

Meeting of the South Bank Academies - Audit Committee

3.00 - 4.00 pm on Tuesday, 29 November 2016
in 1A13 - Technopark, SE1 6LN

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Welcome & apologies		RF
2.	Declarations of interest		RF
	<ul style="list-style-type: none">Directors are requested to declare any interest in any item of business		
Financial reporting for the year 2015/16			
3.	External audit findings (to review)	3 - 22	DS
4.	Going concern statement (to approve)	23 - 26	DS
5.	External audit letter of representation (to recommend)	27 - 32	DS
6.	Draft South Bank Academies Annual Report & Accounts (to recommend)	33 - 58	DS
Items to discuss			
7.	Group Risk Register	59 - 62	DS
Items to note			
8.	Dissolution of South Bank Engineering UTC Trust (verbal)		MB
9.	Any other business		RF

Date of next meeting
2.00 pm on Tuesday, 28 November 2017

Members: Richard Flatman (Chair), Adam Crossley and Tony Giddings

In attendance: Simon Cunningham (Kingston Smith LLP), Rao Bhamidimarri, Dan Smith, Michael Broadway, Pervena Singh and James Stevenson

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South Bank Academies

	CONFIDENTIAL
Paper title:	External Audit Findings
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	29 November 2016
Sponsor:	CEO
Author:	Dan Smith
Purpose:	Review
Recommendation:	To review the findings of the external auditor during their annual audit

Executive Summary

The purpose of this report is to provide information and feedback to the South Bank Academies Audit Committee from the external auditors Kingston Smith LLP after their annual audit of the South Bank Academies accounts.

The report includes the following;

- Audit Approach
- Significant Findings
- Accounting and Internal Control Systems
- Sector Update
- Corrected Material Misstatements and Reclassifications
- Other matters

The work on the audit was completed on-site during the w/c 17th October by two members of Kingston Smith LLP audit team.

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South Bank Academies

Post Audit Management Report

Year Ended 31 August 2016

Post Audit Management Report – South Bank Academies

We have completed the audit of the South Bank Academies for the year ended 31 August 2016 and we expect to issue an unqualified audit opinion.

This report covers the findings from our audit, the scope of which was communicated to you prior to commencing the work. It includes some recommendations for improving the accounting and internal control systems as well as highlighting some future developments that may be of interest to the board.

We hope that the recommendations are practical and are able to be implemented. We would be grateful if you could discuss the points as a board and will welcome a written response. Please extend our thanks to Daniel Smith for all of his help with the audit.

If you have any concerns or questions arising from this report, please contact Anjali Kothari.

Yours faithfully

.....
Kingston Smith LLP

.....
Date

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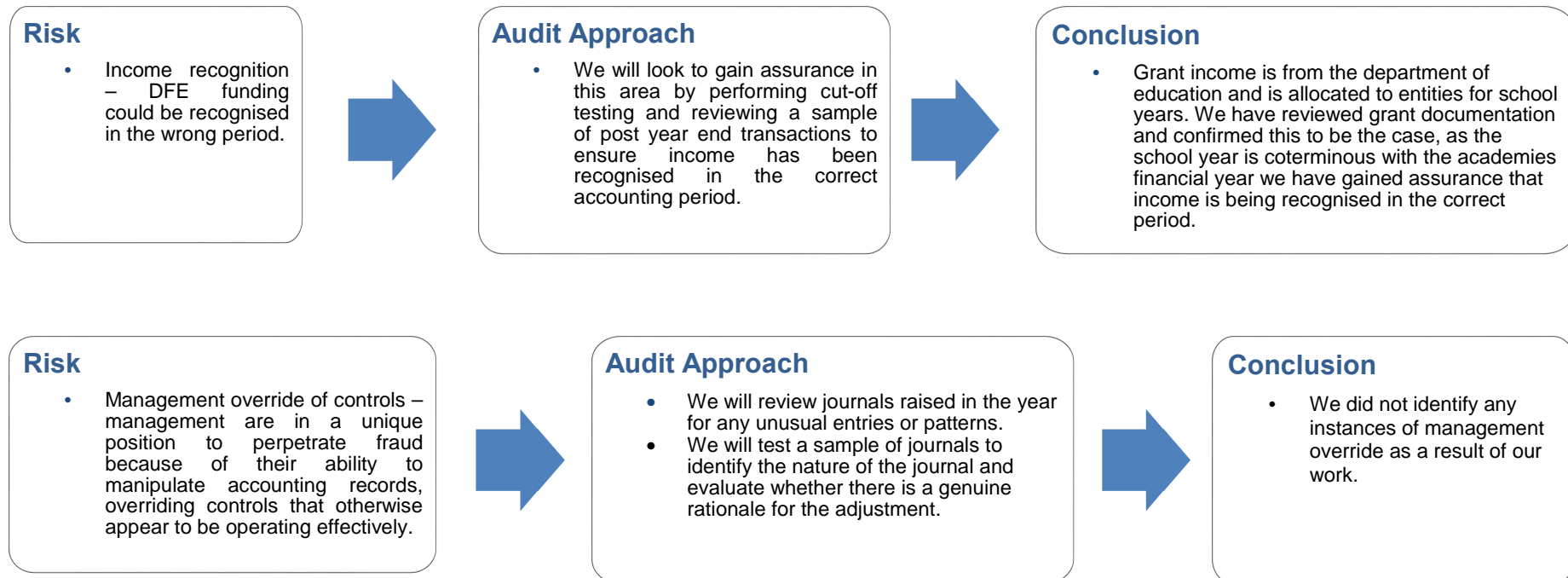
Page 1	Audit Approach
Page 2	Significant findings from the Audit
Page 3	Operation of the Accounting and Internal Control Systems
Page 4	Sector update
Appendix 1	Corrected Material Misstatements and Reclassifications
Appendix 2	Other matters

Section 1: Audit Approach

As outlined in our pre-audit letter dated 5 September 2016 our audit approach is based on an assessment of the audit risk relevant to the individual financial statement areas. Areas of risk are categorised according to their susceptibility to material misstatement, whether through complexity of transactions or accounting treatment. For each area we calculated a level of testing and review sufficient to give comfort that the financial statements are free from material misstatement.

The following table lists any risks identified at the planning stage and during the course of the audit, our approach to mitigate the risk and our conclusions from completing this work

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Section 2: Significant Findings From The Audit

We are required under International Standards on Auditing to request you to correct all misstatements identified during our audit, with the exception of those that are clearly trivial.

Corrected material misstatements and reclassifications

Included as Appendix 1 are the corrected, material misstatements identified during the course of our audit work which have been discussed and agreed with you.

Observations concerning the operation of the accounting and control systems

We detail in section 3 other matters concerning the operation of the accounting and control systems that we consider should be brought to your attention. The observations have been ranked in order of potential risk to the business. Significant internal control issues; which we believe need immediate attention; are denoted using a red flag. We have also included an assessment of the extent to which our previous recommendations have been implemented.

We look forward to receiving your responses on the points raised. Due to the nature of an audit we may not have identified all weaknesses within the accounting and internal control systems which may exist and the contents of this section of our letter and any items disclosed in this report should not therefore be taken as a comprehensive list of such weaknesses.

