



# **South Bank Multi Academy Trust**

**(A company Limited by Guarantee)**

**Annual Report & Financial Statements**

**Financial Year 1 September 2016 to 31 August 2017**

Company Registration Number 10067116

(England & Wales)

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## Reference and Administrative Details

<b>Members (current)</b>	Dr Alison Birkinshaw OBE (from 7 Dec 2016) Shauna Finch (from 7 Dec 2016) Edwin Thomas (from 7 Dec 2016) Dr Claire Antrobus (from 17 Feb 2017) Peter Quinn (from 17 Feb 2017)
<b>Members (past)</b>	Tracy Kuhn (until 7 Dec 2016) Bob Sydes (until 7 Dec 2016) Tanya Wheatley (until 7 Dec 2016)
<b>Trustees (current)</b>	Edwin Thomas (chair) Nicki Mitchell (vice-chair) Reuben Barrett Martin Frost Andrea Preston Helen Priestley Patricia Boyle (from 1 Sept 2017) Graham Wilson (from 1 Sept 2017) Paul Edwards (from 1 Sept 2017) Jill Hodges (from 1 Sept 2017)
<b>Trustees (past)</b>	Trevor Burton (resigned 7 Dec 2016) Adam Cooper (resigned 7 Dec 2016) Anna Cornhill (resigned 7 Dec 2016) Jon Stonehouse (resigned 14 March 2017)
<b>Trust Principal/Accounting Officer</b>	Anna Cornhill (from 1 May 2017)
<b>Headteacher Group</b>	Anna Cornhill (Chair) Trevor Burton Adam Cooper
<b>Chief Finance Officer</b>	Rebecca Guest
<b>Company Name</b>	South Bank Multi Academy Trust
<b>Principal and Registered Office</b>	Woodthorpe Primary School Summerfield Road, Woodthorpe YORK YO24 2RU
<b>Company Registration Number</b>	10067116 (England and Wales)

<b>Independent Auditor</b>	BHP LLP Rievaulx House 1 St Mary's Court Blossom Street York YO24 1AH
<b>Bankers</b>	Lloyds Bank 45 Hustlergate BRADFORD West Yorkshire BD1 1NT
<b>Surveyors</b>	FHP Property Consultants 8 Riverside Court Pride Park DERBY DE24 8JN

## Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates two primary academies, Scarcroft Primary School and Knavesmire Primary School, and one secondary academy, Millthorpe School, all located in the South Bank area of York. Its academies have a combined pupil capacity of 1759 and had a roll of 1760 in the school census on 6 October 2016. Across the Trust the MAT employs 239 staff.

## Structure, Governance and Management

### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of South Bank Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as South Bank Multi Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 3.

The company changed its name from "SB Multi Academy Trust" to "South Bank Multi Academy Trust" with effect from 20 March 2016.

### Members' Liability

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

### Trustees' Indemnities

The Trust, through its Articles, has indemnified the Trustees to the fullest extent permissible by law. During this period the Trust also purchased and maintained liability insurance for its Trustees through the Risk Protection Arrangement, to a maximum of £10,000,000 per loss per year.

### Method of Recruitment and Appointment or Election of Trustees

Under the Articles, the Members may appoint by ordinary resolution up to six Trustees. The Trustees may also appoint Co-opted Trustees. The term of office for any Trustee shall be four years. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-elected or re-appointed.



The Trustees have been carefully selected to establish a broad and effective skill set. Three trustees were appointed by the Members for their skills and expertise in school governance and leadership. These three Trustees were nominated as past members of the three Local Boards of Governors from the founding schools. Three further trustees were co-opted for their skills and expertise in business, specifically finance, human resources and law. These positions were filled on the basis of competitive interview. Following a review of governance, and taking advice from the DfE about best practice in governance, the three original Headteacher Trustees resigned in December 2016.

A further four trustees have been co-opted for their knowledge of school improvement and school leadership, but will not take up their positions until the new financial year on 1 September 2017.

At least two elected parent governors are part of each Local Governing Board.

All vacancies are advertised widely in the school and local community to draw on the broadest possible pool of candidates. Appointments are skills-based, and decided on the basis of a rigorous application and interview process following a skills audit of Trustees.

## **Policies and Procedures Adopted for the Induction and Training of Trustees**

New Trustees attended an induction evening as they commenced their new roles. This was followed up with bespoke training sessions covering school finance and school standards. The Chair also meets with all trustees individually to establish their training needs.

The Trust holds bi-annual Strategic Away Days for trustees, which include a training component based on the training needs the trustees have identified themselves. These have included:

- The formulation of a Growth Strategy
- Training on the management of organisational change
- The refinement of the Trust's existing Strategy Document

The Trust buys into the City of York Council governor advice and training service, through which trustees are able to access training offered by the Local Authority. Information about these opportunities is circulated to all trustees and trustees are encouraged to attend relevant sessions.

## **Organisational Structure**

The Members of the Trust act as custodians of the Trust's vision and values. They take a hands-off strategic view of the Trust, and act as a 'check and balance' on the Trustees.

Trustees are responsible for overseeing the management and administration of the Trust and are accountable to the Members. They ensure that the Trust successfully delivers on its aims in a transparent and accountable manner. They provide entrepreneurial leadership of the Trust within a framework of prudent and effective controls which enables risks to be assessed and managed. They support and challenge the Trust management (Trust Principal and Headteacher Group). They set the strategic direction of the Trust, ensuring that the necessary financial and human resources are in place for the Trust to meet its objectives. They approve Trust-wide policies, approve budgets and the Trust annual Development Plan, and monitor the effectiveness of Local Governing Bodies. The Trustees appoint the Trust Principal, and appoint the headteachers in consultation with the Local Governing Boards.

The Trustees have established two subcommittees:

1. Finance and Audit
2. Education and Standards

The Trust Principal is the Trust's Accounting Officer. She and the headteachers form the Headteacher Group, which is the Trust's senior leadership group, responsible for implementing the policies determined by the Trustees and leading school improvement across the Trust. The Trust Principal also line manages the Chief Finance Officer.

