

**South Quay  
College (formerly  
City Gateway 14-19  
Provision)**

Registered number: 08111431

**Governors' Report and  
Financial Statements**

**For the year ended 31 August 2018**

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

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# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

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## **Reference and Administrative Details of the Academy, its Governors and Advisers**

The Governors (who are also directors of the charity for the purposes (Members noted below) of the Companies Act and trustees for the purposes of Charity Law) present their annual report together with the audited financial statements of South Quay College (the academy) for the period ended 31 August 2018. The Governors confirm that the Annual Report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP), Charities SORP (FRS 102).

### **Governors**

Simon Appleby (chair) (\*) (\*\*)  
Kirstan McConkey (\*\*) (resigned 31 August 2018)  
Matthew Baird (\*)  
Tim Watts (\*\*)  
Stuart Beck

\* Members of the Finance Committee

\*\* Also Members of Company Limited by Guarantee (refer to Article 8 of our Articles of Association<sup>1</sup>)

### **Company registered number**

8111431

### **Registered office**

32 Mastmaker Court, Mastmaker Road, London, E14 9UB

### **Senior Management Team**

Principal and Accounting Officer – M Nirsimloo  
Deputy Principal – M Downs

### **Independent Auditor**

Mazars LLP, Times House, Throwley Way, Sutton, Surrey SM1 4JQ

### **Bankers**

National Westminster Bank, P O Box 282, 216 Bishopsgate, London, EC2M 4QB

### **Solicitors**

Mills & Reeves, Botanic House, 100 Hills Road, Cambridge, CB2 1PH

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<sup>1</sup> Article 8 of South Quay College Articles of Association states: a member is someone who "undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Academy Trust's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves".

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

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## **Governors' Report**

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The Academy Trust operates an academy for pupils aged 14 to 19 serving a catchment area in London, principally East London. In the year 2017/18 it had a total of 153 learners (57 Pre-16 and 96 Post-16).

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Academy Trust is a charitable company limited by guarantee and an exempt charity. The Academy Trust was incorporated on 19 June 2012 and commenced trading on 1 September 2012. The Academy Trust is constituted under a Memorandum of Association.

#### **Members' liability**

The Members of the Academy Trust guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up.

#### **Governors' indemnities**

The Governors have liability insurance in place during the year with a limit of indemnity of £10,000,000.

#### **Method of recruitment and appointment or election of Governors**

The Governors are directors of the company for the purposes of the Companies Act 2006.

The directors may appoint up to six Governors. The maximum term of office for any Governor will be 4 years, except that this time limit does not apply to the Principal. Governors are appointed based on the skills that they will bring to the governing body or by election.

(The Governors in office during the period ended 31 August 2018 are listed on page 1).

#### **Policies and Procedures Adopted for the Induction and training of Governors**

The number of Governors allows for a tailored induction to be carried out specifically to the individual. Each new board member is provided with extensive information relating to: South Quay College (School is registered as South Quay College); the roles and responsibilities of Governors and Directors. Each Governor is then offered an induction pack. Other training is carried out tailored to their knowledge and experience. There are also various opportunities throughout the year for Governors to participate in school visits, events/meetings. For example, Governors have accessed on-line training on Prevent and Safeguarding and a lead Governor for Safeguarding has attended a Safeguarding-training course. Governors are also trained in Appeals and exclusions.

#### **Organisational structure**

During the period under review, the Governors held four formal meetings. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. The committees of the Governing Body comprise the Finance Committee, which reports to the Board on Finance; the Delivery and Performance Committee, which has responsibility for monitoring academic standards; and the Safeguarding Committee. There is not a separate Audit committee as those responsibilities are fulfilled by the full Board.

For the period 1<sup>st</sup> September 2017 to 31<sup>st</sup> August 2018, the core Senior Leadership Team comprised the Principal, Deputy Principal and five Assistant Principals. For this period, the Principal was also the Accounting Officer. The Senior Leadership Team is responsible for the day-to-day running of South Quay College and the authorisation of spending within agreed budgets.

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

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## **Governors' Report (continued)**

### **OBJECTIVES AND ACTIVITIES**

#### **Charitable Objects**

The principal object and aim of the charitable company is the operation of South Quay College (SQC) to provide Alternative Provision education to those aged 14 to 19 years of age.

#### **Mission and intended impact**

SQC's mission is to prepare and progress disadvantaged and disengaged young people, aged 14-19, in East London and surrounding boroughs, into sustained education or employment. This is achieved through provision of recruitment, information advice and guidance (IAG), mentoring, education, training and employment services targeted at NEET (Not in Education, Employment or Training) young people and those at risk of becoming NEET.

SQC works primarily with some of the most disengaged young people in Tower Hamlets and surrounding East London Boroughs; consistently delivering positive and sustainable outcomes for these individuals.

We support those who are most in need – isolated individuals who lack the skills and support to access opportunities to break out of poverty and improve their quality of life. Our service-users often have multiple safeguarding needs including: being in care/care-leavers, young people at risk of sexual exploitation, ex-offenders, those involved in local gang culture, those with substance misuse issues, physical or mental health problems and learning difficulties, and people who have experienced domestic abuse. Many of our beneficiaries have been excluded from mainstream schools or services and lack confidence and skills to progress towards a better future.

#### **Objectives, Strategies and Activities**

The Academy's aim is to provide high quality services to those in need of alternative provision education, providing wrap around support and services and safeguarding. Given the Academy Trust is five years old, the priority is to grow the provision, improve the quality and link with industry and commerce to offer curriculums that will increase chances of our learners' employment prospects and ensure there are clear progression routes for every service user.