Management Representation Letter

A draft of our proposed management representation letter has been sent to you under separate cover. All of the matters included in this letter on which we seek the Trustee's formal confirmation are in respect of routine matters.

Section 3: Operation of the Accounting and Internal Control Systems

Current year

	<u>MATTER ARISING</u>		<u>IMPLICATION</u>	<u>RECOMMENDATION</u>	<u>RESPONSE</u>
	<p>Accruals We note an accrual for £34k has been made for Southwark heating and an accrual of £44k for IT services from RM. We have noted the calculations to support these, but understand 3rd party evidence (an invoice, for example) is not available.</p>	MED	Accruals may be overstated.	To ensure that all accruals are supported by evidence of invoices where possible.	The Academy is aware that there are costs involved with the heating supplied by Southwark Heating and also the IT services supplied by RM Education. Despite requests we have not received any invoices. It is however prudent to accrue for these costs.
	<p>Bank reconciliations Bank reconciliations are not being signed off as reviewed.</p>	LOW	There is a risk that reconciliations are not being performed adequately and/or in good time.	Sign off bank reconciliations once reviewed; consider the possibility of a dual review or a separate reviewer to the person posting income and expenditure.	Bank Reconciliations will now be prepared by the Finance Officer in each school and signed by the Trust Business Manager.

Section 3: Operation of the Accounting and Internal Control Systems

Prior Year

	<u>MATTER ARISING</u>		<u>RECOMMENDATION</u>	<u>IMPLEMENTATION PROGRESS</u>
	Salary Overpayment We noted that there was an employee who was over paid in September and October 2014 and this balance remained outstanding at the year end.	MED	To review the payroll controls to ensure that staff are not paid in error. Monies may not be recoverable if staff leave.	There were no salary creditors at the year end.
	Debtors We note that there is an outstanding debtor balance of £18,250 from Southwark Council. This debt is over 5 months old. We understand that efforts are being made to recover this debt.	MED	To ensure that this debt is recovered, or to consider making a provision against this debt.	This balance has since been recovered.
	Accruals We note an accrual for £34k has been made for Southwark heating. We have noted the calculations to support this, but understand 3 rd party evidence (an invoice, for example) is not available.	MED	To ensure that all accruals are supported by evidence of invoices where possible.	This issue is still outstanding and has been included in the letter of representation again.
	Supplier set up No dual authorisation is required to set up suppliers or amend their details on the accounting system.	LOW	The system should be altered to prevent suppliers being set up or amended without dual authorisation.	New Supplier Form introduced that requires two signatures including that of the Principal and requests reasons for opening a new account and bank details on the suppliers headed paper. Existing supplier list readily available for all staff.

Section 3: Operation of the Accounting and Internal Control Systems

	<u>MATTER ARISING</u>		<u>RECOMMENDATION</u>	<u>IMPLEMENTATION PROGRESS</u>
	Bank reconciliations Bank reconciliations are not being signed off as reviewed.	LOW	Sign off bank reconciliations once reviewed, consider the possibility of a dual review or a separate reviewer to the person posting income and expenditure.	Bank reconciliations are now being performed but are not signed off.
	Professional Fees We noted that there are some teaching costs being included in professional fees.	LOW	Ensure that any teaching costs are included within supply teaching costs and not professional fees.	This miscoding error has now been rectified.
	Tenancy Agreement We note the tenancy agreement is still not signed.	LOW	To ensure that this is signed.	This issue is still outstanding.
	Register of Interests We note that there is a register of interest, but we could not view this.	LOW	To ensure that this is readily available and updated on an annual basis and as and when required.	The school now holds a register of interests.
	Aged Creditor Listing We note from our review that there are a number of balances which have not been cleared off accounts. This can lead to supplier payment confusion and errors. This can also suggest the purchase supplier payment process is not robust enough.	LOW	We recommend that all supplier balances are reviewed and cleared down. Where items are in dispute there should be attempt to resolve these.	This issue has been resolved.

Section 3: Operation of the Accounting and Internal Control Systems

We have given each of our observations a risk rating as explained in the key below:-

RISK RATING FOR MANAGEMENT REPORT POINTS		
	Risk rating	Explanation
	Low	Issues that would, if corrected, improve the internal controls or accounting practices in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.
	Medium	Issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
	High	Issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.

Section 3: Operation of the Accounting and Internal Control Systems

Academies Useful Links

ICAEW: www.icaewvolunteers.com

There are a number of links which the Governors and senior leadership might find useful and these are listed below:

Gov.uk:

<https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>

<https://www.gov.uk/guidance/schools-financial-efficiency-top-10-planning-checks-for-governors>

<https://www.gov.uk/academies-fianncial-assurance>

<https://www.gov.uk/academies-severance-payments>

<https://www.gov.uk/government/collections/academies-investigation-reports>

NABSM good practice Library:

<http://nasbm.co.uk/Home/Efa-Academies-Library.aspx>

FD Forum:

www.thefdforum.co.uk

ICAEW:

www.icaewvolunteers.com

Section 4: Sector Update

1. Apprenticeship Levy

Starting on 1 April 2017, the apprenticeship levy will force all charities with payrolls of £3m and over to pay a levy of 0.5 per cent to the government. Each charity employer will receive £15,000 to offset the cost of implementing this. However, it remains the case that charities that have a high proportion of volunteers in relation to paid staff often have very few roles that could be filled by apprentices, even though they might well breach the £3m payroll threshold – in which case, they might find themselves obliged to pay the levy and receive little in return. We have called upon government to consider whether volunteers could be deemed to be “employees” for the purpose of deciding who can qualify for an apprenticeship. The Department for Education has published the Government’s initial Proposals for apprenticeship funding in England from May 2017, along with an Apprenticeship funding bands tool and a spreadsheet of Apprenticeships approved for delivery.

In brief:

- Charity employers that are too small to contribute to the apprenticeship levy would have 90% of the cost of their apprenticeship training paid by the Government as a “co-investment”.
- The Government will pay an additional £2,000 in respect of 16- to 18-year-olds, young care leavers and young people with an education, health and care (EHC) plan, with £1,000 going to the employer and an additional £1,000 to the training providers.
- Waive the “co-investment requirement” for small employers (i.e. those with fewer than 50 employees) where they are training a 16- to 18-year-old apprentice, young care leaver or young person with an EHC plan – which means that they would not have to pay anything towards the training;
- Charities will be able to use levy funds to retrain workers in a new skill where they have prior qualifications – so long as the new skill is significantly different from their previous qualifications.

- Pay training providers £471 for training to gain the minimum standard of Level 2 in English and maths, payable directly from the Government instead of being deducted from the employer’s digital account.
- From 2018 allow levy-paying employers to be able to transfer up to 10% of the annual value of funds entering their digital accounts to other employers on the digital system.

The levy will be paid to HMRC through the PAYE process currently in place. The amount payable will be 0.5 per cent of the total amount of earnings subject to Class 1 secondary National Insurance Contributions. This includes earnings below the secondary threshold, which are usually excluded for the calculation of employers NICs.

A £1,250pm (£15,000 annually) levy allowance will be provided by the government to offset against this. The allowance can be carried forward if unused and can be used as a credit against PAYE liabilities.

For example, if Employer A’s pay bill is £3.2m, the cost of the levy will be £16,000. Employer A will receive £15,000 to offset this cost and so the net payable is £1,000.