Local Governing Boards are accountable for standards, staffing, and expenditure within approved budgets in their respective schools.

Following a review of governance in November 2016, there is complete separation between the different levels of governance so that no individual sits at more than one level (except that the Chair of Trustees is also a Member).

### **Arrangements for setting pay and remuneration of key management personnel**

Key management personnel are: the Trustees, the Trust Principal, the Headteachers and the Chief Finance Officer.

Determination of the pay and remuneration of the headteachers is delegated to the Local Governing Boards of their respective schools. The pay and remuneration of the Trust Principal (in respect of that role) and the Chief Finance Officer are determined by the trustees and are reviewed annually based on their overall performance and also their performance against specific appraisal objectives. Trustees do not receive remuneration for their role as Trustees.

### **Related Parties and other Connected Charities and Organisations**

The South Bank Multi Academy Trust works in cooperation with other educational organisations including:

- accepting teacher trainees through the Pathfinder Teaching School Alliance, the Ebor Teaching School Alliance, the Yorkshire Teaching School Alliance and the Universities of York and York St John.
- Carrying out school improvement activities for City of York and North Yorkshire on a paid basis.

There are no related parties requiring disclosure.

## **Objects**

The Trust has two objects:

1. To manage and develop schools, offering a broad and balanced curriculum to advance education in the United Kingdom for the public benefit.
2. To promote and provide facilities for recreation and leisure time for the benefit of the inhabitants of its local area, in the interests of social welfare and with the object of improving the condition of life of the inhabitants.



## Aims

The Trust aims to provide an excellent education for every child in its schools. The Trust offers an inclusive education, rooted in the community and working closely with the Local Authority and other local partners. The Trust respects and supports the unique strengths of each school, within a shared ethos of openness, collaboration and willingness to challenge.

The Trust's shared aims are:

- To facilitate collaboration and partnership working, in the best interests of all children and families within the locality.
- To work together to find effective solutions to meet school improvement challenges faced across the member academies, and in other local schools.
- To pool strengths, knowledge and skills in order to provide training and support for staff across the member academies.

## Strategic Objectives

The Trust's strategic objectives are to:

- Manage finances with robust oversight to ensure best value for money, using shared services to achieve best value and economies of scale.
- Sustain and improve the schools' academic standards through challenge and collaboration.
- Manage the internal organisation of the MAT to ensure maximum effectiveness, providing peer challenge and support for leaders at all levels.
- Manage the external growth of the MAT to ensure the company is sustainable and viable.
- Sustain and improve the MAT's reputation among its key stakeholders and community.

The key steps and success criteria for achieving these objectives are set out in detail in the annual MAT Development Plan.

## Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives.



# Strategic Report

## Achievements and Performance

### Key Performance Indicators 2017

**Scarcroft Primary School** - Scarcroft Primary achieved above National Averages in Key Stage 2 Attainment, with the exception of Writing. In spite of a 16% improvement from 2016, the Writing attainment outcomes were still below national. Performance at the higher standard (Greater Depth) was strong, again with the exception of Writing. The Writing progress figure is likely to be below the coasting standard (yet to be announced for 2017). This would be the case for the second year running, putting the school at risk of being designated as a 'Coasting School' in 2018. The school experienced a period of staff absence in 2016 & 2017 (Deputy Head/Literacy Lead; Headteacher; Y6 teacher) which impacted negatively on the performance of this challenging cohort. Leaders have taken prompt action and continue to challenge all teachers and all pupils. The school is confident that the Action Plan in place for 2017-18 will enable it to address concerns in Writing. The school is comfortably above floor standards. Key Stage 1 results for pupils meeting the expected standard were in line with National Averages, with a slight dip in Writing. However, the proportion of pupils at the higher standard (Greater Depth) was below national in all three subjects. Phonics results and Early Years 'Good Level of Development' measures continue to be above National Averages. School attendance is sound but is targeted for continual improvement. Scarcroft Primary School was last inspected by Ofsted in January 2009 and judged as Outstanding.

**Knavesmire Primary School** – This was the second year of the new KS1 and KS2 statutory testing (2016/17). Knavesmire Primary achieved above or significantly above national standards in all areas of statutory testing in 2016/17. This built on the strong result of the previous year. In KS2 all attainment outcomes were high, and all areas of progress (from KS1 to KS2) were above national average. The school is able to evidence progress for this cohort (which was identified as vulnerable) from entry to the school and outcomes from the end of EYFS. The school continues to challenge all pupils and looks to build on the successful results of this year. The school is comfortably above floor standards and coasting standards. KS1 results for pupils meeting the Expected Standards and Greater Depth were significantly above national averages. KS1 writing, which was targeted for improvements from last year, was also well above national. Phonics results in Year One and Year Two, together with EYFS GLD measures, were also well above national averages. School attendance is also sound, but is also targeted for continual improvement. Knavesmire Primary School was last inspected by OFSTED in November 2007 and was judged Outstanding.

**Millthorpe School** – Only provisional performance data for 2017 was available at the time of writing, with no national averages available and Progress 8 not yet published. The Basics measure for Millthorpe (Grade 5 or better in both English and Maths) was 39%. The English Baccalaureate measure (Grade 5 or better in both English and Maths and C or better for two sciences, a language and History or Geography) stands at 31%. This year, the gap between disadvantaged pupils and non-disadvantaged widened. School attendance remains better than the national average, as does the proportion of students receiving fixed-term exclusion. Millthorpe School was last inspected by Ofsted in March 2015 and judged to be Good.

## Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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.

## Financial Review

The major source of funding for the MAT schools is the GAG. Current indications are that this is likely to stay static on a cash basis. The national funding formula is still in consultation, but the latest announcements suggest that this will start to be implemented from April 2018. Millthorpe School in particular would benefit from such an uplift, but it would be welcomed by all three academies. It is worth noting, however, that current per-pupil funding in the City of York Local Authority is the second lowest of the 150 Local Authorities nationally and so financial efficiency remains a priority for the MAT. A key influence on total funding is of course pupil numbers. Trustees have noted that forward planning over the next five years of pupil numbers across the MAT (which takes into account local demographics, recent pupil recruitment patterns and the impact of recent expansion works) has an upward trend.

