unrestricted income funds	15		3		62
Total funds			<u>2,016</u>		<u>867</u>

The financial statements on pages [xx to xx] were approved by the trustees, and authorised for issue on [date] 2017 and are signed on their behalf by:

[Signed]

[Name to be typed]

Trustee

South Bank Academies

Statement of Cash Flows for the year ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	17	1,052	(86)
Cash flows from investing activities	19	-	2
Cash flows from financing activities	18	-	
Change in cash and cash equivalents in the reporting period		<u>1,052</u>	<u>(84)</u>
Cash and cash equivalents at 1 September 2016		1,188	1,238
Transfer from South Bank Engineering UTC		-	32
Cash and cash equivalents at 31 August 2017	20	<u>2,240</u>	<u>1,188</u>

South Bank Academies

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of Accounting Policies

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

Company information

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: 'Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102))', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

• Grants

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

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

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

• Donations

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

• Other Income

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

• Donated goods, facilities and services

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

1 Statement of Accounting Policies (continued)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in a settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including the support costs involved in undertaking each activity. Direct costs attributable to a single activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

Fixtures, fittings and equipment	5 year straight line
Computer hardware	3 year straight line

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

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

Liabilities

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

Provisions

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

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

1 Statement of Accounting Policies (continued)

Financial Instruments

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

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

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Employee benefits

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

Pensions Benefits

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

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Notes to the Financial Statements (continued) for the year ended 31 August 2017

1 Statement of Accounting Policies (continued)

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. As stated in note 29, 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.

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

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Critical areas of judgement

[Disclose the judgements (apart from those involving estimation) that have the most significant effect on the amounts recognised in the financial statements. The trustees must establish which areas of judgement are critical to the academy trust's

South Bank Academies

Notes to the Financial Statements (continued)
for the year ended 31 August 2017

2 Donations and capital grants

	Unrestricted General Funds £000	Total 2017 £000	Total 2016 £000
Donations	3	3	-
Donated salaries	-	-	92
	<u>3</u>	<u>3</u>	<u>92</u>

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE / EFA revenue grants				
General Annual Grant (GAG)	-	4,555	4,555	2,171
Start Up Grants	-	612	612	-
Other DfE/EFA grants	-	275	275	147
	<u>-</u>	<u>5,442</u>	<u>5,442</u>	<u>2,318</u>
Other Government grants				
Local authority grants	-	54	54	96
	<u>-</u>	<u>54</u>	<u>54</u>	<u>96</u>
Other Income from the academy trust's educational operations	83	-	83	58
	<u>83</u>	<u>5,496</u>	<u>5,579</u>	<u>2,472</u>

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	1	-	1	12
	<u>1</u>	<u>-</u>	<u>1</u>	<u>12</u>

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	2	-	2	2
	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>

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Notes to the Financial Statements (continued)
for the year ended 31 August 2017

6 Expenditure

	Non Pay Expenditure		Total 2017 £000	Total 2016 £000
	Staff Costs £000	Premises £000		
Expenditure on raising funds	-	-	10	-
Academy's educational operations:				
Direct costs	2,109	-	118	1,168
Allocated support costs	867	797	605	1,102
	2,976	797	733	2,270

Net income / (expenditure) for the period includes:

	2017 £000	2016 £000
Depreciation	72	4
Fees payable to auditor for:		
Audit		5
Other services		4
	72	13

7 Charitable Activities

	Total 2017 £000	Total 2016 £000
Direct costs - educational operations	2,227	1,168
Support costs - educational operations	2,269	1,102
Loss on transfer of liabilities from South Bank Engineering UTC	-	2
	4,496	2,272

Analysis of support costs

	Educational operations £000	Total 2017 £000	Total 2016 £000
Support staff costs	867	867	373
Depreciation	72	72	4
Technology costs	87	87	67
Premise costs	691	691	357
Other support costs	299	299	291
Catering	214	214	-
Governance costs	4	4	10
Total support costs	2,234	2,234	1,102

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Notes to the Financial Statements (continued)
for the year ended 31 August 2017

8 Staff

a. Staff costs

	2017 £000	2016 £000
Staff costs during the period were:		
Wages and salaries	1,760	1,058
Social security costs	246	90
Operating costs of defined benefit pension scheme	383	118
	<u>2,389</u>	<u>1,266</u>
Supply staff costs	587	125
Staff restructuring costs	-	84
	<u>2,976</u>	<u>1,475</u>
Staff restructuring costs comprise:		
Other restructuring and settlement costs	-	84
	<u>-</u>	<u>84</u>

b. Staff numbers

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

	2017 No.	2016 No.
Teachers	47	26
Administration and support	32	5
Management	8	1
	<u>87</u>	<u>32</u>

c. Higher paid staff

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

	2017 No.	2016 No.
£90,001 - £110,000	1	1
£70,001 - £80,000	2	-
£60,001 - £70,000	4	-

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £380,473 (2016: £299,650).