This net amount payable will be put into a digital account and made available for employers to buy training, from an approved trainer, for apprenticeship schemes. HMRC have confirmed that all digital account payments made to an approved Apprenticeship Levy provider will be exempt from VAT.

Apprenticeships will not be limited to young people, but the levy will be restricted to training apprenticeships, excluding additional costs such as recruitment and salaries.

No special considerations are expected to be granted to charities and we understand that any unspent levy money could be used by private business.

Section 4: Sector Update

Further details on how the apprenticeship levy will work can be found via this link: <https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>

If you have any queries on this matter, in the meantime, please ask Anjali Kothari.

2. Current HR and Employment Related Issues

A number of changes and updates to employment legislation have been introduced in recent months, as follows:

- The National Minimum Wage rates have increased from 1 October 2016 for all age groups. For workers aged 21 years to 24, the rate is now £6.95 per hour, a rise of 25p from the previous year. The National Living Wage was also introduced in April for workers aged 25 and over and is currently £7.20 per hour.
- The Apprenticeship Levy will be introduced in April 2017; all employers with a wage bill of more than £3 million will have to contribute 0.5% of the bill to the levy. All employers will be able to access funding for apprenticeships through the digital apprenticeship portal.
- There have been further rulings on the inclusion of commission and overtime in holiday pay. The Court of Appeal has upheld the decision to include commission in holiday pay and it is widely accepted that regular overtime should also be included. There are still questions to be clarified on the reference period to use and no definitive answer on annual bonuses.
- The Employment Tribunal has granted permission for shop workers at ASDA to compare themselves to warehouse staff in an equal pay claim that could result in claims for £100 million. The final outcome of the case could have far reaching consequences across the retail sector.
- The outcome of the Uber Employment Tribunal claim to determine if its drivers are self employed or employees is awaited. If it is

decided that they are in fact employees this will impact on the rise of the 'gig' economy and infer employment rights such as sick pay, holiday pay, entitlement to minimum wage and protection from unfair dismissal.

- The Government is currently consulting on the use of non-compete clauses and if these should be banned, the view being that they can stifle potential entrepreneurs and fair competition.
- Immigration rules for non-EU migrants have changed from April 2016. Non-EU nationals must also earn a minimum of £35,000 per annum in addition to meeting the residency requirements of 5 years to apply to permanently remain in the UK.
- Tougher sanctions have been introduced for employers who knowingly employ illegal workers. Individuals can be held criminally responsible and receive a fine of £20,000 and the company can be closed while investigation take place.

Please speak to Anjali Kothari for further information.

3. Fundraising & Trustee Duties

Following the copious amounts written in the Press in regard to fundraising since May 2015, the Charity Commission issued its revised guidance 'CC20 Charity fundraising: a guide to trustee duties' on 7 June 2016.

The revision emphasises that trustees are responsible for public fundraising undertaken by their charity. They should involve themselves in the planning and monitoring of their charity's fundraising systems and processes, without taking on an overly operational approach. As always, proportionality is key and planning and monitoring will depend on the charity's size, structure and complexity. It will also depend on whether fundraising is undertaken by trustees, paid staff, outsourced organisations or volunteers.

The consultation highlights six principles to consider:

Section 4: Sector Update

- fundraising strategy and planning
- supervising fundraisers (including third parties)
- protecting the charity's reputation and assets
- complying with laws and regulations
- living up to relevant standards
- being open and accountable.

The guidance states that the Charity's plan should not be lengthy or complex but should include issues such as:

- The fundraising methods that are to be used
- The resources that will be used and the costs that will be incurred, and their proportionality with income raised
- The financial / reputation and other risks that the Charity will face and how these will be mitigated
- How the fundraising will reflect upon the Charity's values
- Regularly monitoring progress against fundraising plans, looking carefully and critically at the areas of highest risk.

The guidance does not aim to describe all legal requirements for fundraising, as these aren't regulated by the Commission, instead it signposts readers to other bodies that provide that guidance, such as the Fundraising Regulator, Information Commissioner's Office, Gambling Commission, etc.

The Commission aims to work closely with the new Fundraising Regulator (due to take over from the Fundraising Standards Board (FRSB) and Public Fundraising Regulatory Authority (PFRA) on 5 July) and the Information Commissioners Office (ICO). The guidance highlights where the Commission has jurisdiction over fundraising matters.

Trustees and charity executives need to balance risk aversion and compliance to regulations with the need to integrate their charity's values

into its fundraising practice, and to innovate in order to find funding to meet beneficiary needs.

Should you have any queries about your fundraising, either about the current processes and procedures or additional requirements, please email James Newell at jnewell@ks.co.uk – Director of Fundraising and Management.

4. Register of People with Significant Control

From 6 April 2016 the majority of UK companies will be required to keep (and make available for public inspection) a new statutory Register of People with Significant Control (also known as the PSC Register).

All charitable companies limited by guarantee and all wholly-owned trading subsidiaries of charities will be subject to the regime.

From 30 June 2016 you will also need to include the information contained in this Register in a Confirmation Statement, to be filed with Companies House. This statement replaces the Annual Return. The new rules are among a number of changes to the Companies Act 2006 brought in as part of the Government's drive to increase transparency in ownership and control of UK corporations, help combat tax evasion and money laundering, and increase trust in UK businesses.

What is a 'Person with Significant Control'? A Person of Significant Control is an individual who:

- i. holds, directly or indirectly, more than 25% of a company's shares; or
- ii. holds, directly or indirectly, more than 25% of the voting rights in a company; or

Section 4: Sector Update

iii. holds the right, directly or indirectly, to appoint or remove a majority of a company's directors; or

iv. has the right to exercise, or actually exercises, significant influence or control over a company; or

v. exercises, or has the right to exercise, significant influence or control over a trust or firm which meets any of the above conditions.

Charitable Companies are, for the most part, unlikely to be caught by the first two points. However consideration should be given to the remaining points. Where a company's shares are owned by another legal entity, this other entity is a Relevant Legal Entity (RLE) and, generally, if it would meet any of the above conditions if it were an individual, it also needs to be listed on the PSC Register. For the majority of cases, this is likely to apply to those charitable companies that have wholly owned trading subsidiaries.

One of the criteria under this legislation is holding, either directly or indirectly, more than 25% of the voting rights. For a charitable company limited by guarantee this will apply to the guarantee members. What information will need to be shown in the PSC Register? An entry in the PSC Register will need to contain the same information as a company is currently required to keep relating to its directors, as well as:

- the date of becoming a PSC;
- details of the PSC conditions which apply (points 'i' to 'v', above); and
- a note of any restrictions on disclosing the PSC's information which may be in place.

The PSC Register must be updated whenever the position changes.

What information will need to be sent to Companies House, and when? All the information in the PSC Register will need to be sent to Companies

House annually, in the Confirmation Statement, except that, as with directors/trustees, the residential address and day element of the date of birth will be redacted.

Any charitable company will need to list its guarantee members as PSCs if the number of members is three or less. If there are four or more members, which will usually be the case, each individual will control no more than 25%, and hence there will be no PSC. However, the PSC register must never be blank, and so where there is no PSC, charities will need to keep a PSC register containing specific wording stating that there is no registrable person. Typical wording could be: "The company knows or has reasonable cause to believe that there is no registrable relevant legal entity or PSC in relation to the company".