The main objectives of the Academy Trust during the period ended 31st August 2018 are summarised below, to:

- ensure that every learner enjoys the same high quality education in terms of resourcing, tuition and care;
- raise the standard of attendance and educational achievement of all pupils;
- improve the effectiveness of the Academy Trust by keeping the curriculum and organisational structure under continual review;
- provide value for money for the funds expended;
- comply with all appropriate statutory and curriculum requirements;
- maintain close links with industry and commerce and provide progression opportunities for our learners; and to conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

#### **Equal Opportunities Policy**

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust has established equal opportunities in all aspects of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

#### **Public benefit**

South Quay College was set up to ensure that its activities contribute significantly to the lives of those we work with and specifically within the local areas in which those activities are undertaken. All our activities are directed towards having a lifelong impact on the local area and these activities are undertaken to further our charitable purposes for the public benefit. The examples below are a testament of our commitment to the public benefit requirement.

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## **Governors' Report (continued)**

Our service users are very clearly beneficiaries of our work through the delivery of our educational programmes and their attainment of skills and development as well as achievement of certifications and awards. South Quay College endeavors to ensure that there are clear progression routes to employment or further training so that service users are less dependent (or not dependent) on state services and are working towards steady employment and better prospects for employment.

The main areas of public benefit can be summarised as:

- advancement of education
- prevention or relief of poverty
- advancement of citizenship or community development
- advancement of social cohesion

In setting our objectives and planning our activities, the Governors have given careful consideration to the Charity Commission's general guidelines on public benefit.

## **Strategic Report**

### **ACHIEVEMENTS AND PERFORMANCE**

South Quay College was last inspected by Ofsted in May 2014. South Quay College was awarded a Grade 1 (Outstanding) across all areas of the inspection framework. South Quay College is committed to maintaining its 'Outstanding' provision through continuous quality improvement.

#### **KS4**

##### **Gender**

In 2017/2018 63% of learners were male, which is a slight reduction from 64% in the previous year. There was only a two percentage point difference in average attendance rates between genders with males slightly higher. Females had higher known positive progression at 70% compared to males at 63%.

##### **Ethnicity**

The largest proportion (35%) of Key Stage Four learners were White, with Asian/Asian British learners at 26% and mixed heritage at 7%. These are similar proportions to previous years. On average, attendance rates were lowest among White learners and significantly higher for Mixed or Black/Black British. Known positive progressions varied between ethnicities with 86% of Asian/Asian British having a positive outcome compared to 75% of White learners and 60% of mixed heritage learners.

##### **SEN**

In 2017/2018 11% of learners had high needs SEN, as in 2016/2017. On average EHCP learners had slightly higher attendance and positive progression rates than other students.

##### **Pupil Premium**

In 2017/2018 most learners (61%) were eligible for Pupil Premium as in the previous year. Those with Pupil Premium had a similar progression rate than those without.

##### **Safeguarding**

The way in which safeguarding was managed and needs recorded changed in 2016/2017. Although the number of recorded cases reduced to 14% from 27% a new measure of Early Needs Thresholds indicated that all Key Stage Four learners'.

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

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## **Strategic Report (continued)**

### **POST 16**

#### **Gender**

Males made up the majority of Post 16 learners at 57%, a slight reduction from previous years. Attendance was slightly higher for males but females had significantly higher known positive progression rates than males at 78% compared to 70%.

#### **Ethnicity**

In Post 16 Asian/Asian British made up 21% of learners Black/Black British (18%) White (28%) and Mixed (14%).

### **SEN**

In 2017/2018 29% of Key Stage Five learners had high SEN needs, a large increase from 17% in 2016/2017. EHCP learners had similar attendance and higher positive progression than those without high SEN.

#### **Bursary**

In 2017/2018 56% of learners were in receipt of bursary, an increase from 44% in the previous year. On average, those on bursary had an attendance rate percentage point higher than those not on bursary. Their known positive progression was also above average.

#### **Safeguarding**

Early Needs Thresholds indicated that 86% of Key Stage Five learner's required at least early help and 43% had complex or acute need which remains consistent.

### **STRENGTHS**

- The SLT are aware of the strengths and areas for development of the college, as detailed in the SAR and targeted for improvement within the development plan.
- Development of teaching and learning, along with its monitoring, has ensured that the percentage of good or better teaching and learning has improved to 79%.
- At KS4, attainment over the last three year period continues to be high
- The percentage of NEET learners at KS4 and KS5 are at 30% and 25% respectively
- PASS data at KS4 highlights that 96% of learners improved their Feelings Towards School, Perceived Learning Capability, Self-Regard as a learner, Preparedness for Learning, Attitudes to Teachers, General Work Ethic, Confidence in Learning, Attitudes to Attendance and Response to Curriculum
- 42% for Math's and 33% for English improved their attainment in English and / or Math's upon retake
- Comprehensive CEIAG offering across KS4 and KS5

### **MAIN AREAS FOR DEVELOPMENT**

- To continue to improve attendance and punctuality across the college to ensure we are closing the gap to national average.
- To continue to develop the curriculum across both key stages to ensure that it meets the needs of our learners
- To develop the 'One Plan' to ensure better planning, provision and tracking for our learners
- To ensure that the behavioral and reward policy is followed rigorously to ensure that high expectations are embedded across KS4
- To ensure that the appropriate learners, in terms of ability and baseline data, are taken onto the appropriate programmes at KS5 to improve retention rates.
- To Ensure that attainment at KS5 continues to improve.