Although all three of our academies are (or have been) growing, which is a benefit to the MAT as a whole, there remains a significant risk caused by lagged funding arising from the previous year's roll being used to fund the current year's children. Knavesmire School has experienced lagged funding each year since 2010/11 due to annual increases in pupil numbers - it is now running at full capacity. The school has managed this effectively using reserves set aside for this purpose. Neither Scarcroft nor Millthorpe Schools have such large reserves, however, and this means that the MAT will need to continue to carefully manage lagged funding over the next few years.

A secondary source of funding for the MAT is the Educational Services Grant (ESG). At the point when the MAT was formed in 2016, the level of ESG funding was £87 per pupil. This was reduced to £77 per pupil in 2016-17. This in effect created an 11% cut from original ESG funding. The MAT is aware that this will decrease still further from September 2017, and cease altogether in September 2018. For these reasons it will be important for the MAT to continue to make financial savings through increased efficiency.

During this period, the Trust benefitted from a Regional Academy Growth Fund Grant which helped fund the establishment of central financial services and the appointment of a salaried Trust Principal. Part of this grant has been ring-fenced to provide some support during the 2017-18 financial year.

Our main costs are wages and in particular, teacher salaries. Reviews by the Trust Board show that pupil-teacher ratios in our academies are better than national averages, illustrating that we are getting good value for money.

The Trust has invested in a team of centralised Finance staff during 2016-17 and is currently embedding consistent processes across the academies through creation of a Financial Controls & Systems Manager role from June 2017. She oversees compliance with the Trust's internal financial regulations and procedures framework and supports new schools joining the Trust who are required to move over to new financial procedures.



The Trust has remained in a positive cash position throughout the period and cashflow forecasts indicate that this will continue in the next financial period. As a result, it has been possible to transfer some cash into an Investment Account. The local government pension scheme shortfall has decreased from £2.519m to £1.056m during the period. Repayment of the deficit is included in the monthly LGPS contributions.

## **Reserves Policy**

The Trustees review the reserve levels of the MAT annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The educational obligations that the MAT has on a day-to-day basis are funded from its restricted reserves that were provided for this purpose. The Trustees understand that they must ensure that the MAT has sufficient working funds to cover delays between receipt of grants and spending; in addition, the MAT must be able to deal with unexpected emergencies that may arise, such as urgent maintenance.

The Board has agreed that the Trust should aim for reserves of £320,000 for the financial period 1 September 2017 to 31 August 2018, and that in subsequent financial periods we should aim for the reserves to rise to 4% of total revenue funding.

The MAT's current level of general reserves is £300,000 as of 31 August 2017 and the level of restricted general funds is £5,000. Taking into account the nature of the MAT's income streams, the Trustees are of the view that reserves at this level are sufficient to cover its current working capital needs.

## **Investment Policy**

As required, the Trust has an Investment Policy in place. Based on the fact that two of its three academies are in a surplus budget position, there is a recognition that the Trust will be holding cash balances and as a result, there is a need to make investment decisions. When the level of free cash reserves held by the MAT exceed that which is necessary to service its ongoing working needs, the Trustees will consider investment of the excess funds over an appropriate period. The Trustees have agreed to invest in short-term guaranteed investments to maximise the MAT return without compromising cash flow. As a result of grants received and not yet spent (e.g. CIF and Regional Academy Growth Fund Grant) at the year-end of 2016-17 the Trust had placed cash assets of £953,000 into investments.

## **Principal Risks and Uncertainties**

The Trustees maintain a Register of Risk. The items of highest risk include:

- a reputational and financial risk for acquiring other academies – this is being managed using a comprehensive due diligence process and legal help with the operation of the conversion process
- a risk that growth is too rapid and that our new financial systems are not embedded in new academies rapidly enough – this is being managed by centralising our finance functions and the creation of the new Financial Controls & Systems Manager role.
- a risk that the pension fund is in significant deficit and the employers' contribution rate can increase with little notice – this is being minimised by taking regular advice on contributions and reconsidering the position with every annual report.



- a risk that while the MAT is small, the Headteacher Group may lack capacity to move forward on urgent School Improvement matters – the Trust Board has appointed a part-time salaried Trust Principal in order to manage this risk.

## Plans for Future Periods

The Board had plans for two schools to convert to academy status and join the Trust during the financial period 2016-17. It recognises that the size of the Trust must increase if the central services such as financial control, school improvement and joint procurement of services and goods is to be economically beneficial. A comprehensive process of due diligence was implemented by the Trust Board to minimise the risks surrounding the acquisition of an academy. As a result of delays due to the waiting list held by City of York Council for schools waiting to convert, one of these two schools has been delayed and will not convert until October 2017. The second school changed its mind about joining the MAT.

The Trust was approached by the DFE and the Local Authority to act as a sponsor and following a successful application, was granted Sponsor Status by the DFE. Conversations with the LA and the Governors of local secondary school York High then followed. The school was placed into Special Measures shortly after these discussions begun. Following a comprehensive Due Dilligence process, the Trust agreed to take York High into the MAT on a sponsored basis. Due the precarious nature of the school's budget and the need for staffing redundancies, it has been mutually agreed that conversion will be delayed until April 2018, but the Trust will be running York High on a contracted basis from 1 September 2017. An Executive Headteacher has been appointed across the two MAT secondary schools to facilitate this programme of improvement.

Once Woodthorpe Primary joins the MAT in October 2017 and York High joins in April 2018, there will be 5 schools in the Trust. Informal conversations are currently taking place with 4 other local primary schools. This is in keeping with the Trust's Growth Strategy, which is to expand to 10 schools by September 2019.

The key objective of the Trust remains the same: providing an excellent education to the young people and parents of our community. Through expansion, we expect to be more able to fund school improvement work. A programme of joint staff development is currently taking place between our two primary schools (and Woodthorpe, in preparation for their conversion). Further cross-phase activities in Leadership and SEND are also in place to facilitate improvement.