What are the penalties for non-compliance? The legislation imposes obligations on the company and its trustees/directors to discover and disclose the required information and to give notice to any person they consider may be a PSC. The directors/trustees may be liable to fines and imprisonment, and the charitable company may be fined, for failing to comply. There are similar obligations on PSCs to comply with requests for information.

If you would like any further information, please get in touch with Anjali Kothari.

Appendix 1: Corrected Material Misstatements and Reclassifications

No other matters have come to our attention during the audit which we are required to communicate to you and the safeguards adopted were as described in our pre-audit letter.

	Balance Sheet		SOFA		Effect on Net Surplus
	Dr	Cr	Dr	Cr	Dr/(Cr)
Draft Net Income					(71,615)
Fixed assets at cost (ACA9020)	6,223				
Fixed assets accumulated depreciation (ACA9025)		9,525			
Depreciation expense (ACA3005)			3,302		3,302
Being the opening balance adjustment for fixed assets					
Pension contributions (ACA2310)				1,500	(1,500)
Pension contributions (ACA2640)				1,500	(1,500)
Pension asset	3,000				
Being the opening balance adjustment to pension liabilities					
Fixed assets accumulated depreciation (ACA9025)		4,224			
Depreciation expense (ACA3005)			4,224		4,224
Being the current year depreciation charge					

Appendix 1: Corrected Material Misstatements and Reclassifications

	Balance Sheet		SOFA		Effect on Net Surplus
Intercompany debtors	5,040				
Trade debtors (ACA9300)			5,040		
Being the reclassification of intercompany debtors					
	Dr	Cr	Dr	Cr	Dr/(Cr)
Repairs & Maintenance (ACA3000)			5,098		5,098
Repairs & Maintenance (ACA3305)				7,504	(7,504)
Repairs & Maintenance (ACA3310)				1,010	(1,010)
Rates (ACA3250)				372	(372)
Educational Supplies (ACA4010)				1,479	(1,479)
Stationary (ACA4020)			911		911
IT Consumables – Non-Educational (ACA5305)				320	(320)
Professional Services (ACA5140)			11,235		11,235
CRB Checks (ACA6020)				5,553	(5,553)
IT Licensing (ACA5310)				1,442	(1,442)
Uniforms Expenditure (ACA6600)			1,311		1,311
Prepayments (ACA9320)		875			
Being the reversal of last years prepayments and the inclusion of this years					
Trade debtors (ACA9300)	1,898				
Trade creditors (ACA9500)		1,898			
Being credit balances in trade debtors					
PAYE/NI Creditor (ACA9550)	3,000				

Appendix 1: Corrected Material Misstatements and Reclassifications

	Balance Sheet	SOFA	Effect on Net Surplus
Employers NI (ACA2005)		3,000	(3,000)
Being the annual employment allowance not yet recognised			
Accruals	50,112		
Agency Supply Cover - Teaching		5,500	(5,500)
Agency Supply Cover - Support		1,710	(1,710)
Course Fees		1,500	(1,500)
Repairs & maintenance		14,095	14,095
Equipment (Not IT)		81	(81)
Catering Food/Drink		4,628	(4,628)
Electricity		5,000	(5,000)
Security Alarm		773	(773)
Computer support		22,000	22,000
Recruitment expenses		32,493	32,493
Accountancy		300	300
Southwark district heating		415	415
GAG Clawback Expense		402,511	(402,511)
GAG Clawback Accrual	402,511		
Being the reversal of last years accruals and the inclusion of this years			
Pension Liability	31,000		
Pension contributions		5,000	(5,000)
Actuarial losses		36,000	36,000
Being the current year movement on pensions			
Final net (income)/expenditure			(390,613)

Appendix 2: Other Matters

Engagement & Independence

Our engagement objective was the audit of the South Bank Academies.

We have implemented policies and procedures to meet the requirements of the Financial Reporting Council's (FRC) Ethical Standards. To this end we considered our independence and objectivity in respect of the audit for the period under review before commencing planning our audit and communicated with you on these matters in our pre-audit letter dated 5 September 2016.

No other matters have come to our attention during the audit which we are required to communicate to you and the safeguards adopted were as described in our pre-audit letter.

Qualitative aspects of accounting practices, accounting policies and financial reporting

Based on our audit work performed, we believe that the Strategic Report, Trustee's Report and financial statements for the period under review comply with United Kingdom Accounting Standards and the Companies Act 2006.

During the course of our audit of the financial statements for the period under review we did not identify any inappropriate accounting policies or practices.

Matters specifically required by other Auditing Standards to be communicated to those charged with governance

Other than as already explained in our Engagement Letter, Pre-Audit Letter and this Post-Audit Management Report, there are no other specific matters to communicate as a result of our audit of the financial statements under review.

South Bank Academies

	CONFIDENTIAL
Paper title:	Going Concern Statement
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	29 November 2016
Sponsor:	CEO
Author:	Dan Smith
Purpose:	To present the going concern report for the financial year 15/16
Recommendation:	The audit committee recommend approval to the Trust of the going concern statement in the statutory accounts

Executive Summary

The purpose of this report is to provide information allowing the South Bank Academies Audit Committee to approve the Going Concern Statement to be included in the South Bank Academies 2015/16 Annual Report.

The statement will be included as part of the 'Strategic Report' in the Annual Report.

The statement should indicate if there are any concerns or uncertainties regarding the Trust's financial capability to continue in operational existence for the foreseeable future.

Areas of assurance include.

- Reserves as at 31st August 2016
- Audit management report
- Cash balance
- 2016/17 Budget
- Risk register monitoring

South Bank Academies

Going Concern Report 2015/16

The Going Concern statement in the accounts reads as follows:

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

Reserves as at 31/08/2016

The Trust has total reserves of £869,587 these are split between Unrestricted and Restricted General and Fixed Asset funds as shown below.

Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
£62,019	£519,199	£288,369	£869,587

The level of funds is approximately four months of the 2015/16 income and should provide assurance that there are sufficient funds to cover any operational issues or an unexpected reduction in income.

Audit Management Report

The feedback via the audit management report showed that there were no concerns over the processes and procedures adopted by the Trust in relation to financial procedures.

The audit covered five days of field work and additional off site checks and should give assurance to the audit committee and the Trust that

Cash Balance

The cash balance as at the 31st August 2016 shows a balance of £1.1m. There are no foreseen cash flow issues over the next twelve months.

Regular cash flows are included in the finance report to local governing bodies and the Trust for regular monitoring.

2016/17 Budget

The budgets for both the UTC and the Academy have been approved by the Trust and have been submitted to the Department for Education.

Both budgets show a surplus and are monitored regularly.

South Bank Academies

Risk Register Monitoring

The risk register for the Trust is reviewed at every meeting and monitors the risks involved in the following areas of the business.

- Compliance
- Finance
- Staffing
- Pupil Levels
- Infrastructure
- Reputation

These areas cover the major risks that could affect the short and long term financial future of the Trust.