### **Key financial performance indicators**

Budget targets for income were above forecast though an unexpected reduction in Commissioners and Element 3 funding. Expenditure for the period was successfully managed to ensure the generation of a surplus in line with the reserves policy.

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

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## **Strategic Report (continued)**

### **Plans for the future**

Plans for the year ahead also include:

- The school are looking into developing into Post 19 Traineeship and Apprentices
- Continued improvement of teaching and learning assessed through lesson observations and rigorous self-assessment process
- Continued strengthening of Governance structures including the development and recruitment for the Local Governing Body for Tower Hamlets.

### **Going concern**

After making appropriate enquiries, the Governing Body 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**

### **Review of the year**

The Academy Trust made a deficit of £493,918 (2017: deficit of £289,081); although excluding movements on the restricted fixed asset fund the Trust generated a surplus for the year of £374,277 (2017: surplus of £385,116)

The Academy Trust relies on two main sources of income:

1. General Annual Grant (GAG) and other funding from the ESFA
2. Key Stage 4 and 5 commissioner payments – these payments are received from schools or local authorities when pupils are referred from these organisations to the Academy Trust

In support of the Academy Trust's aims and objectives, expenditure was focused in the following areas:

- SQC's unique wrap around support providing learners with additional support to overcome the multiple barriers to success which they face
- Dedicated safeguarding team within South Quay College to meet learners' complex needs

### **Reserves policy**

The Governors review the reserve levels of the Academy Trust annually. The policy of the Academy Trust is to carry forward a prudent level of revenue reserves for general working capital of up to 2% of restricted GAG income in year and at least 5% of unrestricted income plus one month's payroll in year. Other funds may be designated meet the long-term cyclical needs of asset renewals and any other unforeseen contingencies, changes in funding and a contribution towards future capital projects.

As at August 2018, all GAG income has been spent and no reserves have been carried forward. After designation of funds for capital and infrastructure projects, the target unrestricted funds have been exceeded but considered necessary for changes to future funding streams.

Governors' review of reserves as at 31 August 2018 has taken into account the principal risks and uncertainties outlined below and designation of reserves in order to support the future years.

### **Investment policy and performance**

Due to the nature of the funding cycle, the Academy Trust may at times hold large cash balances which may not be required for immediate use. Short term bank investment accounts may be used during these periods to take advantage of higher interest rates. No other forms of investment are undertaken.

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

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## **Strategic Report (continued)**

### **Principal risks and uncertainties**

The principal financial risk for the Academy Trust during forward budget planning cycle are changes to the post-16 funding formula and the reduction in formula protection funding over the next 6 years and a reduction of approximately 25 KS5 learners, expected to stabilise at this level in the forward plan. In addition, the Academy faces the sector wide challenges of year on year reduced funding and inflationary increases in both staff and non-staff costs.

The Academy Trust's exposure to risk is largely bank balances, cash and trade creditors, with limited trade debtors.

### **Risk management**

The Governors have assessed the major risks to which the Academy Trust is exposed, particularly those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust and its finances. They have introduced systems, including operational procedures and internal financial controls to minimise risk. Where significant financial risk still remains' they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls.

The Academy Trust has a risk register that is reviewed at least annually by the Governing Body. It was last reviewed in December 2018. The register records the risks that have been identified and the control measures it has implemented. The Governance Statement is considered annually.

### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information

### **Auditors**

The auditors, Mazars LLP, have indicated their willingness to continue in office. The Governors will propose a motion reappointing the auditors at a meeting of the Governors.

This Governors' report was approved by order of the members of the Governing Body, on 27 December 2018 and signed on the board's behalf by:



**Simon Appleby**  
**Governor**

# SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)

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## GOVERNANCE STATEMENT

### Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that South Quay College 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 Governing Body has delegated the day to day responsibility to the 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 Quay College and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

	Meetings attended Out of a possible	
Simon Appleby (Chair)	4	4
Martin Nirsimloo	4	4
Dave Walker	2	4
Kirstan McConkey	4	4
Matthew Baird	4	4
Tim Watts	1	4
Stuart Beck	2	4
Chris Young (*)	1	1
Paul Rose (**)	2	2

\*Left South Quay College during the year in October 2017.

\*\*Left South Quay College during the year in December 2017.

A governance review is carried out at least annually, and more often when events dictate. The type of events that lead to an interim review have been more recently retirement of existing governors. The purpose of this sub-committee is to advise the Governing Body on governance matters and to recommend governor candidates for appointment. Additional Governors were appointed during 2017. The next annual Self- Assessment and Skills Audit is planned for June 2019.

The Finance Committee is a sub-committee of the main Governing Body. Its purpose is to advise the Governing Body on financial strategy and policy within the resources available, and to approve budget estimates and receive reports and monitor income and expenditure against budget estimates.

In practice, the finance committee has operated as a working group with final decisions and approvals made by the main Governing Body; this is due to the current size of the organisation and the number of Governors.

### Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and then reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year in 4 key ways as described below.

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

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## **1 Long term impact and sustainability**

South Quay College engage learners who are or are at risk of becoming NEET (Not in Education, Employment or Training), and ultimately seek to remove their barriers to successful progression into the workplace. Our model is progressive and employment focused. This is demonstrated by the proportion of learners progressing into Apprenticeship programmes with major corporate firms through City Gateway.