10 Disclosure of central services

The academy trust has provided the following central services to its academies during the year: human resources; financial services; educational support services; marketing; recruitment

The trust charges for these services on the following basis:

3.5% of GAG income received for each school is taken as a fee for central services

The actual amounts charged during the year were as follows:

	2017	2016
University Academy of Engineering South Bank	147,512	-
South Bank Engineering UTC	41,665	-
	<u>189,177</u>	<u>-</u>

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Notes to the Financial Statements (continued)
for the year ended 31 August 2017

9 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

[name] (principal and trustee):

Remuneration	£75,000 - £80,000 (2016: £70,000 - £75,000)
Employer's pension contributions	£10,000 - £15,000 (2016: £10,000 - £15,000)

[name] (staff trustee):

Remuneration	£35,000 - £40,000 (2016: £35,000 - £40,000)
Employer's pension contributions	£5,000 - £10,000 (2016: £5,000 - £10,000)

[name] (staff trustee):

Remuneration	£35,000 - £40,000 (2016: £35,000 - £40,000)
Employer's pension contributions	£5,000 - £10,000 (2016: £5,000 - £10,000)

During the year ended 31 August 2017, no travel and subsistence expenses were reimbursed or paid directly to any trustees (2016: £nil).

10 Trustees and officers insurance

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

11 Tangible fixed assets

	Furniture and Equipment £000	Computer Hardware £000	Total £000
Cost			
At 1 September 2016	10	105	115
Additions	-	-	-
Disposals	-	-	-
At 31 August 2017	<u>10</u>	<u>105</u>	<u>115</u>
Depreciation			
At 1 September 2016	6	9	15
Charged in year	2	35	37
Disposals	-	-	-
At 31 August 2017	<u>8</u>	<u>44</u>	<u>52</u>
Net book values			
At 31 August 2017	<u>2</u>	<u>61</u>	<u>63</u>
At 31 August 2016	<u>4</u>	<u>96</u>	<u>100</u>

South Bank Academies

Notes to the Financial Statements (continued)
for the year ended 31 August 2017

12 Financial instruments	2017 £000	2016 £000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>2</u>	<u>9</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>422</u>	<u>455</u>
13 Debtors	2017 £000	2016 £000
Trade debtors	-	4
VAT recoverable	129	48
Other debtors	2	-
Prepayments and accrued income	86	67
Amounts due from sponsoring organisation	-	5
	<u>217</u>	<u>124</u>
14 Creditors: Amounts falling due within one year	2017 £000	2016 £000
Trade creditors	95	62
Taxation and social security	55	28
ESFA creditor: abatement of GAG	196	83
Other creditors	22	40
Accruals and deferred income	109	304
	<u>477</u>	<u>517</u>
Deferred income	2017 £000	2015 £000
Deferred Income at 1 September 2016	34	-
Resources deferred in the year	-	34
Amounts released from previous years	(34)	-
Deferred Income at 31 August 2017	<u>-</u>	<u>34</u>

At the 2016 year end, deferred income related to rates relief income.

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Notes to the Financial Statements (continued)
for the year ended 31 August 2017

15 Funds	Balance at 1 September 2016 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	458	4,555	(2,998)	(38)	1,977
Start Up Grant	-	612	(612)	-	-
Other DfE grants	-	275	(275)	-	-
Other grants	89	54	(143)	-	-
Transfer from South Bank Engineering UTC	(18)	-	-	18	-
Pension reserve	(28)	-	-	1	(27)
	501	5,496	(4,028)	(19)	1,950
Restricted fixed asset funds					
Local authority capital grants	289	-	(254)	(33)	2
Transfer from South Bank Engineering UTC	15	-	-	46	61
	304	-	(254)	13	63
Total restricted funds	805	5,496	(4,282)	(6)	2,013
Total unrestricted funds	62	117	(224)	48	3
Total funds	867	5,613	(4,506)	42	2,016

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

For each fund held during the year provide a description of how the fund has arisen and the nature of any restrictions imposed.

The trust is carrying a net deficit of £x on restricted general funds (excluding pension reserve) plus unrestricted funds because [give brief details]. The trust is taking the following action to return these funds to surplus: [give brief details].

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
University Academy of Engineering South	1,563	609
South Bank Engineering UTC	393	(18)
Central services	24	-
Total before fixed assets and pension reserve	1,980	591
Restricted fixed asset fund	63	304
Pension reserve	(27)	(28)
Total before fixed assets and pension	2,016	867

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 £000
University Academy of Engineering South Bank	1,498	591	78	882	3,049
South Bank Engineering UTC	611	164	36	387	1,198
Central services	-	112	4	73	189
Academy Trust	2,109	867	118	1,342	4,436

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Notes to the Financial Statements (continued)
for the year ended 31 August 2017

16 Analysis of net assets between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	63	63
Current assets	-	2,457	-	2,457
Current liabilities	-	(477)	-	(477)
Pension scheme liability	-	(27)	-	(27)
Total net assets	-	1,953	63	2,016