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South Bank Academies

	CONFIDENTIAL
Paper title:	External audit Letter of Representation
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	29 November 2016
Sponsor:	CEO
Author:	Dan Smith
Purpose:	To recommend to the South Bank Academies Board
Recommendation:	To recommend to the South Bank Academies Board the External audit Letter of Representation

Executive Summary

The letter of representation requires the South Bank Academies Board to give specific assurances to the auditors over matters regarding the financial statements and the year- end audit. It should be signed by the Chair at the time of signing the accounts. The attached letter contains standard representations only; there are no items that have been inserted specific to South Bank Academies.

Recommendation

That the Audit Committee review and recommend the Letter of Representation to the Board for approval.

Attachments

- Letter of representation

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LETTER OF REPRESENTATION

South Bank Academies
UAESB University Academy of Engineering South Bank
Trafalgar Street
London
SE17 2TP

Kingston Smith LLP
Chartered Accountants
Devonshire House
60 Goswell Road
London
EC1M 7AD

Dear Sirs,

We confirm to the best of our knowledge and belief the following representations given to you in connection with your audit of the charitable company's financial statements for the year ended 31 August 2016. We confirm that they are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you.

General

- 1) We acknowledge our responsibility for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable us to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011.
- 2) We acknowledge our responsibility for preparing financial statements in accordance with the Companies Act 2006, the Academies Accounts Direction issued by the EFA, the Charities Act 2011 and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) and are satisfied that the financial statements give a true and fair view.
- 3) We acknowledge and agree it is our responsibility to design and implement internal control systems to prevent and detect fraud and error in safeguarding the assets of the charitable company.
- 4) We confirm that the accounting policies selected are suitable to the charitable company's circumstances and that they have been applied consistently; that any judgements and estimates made are reasonable and prudent; and that it is appropriate to prepare the financial statements on a going concern basis.

Information Provided

- 5) We have provided you with:
 - a) access to all information which we are aware is relevant to the preparation of the financial statements such as records, documentation and other matters; and
 - b) additional information that you have requested from us for the purpose of the audit; and

- c) unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 6) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 7) We have disclosed to you the identity of all of the entity's related parties, related party relationships and transactions of which we are aware.

Assets and Liabilities

- 8) All known assets and liabilities as at the balance sheet date have been included in the financial statements to include Schedule 21 expenditure against the Capital Grant income.
- 9) We confirm the charitable company has satisfactory title to all assets and there are no liens or encumbrances on the charitable company's assets.
- 10) We confirm that the financial statements disclose appropriately all liabilities, actual and contingent and have disclosed all guarantees given to third parties.
- 11) We confirm the figure accrued of £34,415 for further light and heat costs from Southwark Council to be a reasonable estimate.
- 12) We confirm the figure accrued of £44,000 for IT Services from RM to be a reasonable estimate.

Transactions Involving Trustees/Directors and Connected Persons

- 13) We confirm that there are no transactions with, or on behalf of, the trustees/directors or their associates, or contracts in which the trustees/directors or their associates have an interest which are required to be disclosed in the financial statements under the provisions of the Companies Act 2006 other than those detailed in the notes to the financial statements.

Fraud

- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have disclosed to you all information in relation to fraud or suspected fraud that affects the entity and involves management, employees who have significant roles in internal control and others, where the fraud could have a material effect on the financial statements.
- 16) We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Contingent Liabilities

- 17) Provision has been made where a material loss is expected to result from any litigation or claim against the charitable company. Other contingent liabilities at the balance sheet date, none of which are expected to result in a material loss to the charitable company or in commitments which it cannot meet, have been disclosed in the financial statements.

Going Concern & Future Cash Requirements

18) In our opinion the charitable company will have adequate cash resources available to finance its operations and meet its obligations during the course of the twelve months following the date of approval of the financial statements. Accordingly, the financial statements have been drawn up on a going concern basis.

Post Balance Sheet Events

19) All events subsequent to the date of the financial statements and for which the financial statements require adjustment or disclosure have been adjusted or disclosed.

Data Protection Act

20) We confirm that the charitable company complied with the statutory requirements of the Data Protection Act during the year.

Laws and regulations

21) We confirm that we have disclosed to you all known instances we are aware of which involve actual, possible or suspected non compliance with laws and regulations whose effects should be considered when preparing financial statements, together with the actual or contingent consequences which may arise therefrom.

Yours faithfully
For and on behalf of Management

.....
Business Manager

.....
Date

For and on behalf of the Board

.....
Trustee/Director

.....
Date

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South Bank Academies

	CONFIDENTIAL
Paper title:	Draft South Bank Academies Annual Report & Accounts
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	29 November 2016
Sponsor:	CEO
Author:	Dan Smith
Purpose:	To review and to recommend to the Board
Recommendation:	To recommend the South Bank Academies Annual Report 2015/16 to the Board

Executive Summary

The purpose of this report is to provide information allowing the South Bank Academies Audit Committee to recommend the draft annual report and accounts to the Board for approval at its meeting of 8 December 2016.

The Annual Report shows the financial performance of the Trust during the past year (12 months to 31/08/16) and also provides information on;

- Statement from the Chief Executive Officer
- Structure, Governance and Management
- Objectives and Aims
- Plans for Future Periods
- Financial Review
- Statement of Financial Activities (SOFA)
- Balance Sheet
- Cash Flow Statement

The annual report needs to be submitted to the Department for Education and shown on the Trust website by the 31st December 2016. Further submissions to Companies House are required.

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South Bank Academies

(A Company Limited by Guarantee)
(Previously known as University Academy of Engineering South Bank)

Annual Report and Financial Statements
For the year ended 31 August 2016

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Southbank Academies

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Southbank Academies

Reference and Administrative Details

Members/Trustees	Srinivasa Bhamidimarri Dr Irene Bishop (resigned 25/02/2016) Michael Broadway (appointed 22/03/2016) Adam Crossley (appointed 01/07/2016) Douglas Denham-St-Pinnock (appointed 12/07/2016) Richard Flatman (appointed 21/12/2015) Karen Fowler (resigned 07/01/2016) Anthony Giddings (appointed 01/07/2016) Steve McGuire (appointed 11/01/2016) David Phoenix (appointed 21/12/2015) Anil Puri (resigned 01/08/2016) James Stevenson (appointed 21/12/2015)
Company Secretary	Michael Broadway
Key Management Personnel	
Principal	Gary Nelson
Principal	Jane Rowlands (resigned 31/08/16)
Chair	Professor Rao Bhamidimarri
Assistant Vice Principal	Rob Harding
Assistant Vice Principal	Annette Moses
Business manager	Dan Smith
Principal and Registered Office	UAESB (University Academy of Engineering South Bank) 103 Borough Road London SE1 0AA
Company Registration Number	08589525 (England and Wales)
Independent Auditor	Kingston Smith LLP Devonshire House 60 Goswell Road St Albans EC1M 7AD
Bankers	Lloyds Bank Plc Threadneedle Street London EC2R 8AU

Southbank Academies

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

We have audited the financial statements of South Bank Academies for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

Southbank Academies

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

Matters on which we are required to report by exception

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

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

Date:

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

Devonshire House
60 Goswell Road
St Albans
EC1M 7AD

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Southbank Academies

Statement of Financial Activities for the year ended 31 August 2016
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £ as restated
Income and endowments from:						
Charitable activities:						
Funding for the academy trust's educational operations	2	4,800	2,467,823	-	2,472,623	1,183,492
Other trading activities	3	11,512	-	-	11,512	20,222
Investments	4	1,595	-	-	1,595	939
Total		17,907	2,467,823	-	2,485,730	1,204,653
Expenditure on:						
Charitable activities:						
Academy trust educational operations	5	-	2,025,694	151,933	2,177,627	1,355,199
Total		-	2,025,694	151,933	2,177,627	1,355,199
Net income / (expenditure)		17,907	442,129	(151,933)	308,103	(150,546)
Transfers between funds	13	-	-	-	-	-
Other recognised gains and losses						
Actuarial (losses) / gains on defined benefit pension schemes	13,19	-	(36,000)	-	(36,000)	-
Net movement in funds		17,907	406,129	(151,933)	272,103	(150,546)
Reconciliation of funds						
Total funds brought forward	13	44,112	113,070	440,302	597,484	748,030
Total funds carried forward	13	62,019	519,199	288,369	869,587	597,484

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

Southbank Academies

Balance Sheet as at 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	10		6,221		10,445
Current assets					
Debtors	11	158,423		119,190	
Cash at bank and in hand		1,156,331		1,238,125	
		<u>1,314,754</u>		<u>1,357,315</u>	
Liabilities					
Creditors : Amounts falling due within one year	12	<u>(423,388)</u>		<u>(773,276)</u>	
Net current assets/(liabilities)			<u>891,366</u>		<u>584,039</u>
Total assets less current liabilities			897,587		594,484
Defined benefit pension scheme (liability)/asset	19		(28,000)		3,000
Total net assets			<u>869,587</u>		<u>597,484</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	13	288,369		440,302	
General fund	13	547,199		110,070	
Pension reserve	13	<u>(28,000)</u>		<u>3,000</u>	
Total restricted funds			807,568		553,372
Unrestricted income funds	13		62,019		44,112
Total funds			<u>869,587</u>		<u>597,484</u>

The financial statements on pages [xx to xx] were approved by the trustees, and authorised for issue on [date] 2016 and are signed on their behalf by:

[Signed]

[Name to be typed]

Trustee

Southbank Academies

Cash Flow Statement for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	15	(99,389)	550,945
Cash flows from investing activities	16	1,595	(5,736)
Change in cash and cash equivalents in the reporting period		<u>(97,794)</u>	<u>545,209</u>
Cash and cash equivalents at 1 September 2015		1,238,125	692,916
Cash and cash equivalents at 31 August 2016	17	<u>1,156,331</u>	<u>1,238,125</u>

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Southbank Academies

Notes to the Financial Statements for the year ended 31 August 2016

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

Southbank Academies is a limited company domiciled and incorporated in England and Wales. The registered office is Trafalgar Street, London, SE17 2TP.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS102, 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 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006.

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.

First time adoption of FRS 102

These financial statements are the first financial statements of Southbank Academies prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

No adjustments were required on the adoption of FRS 102.

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.

Southbank Academies

Notes to the Financial Statements (continued) for the year ended 31 August 2016

1 Statement of Accounting Policies (continued)

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 sheet in the restricted fixed asset fund.

Sponsorship Income

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions)

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.

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.

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.

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.

All resources expended are inclusive of irrecoverable VAT.

Southbank Academies

Notes to the Financial Statements (continued) for the year ended 31 August 2016

1 Statement of Accounting Policies (continued)

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:

Furniture and Equipment	5 years straight line
Computer hardware	3 years straight line

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

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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Statement of Accounting Policies (continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its 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 assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1 Statement of Accounting Policies (continued)

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

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

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 Funding Agency and Department for Education.

Southbank Academies

Notes to the Financial Statements (continued) for the year ended 31 August 2016

1 Statement of Accounting Policies (continued)

Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions

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

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 19, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £ as restated
DfE / EFA revenue grants				
General Annual Grant (GAG)	-	2,171,359	2,171,359	964,738
Other DfE/EFA grants	-	146,681	146,681	193,923
	<u>-</u>	<u>2,318,040</u>	<u>2,318,040</u>	<u>1,158,661</u>
Other Government grants				
Local authority grants	-	96,370	96,370	-
	<u>-</u>	<u>96,370</u>	<u>96,370</u>	<u>-</u>
Other Income from the academy trust's educational	4,800	53,413	58,213	24,831
	<u>4,800</u>	<u>2,467,823</u>	<u>2,472,623</u>	<u>1,183,492</u>

The Funding for the Academy Trust's Educational Operations totalled £2,472,623 (2015: £1,183,492) of which £4,800 (2015: £24,831) was unrestricted and £2,467,823 (2015: £1,158,661) was restricted.

Southbank Academies

Notes to the Financial Statements (continued) for the year ended 31 August 2016

3 Other trading activities	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Hire of facilities	11,512	-	11,512	20,222
	<u>11,512</u>	<u>-</u>	<u>11,512</u>	<u>20,222</u>

The income from other trading activities totalled £11,512 (2015: £20,222) of which £11,512 (2015: £20,222) was unrestricted.

4 Investment income	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Short term deposits	1,595	-	1,595	939
	<u>1,595</u>	<u>-</u>	<u>1,595</u>	<u>939</u>

Investment income totalled £1,595 (2015: £939) of which £1,595 (2015: £939) was unrestricted.

5 Expenditure	Non Pay Expenditure			Total 2016 £	Total 2015 £
	Staff Costs £	Premises £	Other £		
Academy's educational operations:					
Direct costs	1,102,932	47,822	17,687	1,168,441	561,278
Allocated support costs	280,554	356,744	371,888	1,009,186	793,921
	<u>1,383,486</u>	<u>404,566</u>	<u>389,575</u>	<u>2,177,627</u>	<u>1,355,199</u>

Expenditure totalled £2,177,627 (2015: £1,355,199) of which £2,025,694 was restricted (2015: £1,087,190) and £151,933 (2015: £268,009) restricted fixed assets.

Net income / (expenditure) for the period includes:

	2016 £	2015 £
Depreciation	4,224	4,224
Fees payable to auditor for:		
Audit	5,400	5,100
Other services	4,110	1,500
	<u>9,510</u>	<u>6,600</u>

Southbank Academies

Notes to the Financial Statements (continued)
for the year ended 31 August 2016

6 Charitable Activities

	Total 2016 £	Total 2015 £
Direct costs - educational operations		
Support costs - educational operations	1,168,441	561,278
	1,009,186	793,921
	2,177,627	1,355,199

Support costs - educational operations

	Total 2016 £	Total 2015 £
Support staff costs	280,554	116,580
Depreciation	4,224	4,224
Technology costs	66,852	-
Premise costs	356,744	618,801
Other support costs	291,302	36,710
Governance costs	9,510	17,606
Total direct and support costs	1,009,186	793,921

Direct costs totalled £1,168,141 (2015: £561,278) of which £1,168,141 was restricted (2015: £561,278).
Support costs totalled £857,253 (2015: £793,921) of which £744,474 was restricted (2015: £525,912) and
£151,933 (2015: £268,009) was restricted fixed assets.