It has the dual impact of reducing the risk (and cost to the State) of long-term unemployment (resulting in life- long benefit claiming and potential inter-generational worklessness) and increasing tax revenues through learners being in employment - resulting in significant value for money for the taxpayer. It is estimated the total cost to the state of Britain's NEET problem is between around £22 billion in additional public spending and a total of up to

£77 billion a year when lost income is included. In addition, there are wider social impacts of young people spending time not in education, employment or training, such as the link between NEET status and youth crime. The cost of youth crime is estimated to be £23 million a week. That amounts to an annual cost of £1.2 billion per year.

## **2 Delivery model and achievement**

The education and support services provided were recognised by Ofsted when SQC was graded 'Outstanding' in May 2014. SQC ethos and values underpin the services it provides. This is demonstrated through staff and management providing a nurturing, ambitious and positive environment for learners to succeed. At the heart of our approach is to put each learner at the centre of our work and to meet their needs on an individualised basis.

## **3 Robust governance and oversight of South Quay College finances**

South Quay College operates a flexible and responsive delivery model and embraces continuous development of its services to ensure that learner success can be optimised. A strong system of financial controls, including timely and accurate financial management information is crucial to the ability to be flexible and responsive. This information is reviewed on a regular basis to assess risk and consider priorities.

Further, both the Accounting Officer and representatives from the Governing body are members of the Finance Committee. They closely review budgets and manage accounts for the school and pose challenging questions. This ensures the system of financial governance includes strong oversight by both the Governors and the Accounting Officer. The budgeting process ensures that financial resources are appropriately directed in-year to organisational priorities.

An example of this is in preparation for setting of the 2017/18 budget is that all areas of expenditure were reviewed in detail and a thorough process was carried out to identify where costs could be reduced without compromising quality.

South Quay College has sound internal spending controls as evidenced by results of the annual external audit.

## **4 Purchasing and procurement**

We are committed to ensure that through our purchasing and procurement we achieve value for money at all times. This commitment exists for all those involved with purchasing and procurement.

During 2017/18 South Quay College carried out an extensive and detailed review of salaries for all staff. This review included external benchmarking to comparable organisations in the central London region. This review contributes to achieving value for money in the area of staff costs, which accounts for approximately three quarters of all South Quay College expenditure. A similar exercise is expected in 2018/19.

South Quay College reviews significant non-staff related costs on a regular rolling basis to ensure value for money. The most significant of these costs relate to facilities and premises.

## **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 ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Quay College for the period ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)**

## **(A Company Limited by Guarantee)**

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### **Capacity to Handle Risk**

The Governing Body 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 Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

### **The Risk and Control Framework**

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 Governing Body;
- regular reviews by the Finance 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;
- the identification and management of risks.

The remit of the Finance Committee includes the functions of an audit committee. The Finance Committee reviews the risks to internal financial control and agrees a programme of work to address and provide assurance on these risks. The agreed programme of work is performed as a supplementary programme of work by the trust's external auditor.

### **Review of Effectiveness**

As Accounting Officer, the 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 external auditor;
- work of the executive managers within the Academy Trust who have responsibility for the development - and maintenance of the internal control framework.

Approved by order of the members of the Governing Body on 27 December 2018 and signed on their behalf, by:



Simon Appleby, Chair  
Governor



Martin Nirsimloo, Principal  
Accounting Officer

**SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)  
(A Company Limited by Guarantee)**

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**STATEMENT ON REGULARITY, PROPRIETY AND  
COMPLIANCE**

As Accounting Officer of South Quay College I have considered my responsibility to notify the Academy Trust Governing Body and the Education and 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Martin Nirsimloo, Accounting Officer

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

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## **GOVERNORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Governors 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 Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Education and Skills Funding Agency/ Department for Education have been applied for the purposes intended.

The Governors 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 Governing Body on 27<sup>th</sup> December 2018 and signed on its behalf by:



**Simon Appleby**  
**Chair of Governors**

# **CITY GATEWAY 14-19 PROVISION (A Company Limited by Guarantee)**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)**

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We have audited the financial statements of South Quay College ("the Academy Trust") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 August 2018 and of its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

### **Basis for opinion**

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

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

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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity'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.

### **Other information**

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

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

We have nothing to report in this regard.

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

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

- the information given in the Governors' Report including the incorporated strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

# **CITY GATEWAY 14-19 PROVISION (A Company Limited by Guarantee)**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)**

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- the Governors' Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report including the incorporated 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 Governors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Governors**

As explained more fully in the Governors' responsibilities statement set out on page 12, the Governors (who are directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charity'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 Governors either intend to liquidate the charity 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). This description forms part of our auditor's report.

### **Use of the audit report**

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.



**Nicola Wakefield (Senior Statutory Auditor)**

for and on behalf of  
Mazars LLP

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date: 28 December 2018

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BODY AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018**

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In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Quay College during the period 1 September 2017 to 31 August 2018 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 Quay College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Quay College and the ESFA those matters we are required to state to it 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 Quay College and the ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of South Quay College's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of South Quay College's funding agreement with the Secretary of State for Education dated 20 March 2015 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluded on procedures carried out.

### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP

### **Mazars LLP**

#### **Reporting Accountant**

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

Date: 28 December 2018

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# SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)

Registered number: 08111431

## (A Company Limited by Guarantee)

### STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account) FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted fund £	Designated funds £	Restricted funds £	Restricted fixed asset fund £	Total funds 2018 £	Total funds 2017 £
<b>Income</b>							
Activities for generating funds	3	69,420	-	-	-	69,420	68,900
Investment income	4	3,230	-	-	-	3,230	4,620
Funding for Academy's educational operations	5	1,013,590	-	3,446,324	4,572	4,464,486	5,317,480
<b>Total income</b>		<b>1,086,240</b>	<b>-</b>	<b>3,446,324</b>	<b>4,572</b>	<b>4,537,136</b>	<b>5,381,480</b>
<b>Expenditure</b>							
Charitable activities	7&8	556,676	-	3,637,736	976,642	5,171,054	5,712,081
<b>Total expenditure</b>	9	<b>556,676</b>	<b>-</b>	<b>3,637,736</b>	<b>976,642</b>	<b>5,171,054</b>	<b>5,712,081</b>
<b>Net income/(expenditure) before transfers</b>		<b>529,564</b>	<b>-</b>	<b>(191,412)</b>	<b>(972,070)</b>	<b>(633,918)</b>	<b>(321,081)</b>
Transfers between funds	16	(103,872)	-	-	103,872	-	-
<b>Net income/(expenditure)</b>	16	<b>425,692</b>	<b>-</b>	<b>(191,412)</b>	<b>(868,198)</b>	<b>(633,918)</b>	<b>(321,081)</b>
Actuarial gain on defined benefit pension scheme	19	-	-	140,000	-	140,000	32,000
<b>Net movement in funds for the year</b>		<b>425,692</b>	<b>-</b>	<b>(51,412)</b>	<b>(868,198)</b>	<b>(493,918)</b>	<b>(289,081)</b>
Funds brought forward at 1 September		619,287	550,921	(160,483)	1,465,762	2,475,487	2,764,568
<b>Funds carried forward at 31 August</b>	17	<b>1,044,979</b>	<b>550,921</b>	<b>(211,895)</b>	<b>597,564</b>	<b>1,981,569</b>	<b>2,475,487</b>

All amounts relate to continuing activities

The notes on pages 19 to 33 form part of these financial statements

**SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)  
(A Company Limited by Guarantee)**

**BALANCE SHEET  
AS AT 31 AUGUST 2018**

	Note	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	13	597,564		1,465,762	
			<u>597,564</u>		<u>1,465,762</u>
<b>Current assets</b>					
Debtors	14	456,163		522,338	
Cash at bank		2,972,862		2,006,054	
			<u>3,429,025</u>		<u>2,528,392</u>
<b>Creditors: amounts falling due within one year</b>	15	(1,801,020)		(1,315,667)	
			<u></u>		<u></u>
Net current assets			1,628,005		1,212,725
			<u>1,628,005</u>		<u>1,212,725</u>
<b>Total assets less current liabilities</b>			2,225,569		2,678,487
Defined benefit pension scheme liability		(244,000)		(203,000)	
			<u>(244,000)</u>		<u>(203,000)</u>
<b>Total assets less liabilities</b>			<u>1,981,569</u>		<u>2,475,487</u>
<b>Academy funds</b>					
<b>Restricted funds:</b>					
Restricted funds	16	32,105		42,517	
Restricted fixed asset funds	16	597,564		1,465,762	
Pension Reserve	16	(244,000)		(203,000)	
			<u>385,669</u>		<u>1,305,279</u>
<b>Total restricted funds</b>			385,669		1,305,279
<b>Unrestricted funds:</b>					
General funds	16	1,044,979		619,287	
Designated funds	16	550,921		550,921	
			<u>1,595,900</u>		<u>1,170,208</u>
<b>Total Unrestricted funds</b>	16		1,595,900		1,170,208
			<u>1,595,900</u>		<u>1,170,208</u>
<b>Total funds</b>			<u>1,981,569</u>		<u>2,475,487</u>

The financial statements were approved by the Governors on 27 December 2018 and signed on their behalf by:



**Simon Appleby, Chair of Governors**

The notes on pages 19 to 33 form part of these financial statements.

**SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)  
(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2018**

	2018	2018	2017	2017
	£	£	£	£
<b>Cash flows from operating activities</b>				
<b>Net (expenditure)</b>		<b>(493,918)</b>		<b>(289,081)</b>
Adjustments for:				
Depreciation	976,642		975,107	
Capital grants from DfE	(4,572)		(45,992)	
Interest income	(3,230)		(4,620)	
Pension provision	41,000		203,000	
Trade and other debtors	66,175		(25,272)	
Trade and other creditors	485,353		214,496	
	<hr/>	<b>1,561,368</b>	<hr/>	<b>1,316,719</b>
<b>Cash flows generated from operating activities</b>				
Purchase of property plant and equipment	(108,444)		(300,910)	
Capital grants from DfE	4,572		45,992	
Interest received	3,230		4,620	
	<hr/>	<b>(100,643)</b>	<hr/>	<b>(252,298)</b>
<b>Cash outflows used in investing activities</b>				
<b>Increase in cash</b>		<b>966,808</b>		<b>777,340</b>
		<hr/>		<hr/>
<b>Cash at 1 September</b>		<b>2,006,054</b>		<b>1,228,714</b>
<b>Increase in cash</b>		<b>966,808</b>		<b>777,340</b>
		<hr/>		<hr/>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,972,862</b>		<b>2,006,054</b>
		<hr/> <hr/>		<hr/> <hr/>

The notes on pages 19 to 33 form part of these financial statements.

