

**Company Registration No. 08632527 (England and Wales)**

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT AND AUDITED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
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**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
REFERENCE AND ADMINISTRATIVE DETAILS**

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**Trustees**

A Ali (Principal)  
Dr Muzzammil Hussain (Chair of governors)  
Emily De Grove (Vice Principal)  
Syed Ahmed (Resigned 11 September 2015)  
Peter Mann  
Philip Davis  
Dudbahar Begum  
Masud Ahmed  
Chloe Tyler  
Leanne Gelderd  
Jake Levy (Non trustee governor)  
Shah Mahmud (Non trustee governor)  
Joanna Scott (Non trustee governor)

**Members**

Shajahan Alam  
Somir Ali  
Dr Muzzammil Hussain  
Shahedul Alam  
Peter Mann  
Emily de Grove  
Sarah Patterson  
Ashraf Khan

**Senior management team**

- Principal

Ashid Ali

**Company registration number**

08632527 (England and Wales)

**Registered office**

Aneurin Bevan House  
81 Commercial Road  
London  
E1 1RD

**Independent auditor**

UHY Hacker Young  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and 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 published on 16 July 2014 (FRS102).

The academy trust operates an academy for pupils aged 11-16 serving a catchment area in Tower Hamlets. It has a pupil capacity of 600 and had a roll of 296 in the school census on October 2015.

**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 academy trust trades as London Enterprise Academy.

The trustees of Tower Hamlets Enterprise Academy are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

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 company has purchased trustees liability insurance through DfE RPA which forms part of the Academy's insurance policy.

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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Method of recruitment and appointment or election of trustees

The trust's approach to appointing governors is to use our broad community connections to appoint governors with relevant experience. All governors should have a strong sympathy to the vision, values, ethos of the school.

The method of recruitment as laid out in our memorandum and articles is as follows:

- The Members shall appoint up to 12 Governors and may similarly require the removal from office of any such person and nominate another person in his/her place provided always that the Principal shall be an exofficio Governor.
- The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Governors.
- The LA may appoint the LA Governor.
- The Principal shall be treated for all purposes as being an ex officio Governor.
- Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected.

Policies and procedures adopted for the induction and training of trustees

Following their appointment/election all Governors received an introduction to their role from the Principle and or Chair of Governors. This introduction includes a tour of the school and the opportunity to meet the school Leadership.

All new governors are also provided with a LEA Governors pack which includes the DfE Governors Handbook, The Trusts Funding Agreement and articles of association, school development plan, the self-evaluation (SEF) along with the recent principal's reports.

Governors are encouraged to undertake a variety of training including induction training within the first three months of appointment. There is also the opportunity for e-learning through training and in house training as well as training through consultants and Tower Hamlets Council Governor Services. Regular skills training is undertaken by both the Chair and Vice Chair to ensure Governors are aware of their statutory duties.

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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Organisational structure

The board of trustees of Tower Hamlets Enterprise Academy is constituted under the memorandum and articles of association.

The board of trustees is responsible for ensuring high standards of corporate governance are maintained.

During the year, the board of trustees delegated the responsibility of running the school to the Principal and his leadership team which consist of the Principal, three Assistant Principals and the Business Manager.

The Management Structure of London Enterprise Academy consists of the following:

Tower Hamlets Enterprise Academy Trust  
Governing Body  
Governing Body Committees  
Principal  
Teaching and Support Staff

The aim of the Management Structure is to devolve responsibility and encourage involvement in decision making at all levels. The Governors are responsible for agreeing policies, adopting an annual plan and budget, monitoring the School across a variety of areas and making strategic decisions about the direction of the School collaboratively with the Senior Leadership Team.

The Principal and Senior Leadership Team undertake the day to day management of Tower Hamlets Enterprise Academy at an executive level implementing the policies laid down by Governors and reporting back to them. The Principal is the accounting officer and is responsible for the authorisation of spending within agreed budgets. The Principal is responsible for the appointment of staff and all senior appointments will include a member of the Governing Body to ensure openness and transparency. All other appointments will be made according to the recruitment policy.

The Principal is the 'Accounting Officer' of Tower Hamlets Enterprise Academy.