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

	2017 £000	2016 £000
Net income/(expenditure) for the reporting period	1,107	306
Adjusted for:		
Depreciation	37	4
Interest receivable	-	(2)
Defined benefit pension scheme cost less contributions payable	41	(36)
Defined benefit pension scheme finance cost	-	31
(Increase)/decrease in debtors	(93)	(39)
Increase/(decrease) in creditors	(40)	(350)
Net Cash provided by / (used in) Operating Activities	1,052	(86)

18 Cash flows from financing activities

	2017 £000	2016 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

19 Cash flows from investing activities

	2017 £000	2016 £000
Dividends, interest and rents from investments		2
Net Cash provided by / (used in) Operating Activities	-	2

20 Analysis of cash and cash equivalents

	At 31 August 2017 £000	At 31 August 2016 £000
Cash in hand and at bank	2,240	1,188
Total cash and cash equivalents	2,240	1,188

21 Members' Liability

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

South Bank Academies

Notes to the Financial Statements (continued) for the year ended 31 August 2017

22 Pension and Similar Obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £21,608 were payable to the schemes at 31 August 2017 (2016: £nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effect date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return of 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed normal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £183,791 (2016: £91,247).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £75,000 (2016: £35,000), of which employer's contributions totalled £57,000 (2016: £27,000) and employees' contributions totalled £18,000 (2016: £8,000). The agreed contribution rates for future years are 14.5 per cent for employers and between 5.5 per cent and 7.5 per cent for employees.

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

South Bank Academies

Notes to the Financial Statements (continued)
for the year ended 31 August 2017

22 Pension and Similar Obligations (continued)

Principal Actuarial Assumptions	Lambeth At 31 August 2017	Southwark At 31 August 2017	Southwark At 31 August 2016
Rate of increase in salaries	2.8%	3.4%	3.4%
Rate of increase for pensions in payment/inflation	2.4%	1.9%	1.9%
Discount rate for scheme liabilities	2.5%	2.5%	2.0%
Inflation assumption (CPI)	2.4%	1.9%	1.9%

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

	Lambeth At 31 August 2017 years	Southwark At 31 August 2017 years	Southwark At 31 August 2016 years
<i>Retiring today</i>			
Males	21.6	22.5	21.9
Females	23.9	26.1	26.5
<i>Retiring in 20 years</i>			
Males	23.8	24.1	24.1
Females	26.0	27.9	28.0

Sensitivity analysis

Approximate monetary increase to the obligation as a result of the following changes in assumptions at 31 August 2017:

	At 31 August 2017 £000	At 31 August 2016 £000
Southwark		
0.1% increase in the salary increase rate	2	-
0.1% increase in the pension increase rate	4	-
0.1% decrease in real discount rate	6	-
Lambeth		
0.5% increase in the salary increase rate	-	N/A
0.5% increase in the pension increase rate	9	N/A
0.5% decrease in real discount rate	9	N/A

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity instruments	77	28
Debt instruments	38	14
Property	20	9
Cash and other liquid assets	1	1
Total market value of assets	136	52

The actual return on scheme assets was £xxx (2016: £xxx)

South Bank Academies

Notes to the Financial Statements (continued)
for the year ended 31 August 2017

22 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities	2017 £000	2016 £000
Current service cost	117	22
Interest income	(2)	(1)
Interest cost	2	1
Total amount recognised in the SOFA	117	22

Changes in the fair value of defined benefit obligations were as follows:	2017 £000	2016 £000
At 1 September	80	10
Current service cost	117	22
Interest cost	2	1
Employee contributions	18	8
Actuarial (gain)/loss	(35)	40
Benefits paid	(2)	(1)
At 31 August	180	80

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

	2017 £000	2016 £000
At 1 September	52	13
Interest income	2	1
Actuarial gain/(loss)	9	4
Employer contributions	57	27
Employee contributions	18	8
Benefits paid	(2)	(1)
At 31 August	136	52
Net pension liability	(44)	(28)

23 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.

The following related party transactions took place in the period of account:

Details of related party transactions to go here

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South Bank Academies
103 Borough Road
London SE1 0AA

Mike Pettifer
Director, Academies and Maintained Schools
Education and Skills Funding Agency
Cheylesmore House
5 Quinton Rd
Coventry
CV1 2WT

20 December 2017

From: South Bank Academies Chair of Audit Committee

Dear Mike,

As Chair of the South Bank Academies (SBA) Audit Committee, I am writing ahead of the accounts submission deadline to ESFA of 31 December 2017 to request an extension please for submission of the audited financial statements.

The Board met today to review draft accounts but these are still in the process of being audited and there are a few outstanding matters which require final resolution. I am seeking clarification on these matters before final review by Audit Committee and recommending them for approval to the Board.

Accordingly, the SBA Board will not have approved the final accounts in time for submission to the ESFA by the 31 December deadline. I apologise and would request please that you consider extending the deadline for submission of SBA accounts to the end of *Wednesday 31 January 2018*.

I am keen to ensure that the Audit committee and Board follow due process and have sufficient time to scrutinise the accounts in order that the ESFA have accounts which can be relied upon.

Yours faithfully,

Richard Flatman
Chair of Audit Committee

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