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1. Accounting Policies**

#### **1.1 Basis of preparation**

The financial statements 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) (effective 1 January 2015) - (Charities SORP (FRS 102)) and, the Academies Accounts Direction 2017 to 2018 issued by ESFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

South Quay College meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### **1.2 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 one year from the date of approval of the financial statements.

#### **1.3 Company status**

The Academy is a company limited by guarantee. The members of the company are the Governors named on page 3. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

#### **1.4 Fund accounting**

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the governors.

Designated funds are those unrestricted funds which the Governors have earmarked to be used for a particular purpose.

Restricted funds comprise grants from the DfE and other donors which are to be used for specific purposes.

#### **1.5 Taxation**

The Academy is an exempt charity and as such is exempt from income tax and corporation tax on its charitable activities. The cost of irrecoverable VAT incurred by the Academy has been included in the Statement of Financial Activities.

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

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

#### **1.6 Income**

All income is included in the Statement of Financial Activities when the Academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable.

Donations are included in the Statement of Financial Activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the Balance Sheet date.

The value of donated services and gifts in kind provided to the Academy is recognised in the Statement of Financial Activities as income and expenditure at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

Interest receivable is included within the Statement of Financial Activities on a receivable basis.

#### **1.7 Expenditure**

Expenditure is recognised in the period in which it is incurred and includes irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity.

In accordance with the Charities SORP, expenditure has been analysed between the cost of raising funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

# **SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION) (A Company Limited by Guarantee)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

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

#### **1.8 Tangible fixed assets and depreciation**

Tangible fixed assets acquired since the Academy was established are included in the financial statements at cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the Balance Sheet). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets costing less than £1000 are written off in the year of acquisition. All other assets are capitalised.

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The expected useful lives used for other assets are:

Leasehold property	-	Over the life of the lease
Plant and machinery	-	5 to 10 years
Furniture and equipment	-	5 to 10 years
Computer equipment and software	-	3 to 5 years

#### **1.9 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

#### **1.10 Pensions**

The Academy employees are members of personal stakeholder defined contribution schemes. The assets of these schemes are held separately from those of the Academy, being invested externally. The pension costs for the schemes represent the contributions payable by the Academy in the year.

**SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

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**2. General Annual Grant (GAG)**

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. The academy trust is not carrying forward any GAG at the end of the year.

**3. Activities for generating funds**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Year ended 31 August 2018 Total funds £	Year ended 31 August 2017 Total funds £
Hire of facilities	64,867	-	64,867	65,667
Other income	4,553	-	4,553	3,233
	<u>69,420</u>	<u>-</u>	<u>69,420</u>	<u>68,900</u>

**4. Investment income**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Year ended 31 August 2018 Total funds £	Year ended 31 August 2017 Total funds £
Investment income	3,230	-	3,230	4,620
	<u>3,230</u>	<u>-</u>	<u>3,230</u>	<u>4,620</u>

**SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

**5. Funding for Academy's educational operations**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Year ended 31 August 2018 Total funds £	Year ended 31 August 2017 Total funds £
<b>DfE/ESFA revenue grant</b>				
General Annual Grant (GAG)	-	2,795,595	2,795,595	3,370,159
Other DfE/ESFA grants	-	637,348	637,348	619,575
	-	<b>3,432,943</b>	<b>3,432,943</b>	<b>3,989,734</b>
<b>DfE/ESFA capital grants</b>				
Academy main building grant	-	4,572	4,572	45,992
Devolved formula capital allocations	-	13,381	13,381	14,931
<b>Other income</b>				
Alternative Provision Commissioning				
Key stage 4	374,432	-	374,432	719,800
High needs	639,158	-	639,158	547,023
<b>Total funding for educational operations</b>	<b>1,013,590</b>	<b>3,450,896</b>	<b>4,464,486</b>	<b>5,317,480</b>

**6. Expenditure**

	Staff costs £	Premises £	Other costs £	Year ended 31 August 2018 £	Year ended 31 August 2017 £
<b>Educational operations</b>					
Direct costs	2,015,809	595,592	240,834	2,852,235	3,500,836
Allocated support costs	950,262	1,108,663	240,476	2,299,401	1,891,349
Governance costs	8,618	-	10,800	19,418	82,896
<b>Total</b>	<b>2,974,689</b>	<b>1,704,255</b>	<b>492,110</b>	<b>5,171,054</b>	<b>5,475,081</b>

**SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

**7. Expenditure**

<b>Direct costs</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Year ended 31 August 2018</b>	<b>Year ended 31 August 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Teaching and educational support staff	556,676	1,467,751	2,024,427	2,473,714
Depreciation	-	644,441	644,441	756,804
Educational supplies	-	48,268	48,268	53,312
Exam fees	-	32,789	32,789	76,037
Staff development	-	23,270	23,270	24,514
Other direct costs	-	79,040	79,040	116,451
<b>Total direct costs</b>	<b>556,676</b>	<b>2,295,559</b>	<b>2,852,235</b>	<b>3,500,832</b>
<b>Support costs</b>				
Support staff cost	-	950,262	950,262	713,554
Staff Development	-	6,502	6,502	-
Depreciation	-	332,201	332,201	218,304
Technology costs	-	71,547	71,547	52,899
Recruitment and support	-	15,668	15,668	38,820
Maintenance of premises and equipment	-	48,662	48,662	45,818
Cleaning	-	67,166	67,166	64,252
Rent, rates and utilities	-	631,397	631,397	584,113
Energy costs	-	43,999	43,999	50,384
Insurance	-	10,420	10,420	13,084
Catering	-	27,915	27,915	41,963
Legal & Professional fees	-	61,947	61,947	24,837
Bank interest and other charges	-	1,536	1,536	1,918
Other support costs	-	30,179	30,179	41,403
<b>Total support costs</b>	<b>-</b>	<b>2,299,401</b>	<b>2,299,401</b>	<b>1,891,349</b>
<b>Total costs</b>	<b>556,676</b>	<b>4,594,960</b>	<b>5,151,636</b>	<b>5,392,181</b>