Arrangements for setting pay and remuneration of key management personnel

The trustees arrange a pay committee which consists of three trustees who is supported by the advice of an external educational consultant to review the pay and remuneration of the Principal. The Principal has annual performance targets and these are reviewed with the support of the external educational consultant. New annual targets are set which are in line with the schools priorities.

Related parties and other connected charities and organisations

Tower Hamlets Enterprise Academy is a single academy and does not have any sponsors or any beneficiaries.

One of the employees (Premises and Network manager) appointed in September 2014 is the brother of a Member (Somir Ali) and this appointment has been declared and approved by governors. Another member of staff (Learning Mentor) recruited for September 2015 is the sister of a Director (Dudbahar Begum) and this appointment has been declared and approved by governors.

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Objectives and activities**

Objects and aims

The objectives of the trust in summary is to establish a school for the benefit of the public. In the last year the activities of the trust in pursuit of this object is the establishment of London Enterprise Academy.

The Academy Trust's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

In accordance with the Articles of Association, the trust has adopted the Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting pupils to the academy trust.

Objectives, strategies and activities

The key objectives for the charitable company for the year ended 31 August 2016 are summarized below:

- To effectively manage the extensive refurbishment of the office building to make it suitable for London Enterprise Academy to operate as a growing school;
- To appoint the required number of additional teaching and support staff to be able to deliver the curriculum and the support functions as the school grows;
- To undertake an extensive marketing campaign that allow us to fill most of our 120 places at the school;
- To further develop and embed policies and procedures for the operation of the school.
- To hold open days and fun days for prospective parents and the local community;
- To strengthen the governing body with appropriate skills sets and training to operate in accordance with our memorandum and articles;
- To further improve the quality of teaching and learning leading to improved pupil progress;
- To comply with all statutory requirements and provide value for money for funds expended.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. During the year the trust has been involved in developing a publicly funded school to provide education to students in the local area.

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Strategic report**

**Achievements and performance**

Pupils in Year 7 and 8 made exceptional progress in English and mathematics. Almost all parents/ carers surveyed would recommend the school to other parents.

All students actively took part in a range of enrichment activities three times a week which complemented our broad and balanced curriculum. The school also arranged a wide range of trips and visits including taking a group of Year 8 pupils to Barcelona for five days.

The school has worked closely with a range of charities including Tower Hamlets Food bank, Whitechapel mission, Roald Dahl's children's charity, Save the Children and many others.

The academy successfully recruited a team of skilled middle leaders to fulfil the trusts primary purpose of furthering education for the public benefit.

The trust has managed the successful completion of the second phase of the building works and is on track to complete the full renovation.

Key performance indicators

- All students make expected levels of progress
- All students are expected to reach an attendance target of at least 96%
- 90% of parents regularly attend progress meetings relating to their child
- All students take part in the London Enterprise Academy Plus (LEAP) activities

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 the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

**Financial review**

Capital grants of £2,829,614 were recognised during the year for building work on the school premises, fixtures and fittings and ICT equipment.

With total incoming resources of £2,082,893 (excluding capital expenditure) and total resources expended of £1,602,186 (excluding depreciation) the trust has net income for the year of £464,707.

Reserves policy

The Trustees review the reserve levels of Tower Hamlets Enterprise Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The level of reserves will be kept under review and is necessary to provide sufficient working capital to cover delays between spending and the receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance in a sustainable fashion. Reserves may be used to achieve the objectives of the Academy at any time at the discretion of the trustees.



**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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As of 31 August 2016, The Tower Hamlets Enterprise Academy Trust has a surplus of £707,157 which comprised £697,220 of restricted funds and £9,937 of unrestricted funds. The trust has plans to spend some of this money on capital projects to create additional outdoor space (teaching and recreational) for the benefit of its pupils. It also has plans to develop two more ICT suites, an Apple Mac suite and carry out internal building works.

Investment policy and powers

Trustees of Tower Hamlets Enterprise Academy are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk. Trustees do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds.

Trustee's management of cash flow should ensure that there are always sufficient funds in the main bank account to cover operational costs. The Academy banks with Barclays who are on the FSA Approved List included in the Financial Services Compensation Scheme (FSCS).

Principal risks and uncertainties

Trustees have identified the following areas affecting the School's risk and uncertainties at Tower Hamlets Enterprise Academy.

*Financial Risk*

The School development plan is followed closely to ensure that staffing is sustainable.