## Funds Held as Custodian Trustee on Behalf of Others

There are no funds held as Custodian Trustee on Behalf of others.

## Auditor

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2017 and signed on the Board's behalf by:



Edwin Thomas

Chair of Trustees

Date 12.12.17

# Governance Statement

## Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Trust Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South Bank Multi Academy Trust and the Secretary of State for Education. The Trust Principal is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

## Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 8 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Edwin Thomas (chair)	8	8
Nicki Mitchell (vice-chair)	8	8
Reuben Barrett	7	8
Martin Frost	8	8
Andrea Preston	5	8
Helen Priestley	8	8
Trevor Burton	2	2
Adam Cooper	2	2
Anna Cornhill	2	2
Jon Stonehouse	0	2



## Finance & Audit Committee

The finance and audit committee is a sub-committee of the main board of trustees. Its purpose is to be responsible for the matters set out in its terms of reference which include:

- Funding
- Budgeting
- Monitoring of expenditure
- Reviewing Financial Procedures
- Health & Safety
- Asset Management
- Property Management
- External Audit
- Responsible Officer work
- Financial Management & Policies

During the financial period being reported on, the most significant issues were:

- maintaining and monitoring the MAT's agreed financial procedures and controls including the appointment of a new Financial Systems and Controls Manager;
- establishing a more robust budget monitoring process ready to be implemented in 2017-18
- managing challenging budgets in each of the three schools
- ensuring that the MAT responded appropriately to the findings of internal and external auditing.
- ensuring a rigorous due diligence process took place around the finances of two schools applying to join the MAT.
- Ensuring the MAT finances were in a strong enough position to support the creation of a part time salaried Trust Principal.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Reuben Barrett (chair)	5	5
Martin Frost	5	5
Helen Priestley	4	5
Edwin Thomas	5	5
Anna Cornhill	1	2
Adam Cooper	2	2
Trevor Burton	2	2

## **Review of Value for Money**

As Accounting Officer, the Trust Principal has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the financial year by:

- ensuring competitive tendering processes were used for purchase of audit services, utilities and IT;
- ensuring centralisation of finance functions in order to make the Trust more streamlined and more efficient;
- drawing up and implementing a Budget Monitoring Policy in order to more closely monitor expenditure in individual academies within the Trust.

## **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically. A system of internal control has been in place in South Bank Multi Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

## **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

## **The Risk and Control Framework**

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



- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and the scope that such a function would have. An internal audit firm, Forrester Boyd, was appointed to carry out this function and reports were received by the board from them in June 2017. The Board then approved the CFO's Audit Action Plan in July 2017. The report from the auditors was favourable, with no major items requiring attention. BHP acted as the Trust's external auditors for this financial period and this report is reviewed as part of their audit process in October 2017.

## Review of Effectiveness

As Accounting Officer, the Trust Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor
- the work of the external auditor
- the Trust's financial management and governance self-assessment processes;
- a range of regular checks and monitoring by the Trust Principal;
- the Trust Principal's ongoing supervision of and liaison with the CFO;
- the Trust Principal's appraisal of the performance of the CFO and the central finance team;
- the work of the Chief Finance Officer and the Business Managers within each academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Audit sub-committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 12 December 2017 and signed on its behalf by:



Edwin Thomas

Chair of Trustees



Anna Cornhill

Accounting Officer



## Statement of Regularity, Propriety and Compliance

As Accounting Officer of South Bank Multi Academy Trust (from May 2017) I have considered my responsibility to notify the Board of Trustees and the ESFA (Education & Skills Funding Agency) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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



Anna Cornhill

Accounting Officer

12 December 2017

## Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 12 December 2017 and signed on its behalf by:



Edwin Thomas, Chair of Trustees



## **SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH BANK MULTI ACADEMY TRUST**

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#### **Opinion**

We have audited the financial statements of South Bank Multi Academy Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the 'academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

#### **Basis of opinion**

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

#### **Conclusions relating to going concern**

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH BANK MULTI ACADEMY TRUST**

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#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH BANK MULTI ACADEMY TRUST**

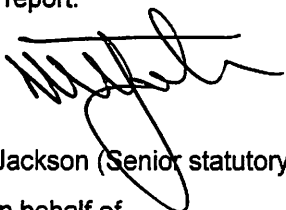
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In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy's or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



Michael Jackson (Senior statutory auditor)

for and on behalf of

**BHP LLP**

Statutory Auditors

Rievaulx House  
1 St Mary's Court  
Blossom Street  
York  
YO24 1AH

Date:

21 December 2017



## **SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

### **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SOUTH BANK MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 5 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Bank Multi Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of South Bank Multi Academy Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of South Bank Multi Academy Trust's funding agreement with the Secretary of State for Education dated 31 March 2016, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- Detailed testing on a sample basis to assess the nature of expenditure and whether funds have been used appropriately;
- Review of the academy's internal financial procedures to ensure that controls are in place to prevent or identify regularity issues;

**SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

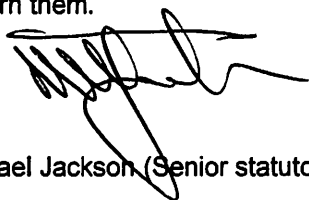
**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SOUTH BANK MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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- Ensure that EFA approval has been obtained for relevant transactions;
- Discussions with Governors, Senior Leadership Team and the Accounting Officer throughout the audit process to ensure that all regularity threats have been addressed.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Michael Jackson (Senior statutory auditor)