7 Staff

a. Staff costs

	2016 £	2015 £
Staff costs during the period were:		
Wages and salaries	965,890	414,145
Social security costs	90,424	37,043
Operating costs of defined benefit pension scheme	118,247	39,983
	1,174,561	491,171
Supply staff costs	124,625	159,002
Staff restructuring costs	84,300	11,644
	1,383,486	661,817
Staff restructuring costs comprise:		
Other restructuring costs and compromise settlement costs	84,300	11,644
	84,300	11,644

Southbank Academies

Notes to the Financial Statements (continued) for the year ended 31 August 2016

7 Staff (Continued)

b. Staff numbers

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

	2016 No.	2015 No.
Teachers	26	6
Administration and support	5	3
Management	1	1
	<u>32</u>	<u>10</u>

c. Higher paid staff

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

	2016 No.	2015 No.
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £291,682 (2015: £XX).

8 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.

J Rowlands (principal and trustee):

Remuneration	£100,001 - £105,000 (2015: £95,001 - £100,000)
Employer's pension contributions	£10,001 - £15,000 (2015: £10,001 - £15,000)

During the year ended 31 August 2016, no travel or subsistence expenses were reimbursed or paid directly to any trustees (2015: £Nil).

Southbank Academies

Notes to the Financial Statements (continued) for the year ended 31 August 2016

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.

10 Tangible fixed assets

	Furniture and Equipment £	Computer Hardware £	Total £
Cost			
At 1 September 2015	9,993	6,675	16,668
Additions	-	-	-
Disposals	-	-	-
At 31 August 2016	<u>9,993</u>	<u>6,675</u>	<u>16,668</u>
Depreciation			
At 1 September 2015	3,998	2,225	6,223
Charged in year	1,999	2,225	4,224
Disposals	-	-	-
At 31 August 2016	<u>5,997</u>	<u>4,450</u>	<u>10,447</u>
Net book values			
At 31 August 2016	<u><u>3,996</u></u>	<u><u>2,225</u></u>	<u><u>6,221</u></u>
At 31 August 2015	<u><u>5,995</u></u>	<u><u>4,450</u></u>	<u><u>10,445</u></u>

11 Debtors

	2016 £	2015 £
Trade debtors	4,148	22,325
VAT recoverable	21,151	28,287
Prepayments and accrued income	67,084	68,578
Amounts due from sponsoring organisation	5,040	-
Other debtors	61,000	-
	<u>158,423</u>	<u>119,190</u>

Southbank Academies

Notes to the Financial Statements (continued) for the year ended 31 August 2016

12 Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	61,674	195,599
Taxation and social security	28,361	10,435
EFA creditor: abatement of GAG	82,940	485,451
Accruals and deferred income	250,413	81,791
	<u>423,388</u>	<u>773,276</u>

Deferred income

	2016	2015
Deferred Income at 1 September 2015	-	-
Resources deferred in the year	34,210	-
Deferred Income at 31 August 2016	<u>34,210</u>	<u>-</u>

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

13 Funds

	Balance at 1 September 2015 £ as restated	Incoming Resources £	Resources Expended £	Gains, Transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	(149,853)	2,171,359	(1,563,577)		457,929
Other DfE grants	259,923	200,094	(460,017)		-
Local authority grants	-	96,370	(7,100)		89,270
Pension reserve	3,000	-	5,000	(36,000)	(28,000)
	<u>113,070</u>	<u>2,467,823</u>	<u>(2,025,694)</u>	<u>(36,000)</u>	<u>519,199</u>
Restricted fixed asset funds					
Local authority capital grant	440,302	-	(151,933)		288,369
	<u>440,302</u>	<u>-</u>	<u>(151,933)</u>	<u>-</u>	<u>288,369</u>
Total restricted funds	<u>553,372</u>	<u>2,467,823</u>	<u>(2,177,627)</u>	<u>(36,000)</u>	<u>807,568</u>
Total unrestricted funds	<u>44,112</u>	<u>17,907</u>	<u>-</u>	<u>-</u>	<u>62,019</u>
Total funds	<u>597,484</u>	<u>2,485,730</u>	<u>(2,177,627)</u>	<u>(36,000)</u>	<u>869,587</u>

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

Restricted general funds

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

Restricted fixed asset funds

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

Southbank Academies

Notes to the Financial Statements (continued)
for the year ended 31 August 2016

13 Funds (Continued)

Unrestricted funds

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

Under the funding agreement with the Secretary of State, the academy was not subject to limits on the amount of GAG that it could carry forward at 31 August 2016.

14 Analysis of net assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	6,221	6,221
Current assets	62,019	970,587	282,148	1,314,754
Current liabilities	-	(423,388)	-	(423,388)
Pension scheme liability	-	(28,000)	-	(28,000)
Total net assets	62,019	519,199	288,369	869,587

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

	2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	272,103	(150,546)
Adjusted for:		
Depreciation [note 10]	4,224	4,224
Interest receivable [note 4]	(1,595)	(939)
Defined benefit pension scheme finance cost/income	15,000	(3,000)
(Increase)/decrease in debtors	(39,233)	(67,417)
Increase/(decrease) in creditors	(349,888)	768,623
Net Cash provided by / (used in) Operating Activities	(99,389)	550,945

16 Cash flows from investing activities

	2016 £	2015 £
Interest received	1,595	939
Purchase of fixed assets	-	(6,675)
Net Cash provided by / (used in) investing Activities	1,595	(5,736)

17 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash in hand and at bank	1,156,331	1,238,125
Total cash and cash equivalents	1,156,331	1,238,125

18 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.

19 Pension and Similar Obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Southwark council. Both are 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 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (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%.

Southbank Academies

Notes to the Financial Statements (continued) for the year ended 31 August 2016

19 Pension and Similar Obligations (Continued)

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 will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Teachers' Pension Scheme Changes

The employer's pension costs paid to TPS in the period amounted to £91,247 (2015: £28,983).

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

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 2016 was £35,000 (2015: £13,000), of which employer's contributions totalled £27,000 (2015: £10,000) and employees' contributions totalled £8,000 (2015: £3,000). 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.

Principal Actuarial Assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.40%	3.60%
Rate of increase for pensions in payment/inflation	1.90%	2.10%
Discount rate for scheme liabilities	2.00%	3.80%
Inflation assumption (CPI)	1.90%	2.10%
Commutation of pensions to lump sums	1.90%	2.10%
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	21.9	21.9
Females	26.5	26.4
<i>Retiring in 20 years</i>		
Males	24.1	24.0
Females	28.8	28.7

Southbank Academies

Notes to the Financial Statements (continued) for the year ended 31 August 2016

19 Pension and Similar Obligations (Continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	28	8
Debt instruments	14	3
Property	9	2
Cash	1	-
Total market value of assets	52	13
Amounts recognised in the statement of financial activities	2016 £000	2015 £000
Current service cost (net of employee contributions)	22	8
Actuarial loss	36	-
Changes in the fair value of defined benefit obligations were as follows:	2016 £000	2015 £000
At 1 September	10	-
Current service cost	22	8
Interest cost	1	-
Employee contributions	8	3
Actuarial (gain)/loss	40	(1)
Benefits paid	(1)	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	80	10
Changes in the fair value of Academy's share of scheme assets:	2016 £000	2015 £000
At 1 September	13	-
Interest income	1	-
Employee contributions	8	3
Employer contributions	27	10
Actuarial gain/(loss)	4	-
Benefits paid	(1)	-
At 31 August	52	13
Net pension (liability)/asset	(28)	3

Southbank Academies

Notes to the Financial Statements (continued)
for the year ended 31 August 2016

20 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:

An amount of £61,000 was loaned to South Bank Engineering UTC Trust to help it to set up its operations. A further amount of £5,040 was paid for the trusts expenses on its behalf and recharged to London South Bank University (LSBU). At the year end the trust owed South Bank Academies £61,000, and LSBU owed South Bank Academies £5,040.