*Failure in Governance/management*

Trustees continue to review and ensure that measures are in place to mitigate the risks.

*Reputational Risk*

The success of the school depends on maintaining high educational standards in order to attract sufficient number of pupils to the school. Trustees are focussed in monitoring and reviewing the achievement and success of the children now the school has opened.

*Significant changes in staff*

Trustees have a policy in place to develop existing staff as well as continue to review and monitor arrangements for any new staff which may be required

*Safeguarding and child protection*

Trustees continue to ensure that high standards are maintained in selecting staff. The Academy has a safeguarding policy and provides training and support in order to protect vulnerable young children in its care.

Financial and risk management objectives and policies

Regular monitoring takes place to ensure the School has sufficient funds to meet all its obligations. The risks have been assessed and controls put in place to mitigate the risks. There is a formal ongoing process to identify, evaluate and monitor risk and this is reviewed as necessary.

Implementation of Finance, Health & Safety, Recruitment and Safeguarding Policies significantly reduce the risk to the trust.

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Plans for future periods**

The objectives for the next year of Tower Hamlets Enterprise Academy are:

- To ensure that all new staff to the Academy are fully induced with policies and procedures;
- To develop whole school priorities and implement the vision for the future of the Academy;
- To ensure that rigorous process of assessment is established;
- To attain high standards in reading, writing and maths through ongoing staff development and high quality teaching and learning;
- To ensure that all children receive appropriate support and challenge; and
- To continue provide training and development to trustees to ensure that they can continue to develop the strategic overview.

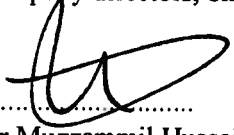
**Auditor**

In so far as the trustees are aware:

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

A resolution proposing that UHY Hacker Young be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 16/12/2016 and signed on its behalf by:

  
.....  
Dr Muzzammil Hussain  
Chair of governors

16/12/16.

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**Scope of responsibility**

As trustees we acknowledge we have overall responsibility for ensuring that Tower Hamlets Enterprise Academy 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 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 Tower Hamlets Enterprise Academy and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of 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:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
A Ali (Principal)	8	8
Dr Muzzammil Hussain (Chair of governors)	8	8
Emily De Grove (Vice Principal)	8	8
Syed Ahmed (Resigned 11 September 2015)	0	0
Peter Mann	7	8
Philip Davis	7	8
Dudbahar Begum	7	8
Masud Ahmed	4	8
Chloe Tyler	7	8
Leanne Gelderd	7	8
Jake Levy (Non trustee governor)	8	8
Shah Mahmud (Non trustee governor)	6	8
Joanna Scott (Non trustee governor)	1	1

One trustee resigned at the start of the year, another trustee was appointed to the school as an employee. Governors agreed to keep him on as a trustee to ensure that we did not lose his knowledge and expertise. The trustees added Joanna Scott a Secondary school teacher to add further strength in the education sector and she is currently the chair of curriculum and standards committee.

The trust carries out annual skills audit and our auditors as part of the internal audit carry out a review of governance annually.

The trust has carried out external reviews and as part of this, the team of senior leaders from an Outstanding Secondary school also looked at governance, safeguarding as well as teaching and learning. The trust intends to carry out a detailed external review of governance this academic year so that it can build on the strengths.

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
GOVERNANCE STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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The finance, resources and audit committee is a sub-committee of the main board of trustees. Its purpose is to oversee the financial operation of the academy:

Attendance at meetings in the year was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
A Ali (Principal)	5	5
Dr Muzzammil Hussain (Chair of governors)	3	5
Peter Mann	4	5
Chloe Tyler	2	5
Leanne Gelderd	5	5
Jake Levy (Non trustee governor)	4	5

The Curriculum and Standards committee is also a sub-committee of the main board of governors including trustees. The committee meets termly giving governors the opportunity to scrutinise in detail related to pupil progress at the school. The meetings often involve senior leadership team and middle managers presenting data on students' academic achievement. Governors are then charged with asking challenging questions around groups of students not progressing fast enough. The agenda of the meetings also involve discussions about the impact of the school's curriculum and pedagogy as well as receiving and reviewing a wide range of policies.