**BHP LLP**

Statutory Auditors

Rievaulx House  
1 St Mary's Court  
Blossom Street  
York  
YO24 1AH

Date: 21 December 2017

**SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

		<b>Unrestricted funds 2017 £000</b>	<b>Restricted funds 2017 £000</b>	<b>Restricted fixed asset funds 2017 £000</b>	<b>Total funds 2017 £000</b>	<b>Total funds 2016 £000</b>
	<b>Note</b>					
<b>Income from:</b>						
Donations & capital grants:						
Transfer from local authority	2	-	-	-	-	34,405
Other donations and capital grants	2	-	10	36	46	15
Charitable activities	3	101	7,450	-	7,551	3,176
Other trading activities	4	301	24	-	325	134
Investments	5	1	-	-	1	-
<b>Total income</b>		<b>403</b>	<b>7,484</b>	<b>36</b>	<b>7,923</b>	<b>37,730</b>
<b>Expenditure on:</b>						
Raising funds	4	49	22	-	71	24
Charitable activities	7	61	8,054	666	8,781	3,217
Transfer of liabilities on conversion to academy trust		-	-	-	-	1,829
<b>Total expenditure</b>	6	<b>110</b>	<b>8,076</b>	<b>666</b>	<b>8,852</b>	<b>5,070</b>
<b>Net income / (expenditure) before transfers</b>		<b>293</b>	<b>(592)</b>	<b>(630)</b>	<b>(929)</b>	<b>32,660</b>
Transfers between Funds	17	(317)	289	28	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>(24)</b>	<b>(303)</b>	<b>(602)</b>	<b>(929)</b>	<b>32,660</b>
Actuarial gains/ (losses) on defined benefit pension schemes	22	-	1,667	-	1,667	(770)
<b>Net movement in funds</b>		<b>(24)</b>	<b>1,364</b>	<b>(602)</b>	<b>738</b>	<b>31,890</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		324	(2,415)	33,981	31,890	-
<b>Total funds carried forward</b>		<b>300</b>	<b>(1,051)</b>	<b>33,379</b>	<b>32,628</b>	<b>31,890</b>



**SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)  
REGISTERED NUMBER: 10067116

**BALANCE SHEET  
AS AT 31 AUGUST 2017**

	Note	£000	2017 £000	£000	2016 £000
<b>Fixed assets</b>					
Tangible assets	14		33,343		33,966
<b>Current assets</b>					
Debtors	15	356		568	
Cash at bank and in hand		1,811		448	
		<u>2,167</u>		<u>1,016</u>	
<b>Creditors: amounts falling due within one year</b>	16	(1,826)		(573)	
<b>Net current assets</b>			<u>341</u>		<u>443</u>
<b>Total assets less current liabilities</b>			<u>33,684</u>		<u>34,409</u>
Defined benefit pension scheme liability	22		(1,056)		(2,519)
<b>Net assets including pension scheme liabilities</b>			<u><u>32,628</u></u>		<u><u>31,890</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	17	5		104	
Restricted fixed asset funds	17	33,379		33,981	
Restricted income funds excluding pension liability		33,384		34,085	
Pension reserve		(1,056)		(2,519)	
Total restricted income funds			<u>32,328</u>		<u>31,566</u>
Unrestricted income funds	17		<u>300</u>		<u>324</u>
<b>Total funds</b>			<u><u>32,628</u></u>		<u><u>31,890</u></u>

The financial statements on pages 26 to 51 were approved by the Trustees, and authorised for issue, on 12 December 2017 and are signed on their behalf, by:



**Edwin Thomas**  
Chair of Trustees

**SOUTH BANK MULTI ACADEMY TRUST****(A company limited by guarantee)****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<u>1,369</u>	<u>444</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1	-
Purchase of tangible fixed assets		(43)	(8)
Capital grants from DfE/ESFA		<u>36</u>	<u>12</u>
<b>Net cash (used in)/provided by investing activities</b>		<u>(6)</u>	<u>4</u>
<b>Change in cash and cash equivalents in the year</b>		<b>1,363</b>	<b>448</b>
Cash and cash equivalents brought forward		<u>448</u>	<u>-</u>
<b>Cash and cash equivalents carried forward</b>		<u><u>1,811</u></u>	<u><u>448</u></u>

## **SOUTH BANK MULTI ACADEMY TRUST**

**(A company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **1. Accounting policies**

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

##### **1.1 Basis of preparation of financial statements**

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

South Bank Multi Academy Trust constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the academy trust. Monetary amounts in these financial statements are rounded to the nearest £000.

##### **1.2 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.



## **SOUTH BANK MULTI ACADEMY TRUST**

**(A company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

---

#### **1. Accounting policies (continued)**

##### **1.3 Income**

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

## **SOUTH BANK MULTI ACADEMY TRUST**

**(A company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **1. Accounting policies (continued)**

##### **1.4 Expenditure**

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

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

##### **1.5 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 academy 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

##### **1.6 Tangible fixed assets and depreciation**

All assets costing more than £2,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

## **SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **1. Accounting policies (continued)**

Long leasehold property	-	10 to 60 years
Motor vehicles	-	4 years
Furniture and equipment	-	10 years
Computer equipment	-	3 years

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 incorporating income and expenditure account.

The Trustees have reviewed the useful economic lives of the long leasehold property and have revised the depreciation policy accordingly.

#### **1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

#### **1.8 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### **1.9 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### **1.10 Liabilities and provisions**

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



## **SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **1. Accounting policies (continued)**

##### **1.11 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

##### **1.12 Taxation**

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

## **SOUTH BANK MULTI ACADEMY TRUST**

**(A company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

---

#### **1. Accounting policies (continued)**

##### **1.13 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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 22, 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 incorporating income and expenditure account 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.

**SOUTH BANK MULTI ACADEMY TRUST****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****1. Accounting policies (continued)****1.14 Critical accounting estimates and areas of judgment**

Estimates and judgments 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 22, 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 01 April 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**1.15 Agency arrangements**

There are no agency arrangements affecting the Trust.