The academy occupies premises owned by the London Borough of Southwark Council, upon which it is not charged any rent.

DRAFT

South Bank Academies

	CONFIDENTIAL
Paper title:	Risk Register for South Bank Academies
Board/Committee:	South Bank Academies Audit Committee
Date of meeting:	29 November 2016
Author:	Dan Smith, Business Manager
Sponsor:	CEO
Purpose:	To approve
Recommendation:	The meeting is requested to approve the Risk Register.

Executive Summary

The Risk Register 2016-17 highlights the key risks for South Bank Academies under six key categories;

- Compliance
- Finance
- Staffing
- Pupil Levels
- Infrastructure
- Reputation

The register calculates the risk level associated to each risk by combining the probability of the risk and the impact of the risk. Also listed are the actions that have been taken to mitigate each risk. Each risk will have an 'Owner' to take responsibility for the risk and ensure the mitigating actions are undertaken and deployed.

The Register is an ongoing document and will be reviewed each year: all current risks will be re-assessed and emergent risks will be added.

Each school within the Trust will have its own Risk Register that is aligned to the schools' operations. Significant changes from the last submission;

- Due to the introduction of a robust governance structure and meeting schedule the probability assessment for the first two Compliance area risks have been moved to 1 from 2.
- The external audit report shows that financial procedures are working well so the probability assessment for the second Finance risk has been moved to 1 from 2.
- A review of the probability and impact assessment for the second staffing risk has changed them from 2 and 2 to 1 and 3 respectively.
- A staffing risk centred on overstaffing has been removed as it duplicated the risk and mitigation of the third Finance risk.

South Bank Academies

Area	Risk	Impact description	Probability assessment	Impact assessment	Combined risk level	Mitigating actions	Owner	Last reviewed	Date for next review	Status
Compliance	Innappropriate Governance structure and organisation	Failure to achieve mission and objectives of the Trust. Poor decision making and information flow.	1	3	3	Department for Education oversight and approval. Periodic Ofsted inspection. Qualified and experienced Governance support.	CEO	Aug-16	Aug-17	Open
Compliance	Inadequate level of challenge and ineffective local governance affects Trust overall	Failure to achieve mission and objectives of the Trust. Poor decision making and information flow. Risk of one establishment not following Trust procedures.	1	3	3	Representation of the Trust on local governing bodies. Annual review of local governing bodies including external audit.	CEO	Aug-16	Aug-17	Open
Compliance	Serious breach of health & safety regulation or disability legislation occurs	Risk of litigation and Reputational risk.	2	3	6	Policies and procedures consistent with relevant legislation. Independent audit on Health and Safety and Policies. Regular reports to the board. Adequate insurance cover.	CEO	Aug-16	Aug-17	Open

Finance	Changes to Funding via Government policy	Any changes could cause a loss in income.	2	3	6	Monitoring of Government policy, Long term forecasts, Financial expertise at Operational and Trustee level	Trust Business Manager/CEO	Aug-16	Aug-17	Open
Finance	Poor financial performance by one or more school	A deficit or liabilities in one or more schools will affect the Trust financial viability and could have significant risk for finance and cash flow and action by DfE	1	3	3	Trust financial controls and procedures will be set and communicated to all staff. Monthly Management accounts, Schedule of delegation, Budget monitoring by LGB and the Trust, Internal and External Audit. Regular reports to Trust members. Financial expertise at Operational and Trustee level	Trust Business Manager/CEO	Aug-16	Aug-17	Open
Finance	Financial controls and systems are not adequate or maintained	Risk that policies and procedures are not followed and that value for money is not considered in procurement and staff costs.	2	2	4	Trust financial controls and procedures will be set and communicated to all staff. Monthly Management accounts, Schedule of delegation, Budget monitoring by LGB and the Trust, Internal and External Audit. Regular reports to Trust members. Financial expertise at Operational and Trustee level	Trust Business Manager/CEO	Aug-16	Aug-17	Open

South Bank Academies

Staffing	Failure to recruit key management posts and Inadequate competency of staff within the Trust or the Schools	Staff not able to carry out their duties, poor management and decision making, poor quality of teaching and learning leading to poor student outcomes. Unsatisfactory Ofsted grading leading to reputational risk.	2	3	6	Thorough recruitment programme, comprehensive professional development, Strong Appraisal system. Recruitment of specialist staff for key positions.	CEO/Principals	Aug-16	Aug-17	Open
Staffing	Inadequate number of staff within the Trust or the Schools	Inadequate teaching and learning and student support.	1	3	3	Monthly monitoring of staffing levels from all schools, independent exit interviews for all staff, comprehensive recruitment processes.	CEO/Principals	Aug-16	Aug-17	Open
Pupils	Failure to recruit sufficient number of pupils in Trust schools	Reduction in pupil led income which could lead to cash flow or long term financial problems.	2	2	4	Trust and school Marketing capacity and effective admissions processes. Monthly reports on pupil numbers for monitoring. Benchmarking against local rival schools.	CEO/Principals	Aug-16	Aug-17	Open
Pupils	Poor students outcomes in Trust schools	Poor examination results could cause a reputational and financial risk. Detrimental to student futures/careers.	2	2	4	Teaching and Learning constantly monitored and reported. Termly attainment reporting sent to management and pupils. Principal reports to local governing body.	CEO/Principals	Aug-16	Aug-17	Open

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Infrastructure	Land and Buildings are fit for purpose.	Damage to property due to poor maintenance could cause disruption to business continuity and cause damage to pupils learning and Trust reputation	1	3	3	Each school will have a maintenance programme and this will be assessed and monitored by a Trust staff member. Adequate budgets for building maintenance are provided. Regular site checks by facilities team and external audits.	Trust Business Manager/CEO	Aug-16	Aug-17	Open
Infrastructure	New School Projects embarked on without appropriate design and construction. Insufficient due diligence undertaken for going concerns.	Existing school could transfer reputational or financial risks and new schools need an appropriate learning environment.	2	2	4	Professional and independent advice sought before any project undertaken.	Trust Business Manager/CEO	Aug-16	Aug-17	Open
Infrastructure	Failure to safeguard school or academy assets	No provision for security systems or inadequate insurance causing financial risk	2	2	4	All schools will have adequate security systems and budgetary allowance for upkeep and maintenance. Asset registers at each establishment are monitored and audited regularly. Adequate insurance is provided	Trust Business Manager/CEO	Aug-16	Aug-17	Open

South Bank Academies

Reputation	High profile event in one school affects Trust overall	Risk of reputation nationally and locally depending on scale of the event.	1	3	3	Critical Incident plan for each school will list what should happen and delegation of duties in the event of an emergency situation.	CEO	Aug-16	Aug-17	Open
Risk Calculation	Probability									
Impact	1 low	2 medium	3 high							
1 low	1	2	3							
2 medium	2	4	6							
3 high	3	6	9							