Attendance at meetings in the year was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
A Ali (Principal)	3	3
Dr Muzzammil Hussain (Chair of governors)	1	3
Emily De Grove (Vice Principal)	2	3
Philip Davis	3	3
Dudbahar Begum	2	3
Shah Mahmud (Non trustee governor)	2	3

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Review of value for money**

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- recruiting high quality teaching staff through national recruitment, thereby reducing excessive agency costs. Experienced support staff are also recruited through advertising in local authority bulletin and school noticeboard/website which reduces recruitment costs.
- Carried out value for money cost comparison exercises/benchmarking on resources to ensure suppliers are competitive and offer good services.
- Outsourcing services such as payroll and HR
- Targeting resources in addition to PPG to ensure disadvantaged groups are provided with a range of high quality intervention programmes. This includes 1:1 and small group literacy and numeracy and mentoring to ensure achievement is in line with peers.
- Investing in high quality CPD to retain teachers and develop their practice.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tower Hamlets Enterprise Academy for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

**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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. 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, resources 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.

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint UHY Hacker Young as internal auditor;
- the trustees have appointed Chloe Tyler, a trustee, as responsible officer (RO).

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of income systems
- review of governance

On a termly basis, the auditor reports to the board of trustees through the finance, resources and audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

The internal auditor has delivered their schedule of work as planned, with no material control issues arising as a result of the internal auditor's work.

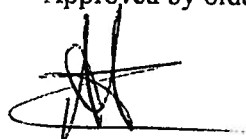
**Review of effectiveness**

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 internal auditor;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance, resources and audit committee and a plan to address weaknesses [if relevant] and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 16/12/2016 and signed on its behalf by:



A Ali  
Principal



Dr Muzzammil Hussain  
Chair of governors

14/12/16

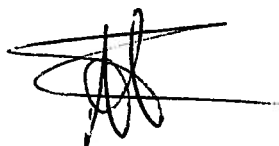
**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2016**

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As accounting officer of Tower Hamlets Enterprise Academy I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA 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 2015.

I confirm that I and the academy trust's board of trustees 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 trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



A Ali  
Accounting Officer

16/12/16

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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The trustees (who also act as governors for Tower Hamlets Enterprise Academy and are also the directors of Tower Hamlets Enterprise Academy for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

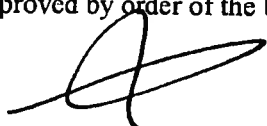
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from EFA/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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 16/12/2016 and signed on its behalf by:



Dr Muzzammil Hussain  
Chair of governors

16/12/16



## **INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF TOWER HAMLETS ENTERPRISE ACADEMY**

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We have audited the accounts of Tower Hamlets Enterprise Academy for the year ended 31 August 2016 set out on pages 19 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 14, the trustees, who are also the directors of Tower Hamlets Enterprise Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounts**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the 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 the Academies Accounts Direction 2015 to 2016.

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

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

**INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF  
TOWER HAMLETS ENTERPRISE ACADEMY (CONTINUED)**

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

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

- 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Colin Wright (Senior Statutory Auditor)**  
for and on behalf of UHY Hacker Young

**Chartered Accountants**  
**Statutory Auditor**

Dated: *19 December 2016*

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TOWER HAMLETS ENTERPRISE ACADEMY AND THE EDUCATION FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 12 June 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tower Hamlets Enterprise Academy during the period 1 September 2015 to 31 August 2016 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 Tower Hamlets Enterprise Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Tower Hamlets Enterprise Academy and EFA 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 Tower Hamlets Enterprise Academy and EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Tower Hamlets Enterprise Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Tower Hamlets Enterprise Academy's funding agreement with the Secretary of State for Education dated 14 August 2014 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. 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.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO TOWER HAMLETS ENTERPRISE ACADEMY AND THE  
EDUCATION FUNDING AGENCY (CONTINUED)**

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The work undertaken to draw to our conclusion includes:

- Review and corroboration of the most recent Financial Management and Governance Evaluation
- Evaluation of the general control environment
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education
- Review of the declaration of interests to ensure completeness
- Review of minutes for evidence of declaration of interest
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the academy trust's delegated authorities
- A sample of cash payments were reviewed for unusual transactions
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement
- Formal representations have been obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety

**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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*UHY Hacker Young*