**2. Income from donations and capital grants**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Transfer from local authority	-	-	-	-	34,405
Donations	-	10	-	10	-
Similar incoming resources	-	-	36	36	15
Subtotal	-	10	36	46	15
	-	10	36	46	34,420
Total 2016	344	-	34,076	34,420	

# SOUTH BANK MULTI ACADEMY TRUST

(A company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

### 3. Funding for Academy's educational operations

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>DfE/ESFA grants</b>				
General Annual Grant	-	6,808	6,808	2,853
Pupil Premium	-	280	280	118
Other DfE/EFA grants	-	24	24	68
Special Educational Needs	-	83	83	28
Other government grants non capital	-	56	56	8
Catering income	71	-	71	25
Other	25	59	84	34
Early Years funding	-	140	140	42
Nursery income unfunded/fee paying	5	-	5	-
	<u>101</u>	<u>7,450</u>	<u>7,551</u>	<u>3,176</u>
<i>Total 2016</i>	<u>25</u>	<u>3,151</u>	<u>3,176</u>	

### 4. Other trading activities

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Lettings	72	-	72	30
Consultancy	29	-	29	25
School club fees	63	-	63	25
Other	137	24	161	54
	<u>301</u>	<u>24</u>	<u>325</u>	<u>134</u>
<i>Total 2016</i>	<u>128</u>	<u>6</u>	<u>134</u>	



**SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
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**Trading expenses**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Wages and salaries	30	-	30	14
National insurance	1	-	1	-
Pension costs	3	-	3	1
School club expenses	15	-	15	5
School fund expenditure	-	22	22	-
Other expenses	-	-	-	4
<b>Total</b>	<b>49</b>	<b>22</b>	<b>71</b>	<b>24</b>

**5. Investment income**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Bank interest	1	-	1	-

**6. Expenditure**

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	Total 2016 £000
Expenditure on fundraising trading	34	-	37	71	24
Education:					
Direct costs	5,383	-	448	5,831	2,271
Support costs	1,387	988	575	2,950	946
	<b>6,804</b>	<b>988</b>	<b>1,060</b>	<b>8,852</b>	<b>3,241</b>
<b>Total 2016</b>	<b>2,629</b>	<b>223</b>	<b>389</b>	<b>3,241</b>	

**SOUTH BANK MULTI ACADEMY TRUST****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****7. Charitable activities****Direct costs - educational operations**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>4,169</b>	<b>1,652</b>
National insurance	<b>403</b>	<b>161</b>
Pension costs	<b>702</b>	<b>283</b>
Apprenticeship levy	<b>4</b>	<b>-</b>
Educational supplies	<b>239</b>	<b>38</b>
Examination fees	<b>73</b>	<b>8</b>
Other costs	<b>7</b>	<b>3</b>
Supply teachers	<b>105</b>	<b>54</b>
Technology costs	<b>23</b>	<b>9</b>
Professional services	<b>82</b>	<b>23</b>
Trip expenses	<b>24</b>	<b>40</b>
Total	<b>5,831</b>	<b>2,271</b>

**Support costs - educational operations**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>949</b>	<b>345</b>
National insurance	<b>60</b>	<b>21</b>
Pension costs	<b>378</b>	<b>98</b>
Recruitment and other staff costs	<b>11</b>	<b>6</b>
Staff development	<b>15</b>	<b>7</b>
Maintenance of premises and equipment	<b>95</b>	<b>39</b>
Cleaning	<b>69</b>	<b>28</b>
Rent and rates	<b>53</b>	<b>16</b>
Heat and light	<b>118</b>	<b>42</b>
Insurance	<b>59</b>	<b>33</b>
Security and transport	<b>13</b>	<b>9</b>
Catering	<b>203</b>	<b>73</b>
Technology costs	<b>124</b>	<b>36</b>
Office overheads	<b>31</b>	<b>28</b>
Legal and professional	<b>32</b>	<b>10</b>
Governance costs	<b>26</b>	<b>31</b>
Depreciation	<b>666</b>	<b>104</b>
Other costs	<b>48</b>	<b>20</b>
Total	<b>2,950</b>	<b>946</b>

**SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**8. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2017 £000</b>	<b>Support costs 2017 £000</b>	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
Education	<b>5,831</b>	<b>2,950</b>	<b>8,781</b>	<b>3,217</b>
<i>Total 2016</i>	<u><u>2,271</u></u>	<u><u>946</u></u>	<u><u>3,217</u></u>	

**9. Net income/(expenditure)**

This is stated after charging:

	<b>2017 £000</b>	<b>2016 £000</b>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>666</b>	<b>104</b>
Auditors' remuneration	<u><u>13</u></u>	<u><u>13</u></u>

**SOUTH BANK MULTI ACADEMY TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****10. Staff costs**

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	5,148	2,010
Social security costs	463	183
Operating costs of defined benefit pension schemes	1,084	382
	<u>6,695</u>	<u>2,575</u>
Apprenticeship levy	4	-
Supply teacher costs	105	54
	<u>6,804</u>	<u>2,629</u>

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

	2017 No.	2016 No.
Teachers	147	144
Admin & Support	78	83
Management	14	11
	<u>239</u>	<u>238</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	0
In the band £90,001 - £100,000	0	1

Total remuneration paid to key management personnel in the year was £353,000 (2016: £147,000). The key management personnel are detailed in the Headteacher Group and Chief Finance Officer on page 2.



## **SOUTH BANK MULTI ACADEMY TRUST**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

#### **11. Trustees' remuneration and expenses**

The Head Teacher and other Staff trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees.

The value of trustees' remuneration fell within the following bands: Mr T Burton: £20,000-£25,000 (2016: £35,000-£40,000), Mr A Cooper: £15,000-£20,000 (2016: £25,000-£30,000) and Mrs A Cornhill £15,000-£20,000 (2016: £25,000-£30,000). The value of trustees' employer's pension contributions paid fell within the following bands: Mr T Burton £0-£5,000 (2016: £5,000-£10,000), Mr A Cooper: £0-£5,000 (2016: £0-£5,000) and Ms A Cornhill: £0-£5,000 (2016: £0-£5,000).

During the period ended 31 August 2017, governors received reimbursement for travel expenses of £nil (2016: £nil).

#### **12. Central services**

The academy has provided the following central services to its academies during the year:

- human resources advice
- financial services
- legal services
- procurement

The trust charged for these services during the financial period 1 September 2016 to 31 August 2017 as a percentage of annual GAG income.

The actual amounts charged during the year were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Knavesmire Primary School	<b>14</b>	<b>3</b>
Millthorpe School	<b>53</b>	<b>3</b>
Scarcroft Primary School	<b>12</b>	<b>3</b>
	<b>79</b>	<b>9</b>
Total		

#### **13. Trustees' and Officers' Insurance**

The academy trust has opted into the Department for 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.