**SOUTH QUAY COLLEGE (FORMERLY CITY GATEWAY 14-19 PROVISION)**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

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**8. Governance costs**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Year ended 31 August 2018 £	Year ended 31 August 2017 £
Auditor's remuneration:				
Audit of financial statements	-	10,800	10,800	11,330
Other audit costs	-	-	-	-
Support staff costs	-	8,618	8,618	60,709
Legal and professional fees	-	-	-	10,505
Governors' reimbursed expenses	-	-	-	352
	-	19,418	19,418	82,896

**9. Net income**

This is stated after charging:

	Year ended 31 August 2018 £	Year ended 31 August 2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	976,642	975,107
Auditor's remuneration	10,800	11,330
Operating leases	507,559	459,712

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

**10. Staff costs**

Staff costs were as follows:

	Year ended 31 August 2018	Year ended 31 August 2017
	£	£
Wages and salaries	2,202,366	2,379,094
Social security costs	158,513	209,992
Other pension costs	<u>237,692</u>	<u>292,890</u>
	2,598,571	2,881,976
Staff Restructuring costs	89,452	33,300
Agency Staff Costs	286,666	332,701
	<u>2,974,689</u>	<u>3,247,977</u>
Staff restructuring costs comprise:		
Redundancy payments	89,452	4,880
Severance payments	-	28,420
	<u>89,452</u>	<u>33,300</u>

Included in staff restructuring costs are non-statutory / non-contractual severance payments of nil (2017: £19,962).

Key management personnel during the year includes the Principal, Vice Principal and the Director of Finance (until December 2017). The total employee benefits of the key management personnel of the academy were £189,951 (2017: £258,536).

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**10. Staff costs (continued)**

The average number of persons (including the senior management team) employed by the Academy during the year expressed as headcount and full time equivalents (FTE) were as follows:

	<b>Headcount Year ended 31 August 2018 No.</b>	<b>FTE Year ended 31 August 2018 No.</b>	<b>Headcount Year ended 31 August 2017 No.</b>	<b>FTE Year ended 31 August 2017 No.</b>
Teachers	20	20	29	28
Administration and support	42	40	48	46
Management	9	9	8	8
<b>Total</b>	<b>71</b>	<b>69</b>	<b>85</b>	<b>83</b>

The number of employees whose employment benefits (excluding employer pension contributions costs) exceed £60,000 was:

	<b>2018</b>	<b>2017</b>
£60,000- £70,000	1	2
£70,001- £80,000	1	-

**11. Governors' remuneration**

During the year retirement benefits were accruing to no governors (2017: nil) in respect of defined contribution pension schemes.

The Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors.

No Governors (2017: two) received remuneration in respect of professional services provided outside their services as governors (neither governor were remunerated for any of their normal duties that they were fulfilling as governors). The total payment amount during the year for these services was £nil (2017:£84,941).

No Governors (2017: one) received reimbursement of travel expenses amounting to £nil (2017: £32).

**12. Governors' and Officers' Insurance**

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where the UK government funds cover losses that arise.

This scheme protects the governors 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 governors and officers indemnity element from the overall cost on the RPA scheme.

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**13. Fixed assets**

	Long leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total Tangible Fixed assets £
<b>Cost</b>					
At 1 September 2017	4,062,814	360,408	14,279	504,541	4,942,042
Additions	88,107	14,934	-	5,403	108,444
At 31 August 2018	4,150,921	375,342	14,279	509,944	5,050,486
<b>Depreciation</b>					
At 1 September 2017	2,869,270	236,762	10,074	360,174	3,476,280
Charge for the year	816,291	83,324	2,997	74,030	976,642
At 31 August 2018	3,685,561	320,086	13,071	434,204	4,452,922
<b>Net book value</b>					
At 31 August 2018	465,360	55,256	1,208	75,740	597,564
At 31 August 2017	1,193,544	123,646	4,205	144,367	1,465,762

**14. Debtors**

	2018 £	2017 £
Trade debtors	7,311	6,487
Prepayments and accrued income	391,860	452,452
Other debtors	510	1,984
VAT Recoverable	56,482	61,415
	456,163	522,338

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

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

	2018 £	2017 £
Trade creditors	220,601	101,364
Social security and other taxes	34,728	51,994
Other creditors	1,374,699	741,089
Accruals and deferred income	170,992	421,220
	<u>1,801,020</u>	<u>1,315,667</u>
<b>Deferred income</b>		
Deferred income at 1 September 2017	235,598	102,785
Resources deferred during the year	90,358	235,598
Amounts released from previous periods	(235,598)	(102,785)
Deferred income at 31 August 2018	<u>90,358</u>	<u>235,598</u>