Colin Wright  
**Reporting Accountant**  
UHY Hacker Young

Dated: *19 December 2016*

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	Unrestricted Funds £	Restricted funds: General	Fixed asset £	Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	-	2,829,614	2,829,614	2,812,081
Charitable activities:						
- Funding for educational operations	3	-	2,049,421	-	2,049,421	1,184,708
Other trading activities	4	-	33,472	-	33,472	17,660
<b>Total income and endowments</b>		-	2,082,893	2,829,614	4,912,507	4,014,449
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	6	-	1,602,186	590,562	2,192,748	1,303,605
<b>Total expenditure</b>	5	-	1,602,186	590,562	2,192,748	1,303,605
<b>Net income/(expenditure)</b>		-	480,707	2,239,052	2,719,759	2,710,844
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	16	-	(16,000)	-	(16,000)	-
<b>Net movement in funds</b>		-	464,707	2,239,052	2,703,759	2,710,844
<b>Reconciliation of funds</b>						
Total funds brought forward		9,937	186,513	12,501,404	12,697,854	9,987,010
Total funds carried forward		9,937	651,220	14,740,456	15,401,613	12,697,854

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

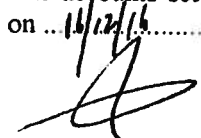
Comparative year information Year ended 31 August 2015	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2015 £
<b>Income and endowments from:</b>					
Donations and capital grants	2	-	1,912	2,810,169	2,812,081
Charitable activities:					
- Funding for educational operations	3	9,937	1,174,771	-	1,184,708
Other trading activities	4	-	17,660	-	17,660
<b>Total income and endowments</b>		<u>9,937</u>	<u>1,194,343</u>	<u>2,810,169</u>	<u>4,014,449</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	6	-	1,034,855	268,750	1,303,605
<b>Total expenditure</b>	5	<u>-</u>	<u>1,034,855</u>	<u>268,750</u>	<u>1,303,605</u>
<b>Net income/(expenditure)</b>		9,937	159,488	2,541,419	2,710,844
<b>Reconciliation of funds</b>					
Total funds brought forward		-	27,025	9,959,985	9,987,010
Total funds carried forward		<u>9,937</u>	<u>186,513</u>	<u>12,501,404</u>	<u>12,697,854</u>

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
BALANCE SHEET**

**AS AT 31 AUGUST 2016**

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	10		14,740,455		12,501,404
<b>Current assets</b>					
Debtors	11	819,580		1,500,263	
Cash at bank and in hand		1,013,047		487,188	
		<u>1,832,627</u>		<u>1,987,451</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	12	(1,137,469)		(1,785,001)	
<b>Net current assets</b>			695,158		202,450
<b>Net assets excluding pension liability</b>			<u>15,435,613</u>		<u>12,703,854</u>
Defined benefit pension liability	16		(34,000)		(6,000)
<b>Net assets</b>			<u>15,401,613</u>		<u>12,697,854</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	14				
- Fixed asset funds			14,740,456		12,501,404
- Restricted income funds			697,220		192,513
- Pension reserve			(46,000)		(6,000)
<b>Total restricted funds</b>			<u>15,391,676</u>		<u>12,687,917</u>
<b>Unrestricted income funds</b>	14		9,937		9,937
<b>Total funds</b>			<u>15,401,613</u>		<u>12,697,854</u>

The accounts set out on pages 19 to 39 were approved by the board of trustees and authorised for issue on ... 14/12/16 ..... and are signed on its behalf by:



Dr Muzzammil Hussain  
Chair of governors

Company Number 08632527

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	17		525,858		394,542
<b>Cash flows from investing activities</b>					
Capital grants from DfE and EFA		2,829,614		2,810,169	
Payments to acquire tangible fixed assets		(2,829,613)		(2,810,169)	
			1		-
<b>Change in cash and cash equivalents in the reporting period</b>			525,859		394,542
Cash and cash equivalents at 1 September 2015			487,188		92,646
<b>Cash and cash equivalents at 31 August 2016</b>			1,013,047		487,188



**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1 Accounting policies**

Tower Hamlets Enterprise Academy is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

**1.1 Basis of preparation**

The accounts 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Tower Hamlets Enterprise Academy meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Tower Hamlets Enterprise Academy prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

**1.2 Going concern**

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

**1.3 Income**

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

Grants receivable

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

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1 Accounting policies**

**(Continued)**

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

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

Donations

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

Donated goods, facilities and services

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

**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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1 Accounting policies**

**(Continued)**

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

**1.5 Tangible fixed assets and depreciation**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Land and buildings	50 years
Building improvements	10 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5-7 years straight line

Depreciation on these assets is not charged until they are brought into use.