**SOUTH BANK MULTI ACADEMY TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**14. Tangible fixed assets**

	<b>Land and Buildings £000</b>	<b>Motor vehicles £000</b>	<b>Furniture and equipment £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>					
At 1 September 2016	<b>33,995</b>	<b>8</b>	<b>63</b>	<b>4</b>	<b>34,070</b>
Additions	<b>-</b>	<b>-</b>	<b>27</b>	<b>16</b>	<b>43</b>
At 31 August 2017	<b>33,995</b>	<b>8</b>	<b>90</b>	<b>20</b>	<b>34,113</b>
<b>Depreciation</b>					
At 1 September 2016	<b>99</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>104</b>
Charge for the year	<b>652</b>	<b>2</b>	<b>9</b>	<b>3</b>	<b>666</b>
At 31 August 2017	<b>751</b>	<b>3</b>	<b>12</b>	<b>4</b>	<b>770</b>
<b>Net book value</b>					
At 31 August 2017	<b>33,244</b>	<b>5</b>	<b>78</b>	<b>16</b>	<b>33,343</b>
At 31 August 2016	<b>33,896</b>	<b>7</b>	<b>60</b>	<b>3</b>	<b>33,966</b>

**15. Debtors**

	<b>2017 £000</b>	<b>2016 £000</b>
Trade debtors	<b>43</b>	<b>356</b>
VAT recoverable	<b>41</b>	<b>73</b>
Prepayments and accrued income	<b>272</b>	<b>139</b>
	<b>356</b>	<b>568</b>

**16. Creditors: Amounts falling due within one year**

	<b>2017 £000</b>	<b>2016 £000</b>
Trade creditors	<b>146</b>	<b>65</b>
Other taxation and social security	<b>224</b>	<b>210</b>
Other creditors	<b>119</b>	<b>125</b>
Accruals and deferred income	<b>1,337</b>	<b>173</b>
	<b>1,826</b>	<b>573</b>

**SOUTH BANK MULTI ACADEMY TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**16. Creditors: Amounts falling due within one year (continued)**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Deferred income</b>		
Deferred income at 1 September 2016	<b>77</b>	-
Resources deferred during the year	<b>1,222</b>	<b>77</b>
Amounts released from previous years	<b>(77)</b>	-
	<hr/>	<hr/>
Deferred income at 31 August 2017	<b>1,222</b>	<b>77</b>
	<hr/>	<hr/>

At 31 August 2017 the Academy Trust was holding funds received in advance for rates relief, the MAT growth fund, grants for the nursery, deposits for 2017/18 trips, the CIF project, car park hire, DFC remittances, EFA remittance, contributions to DT materials and Infant Free School Meals.

**SOUTH BANK MULTI ACADEMY TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**17. Statement of funds**

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
<b>Unrestricted funds</b>						
General funds	324	403	(110)	(317)	-	300
<b>Restricted funds</b>						
General Annual Grant	45	6,809	(7,143)	289	-	-
Special needs funding	-	83	(83)	-	-	-
Pupil premium	21	280	(301)	-	-	-
School Fund	2	26	(24)	-	-	4
Academy Chain Grant	36	-	(36)	-	-	-
Sports Funding	-	19	(19)	-	-	-
Early Years Funding	-	140	(140)	-	-	-
Other EFA grants	-	61	(61)	-	-	-
Other	-	66	(65)	-	-	1
Pension reserve	(2,519)	-	(204)	-	1,667	(1,056)
	<u>(2,415)</u>	<u>7,484</u>	<u>(8,076)</u>	<u>289</u>	<u>1,667</u>	<u>(1,051)</u>
<b>Restricted fixed asset funds</b>						
Fixed assets transferred on conversion	33,966	-	(666)	43	-	33,343
EFA Capital grants	15	36	-	(15)	-	36
	<u>33,981</u>	<u>36</u>	<u>(666)</u>	<u>28</u>	<u>-</u>	<u>33,379</u>
Total restricted funds	<u>31,566</u>	<u>7,520</u>	<u>(8,742)</u>	<u>317</u>	<u>1,667</u>	<u>32,328</u>
Total of funds	<u>31,890</u>	<u>7,923</u>	<u>(8,852)</u>	<u>-</u>	<u>1,667</u>	<u>32,628</u>

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

**General Annual Grant (GAG)**

GAG funding is restricted to providing education. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

**Pension Reserve**

The pension deficit has decreased significantly during the year due to actuarial gains in the year. The academy trust will continue to make the required monthly contributions.



**SOUTH BANK MULTI ACADEMY TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Statement of funds (continued)**

**DfE/EFA Capital Grants**

Devolved formula capital grants are to be used specifically to maintain and improve buildings.

**Restricted Fixed Assets**

Restricted fixed asset funds represents money received for purpose of acquiring fixed assets and the value of assets acquired using that money.

**Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
Central MAT	4	26
Knavesmire Primary School	179	254
Millthorpe School	(47)	(20)
Scarcroft Primary School	169	168
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	305	428
Restricted fixed asset fund	33,379	33,981
Pension reserve	(1,056)	(2,519)
	<hr/>	<hr/>
Total	<b>32,628</b>	<b>31,890</b>

The following academy is carrying a net deficit on its portion of the funds as follows:

<b>Name of academy</b>	<b>Amount of deficit £000</b>
Millthorpe School	(43)

A deficit of £124,000 was inherited on conversion.

The academy is taking the following action to return the academies to surplus:

A payment plan has been agreed to repay this amount to the ESFA.