**16. Statement of funds**

	At 1 Sept 2017	Income	Expenditure	Transfers	Gains	At 31 August 2018
	£	£	£	£	£	£
<b>Unrestricted funds</b>						
General funds	619,287	1,086,240	(556,676)	(103,872)	-	1,044,979
Designated funds	550,921	-	-	-	-	550,921
	<u>1,170,208</u>	<u>1,086,240</u>	<u>(556,676)</u>	<u>(103,872)</u>	<u>-</u>	<u>1,595,900</u>
<b>Restricted funds</b>						
General Annual Grant	-	2,795,595	(2,795,595)	-	-	-
Other DfE/ESFA grants	42,517	650,729	(661,141)	-	-	32,105
Pension reserve	(203,000)	-	(181,000)	-	140,000	(244,000)
	<u>(160,483)</u>	<u>3,446,324</u>	<u>(3,637,736)</u>	<u>-</u>	<u>140,000</u>	<u>(211,895)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	1,121,229	4,572	(976,642)	-	-	149,159
Capital expenditure from GAG	344,533	-	-	103,872	-	448,405
	<u>1,465,762</u>	<u>4,572</u>	<u>(976,642)</u>	<u>103,872</u>	<u>-</u>	<u>597,564</u>
<b>Total restricted funds</b>	<u>1,305,279</u>	<u>3,450,896</u>	<u>(4,614,378)</u>	<u>103,872</u>	<u>140,000</u>	<u>385,669</u>
<b>Total funds</b>	<u>2,475,487</u>	<u>4,437,136</u>	<u>(5,171,054)</u>	<u>-</u>	<u>140,000</u>	<u>1,981,569</u>

The governors have decided to set aside £nil (2017: £54,291) for future infrastructure and capital improvement projects. A transfer of £103,872 (2017: £254,920) has been made to the restricted fixed asset fund as a result of capital additions which were not funded through a capital grant.

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**17. Analysis of funds**

	Unrestricted funds 2018	Designated funds 2018	Restricted funds 2018	Restricted fixed asset funds 2018	Year ended 31 August 2018	Year ended 31 August 2017
	£	£	£	£	£	£
Tangible fixed assets	-	-	-	597,564	597,564	1,465,762
Current assets	2,845,999	550,921	32,105	-	3,429,025	2,528,392
Creditors due within one year	(1,801,020)	-	-	-	(1,801,020)	(1,315,667)
Pension scheme liability	-	-	(244,000)	-	(244,000)	(203,000)
	1,044,979	550,921	(211,895)	597,564	1,981,569	2,475,487

**18. Capital commitments**

	2018 £	2017 £
ICT	-	6,000
Leasehold Improvements	-	9,000
	-	15,000

**19. Pension commitments**

**Teachers' Pension Scheme**

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:

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

#### 19. Pension commitments (continued)

- 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 pension costs paid to TPS in the period amounted to £104,691 (2017: £132,704).

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee- administered funds. The total contribution made for the year ended 31 August 2018 was £183,000 (2017: £220,030), of which employer's contributions totaled £133,000 (2017: £160,186) and employees' contributions totaled £50,000 (2017: £59,844). The agreed contribution rates for future years are 16.3 per cent for employers and 6.5 per cent for employees.

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

<b>Principal actuarial assumptions</b>	<b>At 31 August 2018</b>	<b>At 31 August 2017</b>
Rate of increase in salaries	2.10%	2.20%
Rate of increase for pensions in payment	2.30%	2.40%
Discount rate for scheme liabilities	2.8%	2.50%
Inflation assumption (CPI)	2.3%	2.40%
Commutation of pensions to lump sums	40%	50.00%

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**19. Pension commitments (continued)**

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

	<b>At 31 August 2018</b>	<b>At 31 August 2017</b>
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.1	24.1
<i>Retiring in 20 years</i>		
Males	23.9	23.9
Females	25.8	25.8

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

	<b>At 31 August 2018</b>	<b>At 31 August 2017</b>
	<b>£'000</b>	<b>£'000</b>
Equities	319	163
Bonds	75	38
Property	44	23
Cash	4	12
<b>Total market value of assets</b>	<b>442</b>	<b>236</b>

The actual return on scheme assets was £15,000 (2017: £32,000)

**Amount recognised in the statement of financial activities**

	<b>At 31 August 2018</b>	<b>At 31 August 2017</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	(307)	(393)
Interest income	8	2
Interest cost	(15)	(5)
<b>Total amount recognized in the SOFA</b>	<b>(314)</b>	<b>(396)</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

**19. Pension commitments (continued)**

Changes in the present value of defined benefit obligations were as follows:

	<b>At 31 August 2018 £'000</b>	<b>At 31 August 2017 £'000</b>
As at 1 September	439	-
Current service cost	307	393
Interest cost	15	5
Employee contributions	50	60
Actuarial gain	(125)	(19)
	<hr/>	<hr/>
<b>At 31 August 2018</b>	<b>686</b>	<b>439</b>

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

	<b>At 31 August 2018 £'000</b>	<b>At 31 August 2017 £'000</b>
As at 1 September	236	-
Interest income	8	2
Actuarial gain	15	13
Employer Contributions	50	60
Employee Contributions	133	161
	<hr/>	<hr/>
<b>At 31 August 2018</b>	<b>442</b>	<b>236</b>

**20. Operating lease commitments**

At 31 August 2018 the Academy commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2018 £</b>	<b>2017 £</b>
Less than 1 year	507,559	460,000
Between 2 and 5 years	2,030,236	1,839,000
More than 5 years	2,664,685	2,875,000
	<hr/>	<hr/>
<b>Total commitment</b>	<b>5,202,480</b>	<b>5,174,000</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

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