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

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.

**1.6 Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1 Accounting policies**

**(Continued)**

**1.7 Leasing and hire purchase commitments**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

**1.8 Taxation**

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

**1.9 Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 16, 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 are recognised in the period to which they relate.

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

**1.10 Fund accounting**

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

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

**1 Accounting policies (Continued)**

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

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

**1.11 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16 will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2 Donations and capital grants**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Capital grants	-	2,829,614	2,829,614	2,810,169
Other donations	-	-	-	1,912
	<u>-</u>	<u>2,829,614</u>	<u>2,829,614</u>	<u>2,812,081</u>

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

**3 Funding for the academy trust's educational operations**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	1,901,044	1,901,044	1,116,274
Other DfE / EFA grants	-	97,822	97,822	48,498
	-	1,998,866	1,998,866	1,164,772
<b>Other government grants</b>				
Local authority grants	-	31,952	31,952	9,877
<b>Other funds</b>				
Other incoming resources	-	18,603	18,603	10,059
<b>Total funding</b>	-	2,049,421	2,049,421	1,184,708

**4 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Catering income	-	33,472	33,472	17,660

**5 Expenditure**

	Staff costs & equipment £	Premises costs & equipment £	Other costs £	Total 2016 £	Total 2015 £
<b>Academy's educational operations</b>					
- Direct costs	798,872	-	113,196	912,068	628,226
- Allocated support costs	312,347	640,390	327,943	1,280,680	675,379
	1,111,219	640,390	441,139	2,192,748	1,303,605
<b>Total expenditure</b>	1,111,219	640,390	441,139	2,192,748	1,303,605

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

5 Expenditure	(Continued)	
Net income/(expenditure) for the year includes:	2016 £	2015 £
Fees paid to auditor for audit services	9,600	9,600
Depreciation of tangible fixed assets	590,562	268,750
	<hr/>	<hr/>
6 Charitable activities	2016 £	2015 £
<b>All from restricted funds:</b>		
Direct costs - educational operations	912,068	628,226
Support costs - educational operations	1,280,680	675,379
	<hr/>	<hr/>
	2,192,748	1,303,605
	<hr/>	<hr/>
	2016 £	2015 £
<b>Analysis of support costs</b>		
Support staff costs	312,347	146,650
Depreciation and amortisation	590,562	268,750
Technology costs	1,945	4,075
Premises costs	171,602	110,257
Other support costs	193,815	123,091
Governance costs	10,409	22,556
	<hr/>	<hr/>
	1,280,680	675,379
	<hr/>	<hr/>

**TOWER HAMLETS ENTERPRISE ACADEMY  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

**7 Staff costs**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	895,613	598,218
Social security costs	85,834	56,266
Operating costs of defined benefit pension schemes	91,924	64,753
	<hr/>	<hr/>
Staff costs	1,073,371	719,237
Supply staff costs	22,214	-
Staff development and other staff costs	15,634	4,879
	<hr/>	<hr/>
Total staff expenditure	<u>1,111,219</u>	<u>724,116</u>

**Staff numbers**

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

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Teachers	14	12
Administration and support	13	6
	<hr/>	<hr/>
	27	18
	<hr/>	<hr/>

**Higher paid staff**

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

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	3	-
£80,000 - £90,000	1	1
	<hr/>	<hr/>

**Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £193,281 (2015: £180,852).



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**8 Trustees' remuneration and expenses**

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

Ashid Ali (principal):

- Remuneration £80,000 - £85,000 (2015: £80,000-£85,000)
- Employer's pension contributions £10,000-£15,000 (2015: £10,000 - £15,000)

Emily De Grove (vice principal):

- Remuneration £60,000 - £70,000
- Employer's pension contributions £10,000-£15,000 (2015: £5,000-£10,000)

Peter Mann (staff):

- Remuneration £5- £10,000 (2015: £15,000-£20,000)
- Employer's pension contributions £nil (2015: £nil)

Philip Davis (staff):

- Remuneration £30,000 - £35,000
- Employer's pension contributions £1,000-£5,000

During the year, travel and subsistence payments totalling £1,055 (2015: £ 1,023) were reimbursed or paid directly to 3 trustees (2015: 1 trustees).