# **SOUTH BANK MULTI ACADEMY TRUST**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

### **17. Statement of funds (continued)**

#### **Analysis of academies by cost**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciat- ion £000	Total 2017 £000	Total 2016 £000
Central MAT	5	89	-	74	168	43
Knivesmire						
Primary School	1,151	170	80	325	1,726	606
Millthorpe School	3,327	882	143	484	4,836	1,932
Scarcroft Primary School	901	245	38	272	1,456	556
	<u>5,384</u>	<u>1,386</u>	<u>261</u>	<u>1,155</u>	<u>8,186</u>	<u>3,137</u>

### **18. Analysis of net assets between funds**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	33,343	33,343
Current assets	300	1,831	36	2,167
Creditors due within one year	-	(1,826)	-	(1,826)
Provisions for liabilities and charges	-	(1,056)	-	(1,056)
	<u>300</u>	<u>(1,051)</u>	<u>33,379</u>	<u>32,628</u>

**SOUTH BANK MULTI ACADEMY TRUST**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**19. Reconciliation of net movement in funds to net cash flow from operating activities**

	2017 £000	2016 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(929)	32,660
<b>Adjustment for:</b>		
Depreciation charges	666	104
Dividends, interest and rents from investments	(1)	-
Decrease/(increase) in debtors	212	(568)
Increase in creditors	1,253	573
Capital grants from DfE and other capital income	(36)	(12)
Defined benefit pension scheme obligation inherited	-	1,706
Defined benefit pension scheme cost less contributions payable	156	19
Defined benefit pension scheme finance cost	48	24
Net (loss) on assets and liabilities from local authority on conversion	-	(34,062)
<b>Net cash provided by operating activities</b>	<b>1,369</b>	<b>444</b>

**20. Analysis of cash and cash equivalents**

	2017 £000	2016 £000
Cash in hand	1,811	448
<b>Total</b>	<b>1,811</b>	<b>448</b>

**21. Capital commitments**

At 31 August 2017 the academy had capital commitments as follows:

	2017 £000	2016 £000
Contracted for but not provided in these financial statements	199	-

**22. Pension commitments**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by North Yorkshire Country Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 01 April 2016.

Contributions amounting to £109,174 were payable to the schemes at 31 August 2017 (2016 - £101,000) and are included within creditors.

## **SOUTH BANK MULTI ACADEMY TRUST**

**(A company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

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## **22. Pension commitments (continued)**

### **Teachers' Pension Scheme**

#### **Introduction**

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

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

#### **Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and 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 effective 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 is 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 nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £605,000 (2016 - £234,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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



**SOUTH BANK MULTI ACADEMY TRUST****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****22. Pension commitments (continued)****Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £354,000 (2016 - £137,000), of which employer's contributions totalled £275,000 (2016 - £107,000) and employees' contributions totalled £79,000 (2016 - £30,000). The agreed contribution rates for future years are within the range of 11.1% - 20.3% for employers and within the range of 5.5% - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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:

	<b>2017</b>	<b>2016</b>
Discount rate for scheme liabilities	<b>2.50 %</b>	<b>2.00 %</b>
Expected return on scheme assets at 31 August	<b>3.10 %</b>	<b>3.00 %</b>
Rate of increase in salaries	<b>3.25 %</b>	<b>3.40 %</b>
Rate of increase for pensions in payment / inflation	<b>2.00 %</b>	<b>1.90 %</b>
Inflation assumption (CPI)	<b>2.00 %</b>	<b>1.90 %</b>

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

	<b>2017</b>	<b>2016</b>
Retiring today		
Males	<b>22.8</b>	<b>23.3</b>
Females	<b>26.3</b>	<b>25.8</b>
Retiring in 20 years		
Males	<b>25.0</b>	<b>25.6</b>
Females	<b>28.6</b>	<b>28.1</b>

	<b>At 31 August 2017 £000</b>	<b>At 31 August 2016 £000</b>
<b>Sensitivity analysis</b>		
Discount rate +0.1%	<b>2,989</b>	<b>2,592</b>
Discount rate -0.1%	<b>3,131</b>	<b>2,728</b>
Mortality assumption - 1 year increase	<b>2,969</b>	<b>2,577</b>
Mortality assumption - 1 year decrease	<b>3,149</b>	<b>2,742</b>

**SOUTH BANK MULTI ACADEMY TRUST****(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****22. Pension commitments (continued)**

The academy's share of the assets in the scheme was:

	<b>Fair value at 31 August 2017 £000</b>	<i>Fair value at 31 August 2016 £000</i>
Equities	<b>1,328</b>	88
Gilts	<b>257</b>	21
Corporate bonds	<b>60</b>	7
Property	<b>162</b>	12
Cash and other liquid assets	<b>10</b>	(1)
Other	<b>186</b>	13
	<hr/>	<hr/>
Total market value of assets	<b>2,003</b>	140
	<hr/>	<hr/>

The actual return on scheme assets was £1,518,000 (2016 - £7,000).

Movements in the present value of the defined benefit obligation were as follows:

	<b>2017 £000</b>	<i>2016 £000</i>
Opening defined benefit obligation	<b>2,659</b>	-
Upon conversion	-	1,706
Current service cost	<b>431</b>	126
Interest cost	<b>54</b>	25
Employee contributions	<b>79</b>	30
Actuarial (gains)/losses	<b>(155)</b>	776
Benefits paid	<b>(9)</b>	(4)
	<hr/>	<hr/>
Closing defined benefit obligation	<b>3,059</b>	2,659
	<hr/>	<hr/>

Movements in the fair value of the academy's share of scheme assets:

	<b>2017 £000</b>	<i>2016 £000</i>
Opening fair value of scheme assets	<b>140</b>	-
Interest income	<b>6</b>	1
Actuarial gains	<b>1,512</b>	6
Employer contributions	<b>275</b>	107
Employee contributions	<b>79</b>	30
Benefits paid	<b>(9)</b>	(4)
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>2,003</b>	140
	<hr/>	<hr/>

# **SOUTH BANK MULTI ACADEMY TRUST**

(A company limited by guarantee)

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

The amounts recognised in the balance sheet are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Present value of funded obligations	<b>(3,059)</b>	<b>(2,659)</b>
Fair value of scheme assets	<b>2,003</b>	<b>140</b>
Total	<b>(1,056)</b>	<b>(2,519)</b>

### **23. Operating lease commitments**

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts payable:</b>		
Within 1 year	<b>17</b>	<b>6</b>
Between 1 and 5 years	<b>26</b>	<b>22</b>
Total	<b>43</b>	<b>28</b>

### **24. 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.

### **25. Related party transactions**

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