Other related party transactions involving the trustees are set out within the related parties note.

**9 Trustees and officers insurance**

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim.

**TOWER HAMLETS ENTERPRISE ACADEMY**  
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**10 Tangible fixed assets**

	<b>Land and buildings</b>	<b>Building improvements</b>	<b>Computer equipment</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 September 2015	9,100,000	3,181,502	371,877	116,775	12,770,154
Additions	-	2,646,293	51,501	131,819	2,829,613
At 31 August 2016	9,100,000	5,827,795	423,378	248,594	15,599,767
<b>Depreciation</b>					
At 1 September 2015	109,200	60,974	85,061	13,515	268,750
Charge for the year	109,200	318,150	125,459	37,753	590,562
At 31 August 2016	218,400	379,124	210,520	51,268	859,312
<b>Net book value</b>					
At 31 August 2016	8,881,600	5,448,671	212,858	197,326	14,740,455
At 31 August 2015	8,990,800	3,120,528	286,816	103,260	12,501,404

Fixed assets are funded by EFA capital grants.

**11 Debtors**

	<b>2016 £</b>	<b>2015 £</b>
VAT recoverable	334,548	347,783
Prepayments and accrued income	485,032	1,152,480
	<u>819,580</u>	<u>1,500,263</u>

Prepayments and accrued income include £479,406 (2015: £1,152,480) relating to grants due from the EFA for building works and the purchase of other assets capitalised during the period.

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<b>12 Creditors: amounts falling due within one year</b>	<b>2016 £</b>	<b>2015 £</b>
Trade creditors	485,018	-
EFA creditors	545,213	524,686
Other creditors	-	73,810
Accruals and deferred income	107,238	1,186,505
	<u>1,137,469</u>	<u>1,785,001</u>
<b>13 Deferred income</b>	<b>2016 £</b>	<b>2015 £</b>
Deferred income is included within:		
Creditors due within one year	<u>61,179</u>	<u>21,397</u>
Deferred income at 1 September 2015	21,397	60,000
Released from previous years	(21,397)	(60,000)
Amounts deferred in the year	<u>61,179</u>	<u>21,397</u>
<b>Deferred income at 31 August 2016</b>	<u>61,179</u>	<u>21,397</u>

Deferred income relates to the Pupil Premium of £31,322 and Rate rebate of £29,857 (2015: relates to Pupil Premium of £16,129 and SEN top up funding £5,269 ).

<b>14 Funds</b>	<b>Balance at 1 September 2015 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Gains, losses &amp; transfers £</b>	<b>Balance at 31 August 2016 £</b>
<b>Restricted general funds</b>					
General Annual Grant	204,513	1,901,044	(1,408,337)	-	697,220
Other DfE / EFA grants	-	97,822	(97,822)	-	-
Other government grants	-	31,952	(31,952)	-	-
Other restricted funds	-	52,075	(52,075)	-	-
	<u>204,513</u>	<u>2,082,893</u>	<u>(1,590,186)</u>	<u>-</u>	<u>697,220</u>
Funds excluding pensions	204,513	2,082,893	(1,590,186)	-	697,220
Pension reserve	(18,000)	-	(12,000)	(16,000)	(46,000)
	<u>186,513</u>	<u>2,082,893</u>	<u>(1,602,186)</u>	<u>(16,000)</u>	<u>651,220</u>

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**14 Funds (Continued)**

<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	12,501,404	2,829,614	(590,562)	-	14,740,456
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total restricted funds</b>	<b>12,687,917</b>	<b>4,912,507</b>	<b>(2,192,748)</b>	<b>(16,000)</b>	<b>15,391,676</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Unrestricted funds</b>					
General funds	9,937	-	-	-	9,937
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds</b>	<b>12,697,854</b>	<b>4,912,507</b>	<b>(2,192,748)</b>	<b>(16,000)</b>	<b>15,401,613</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

**Restricted General Funds**

The Start Up grant was provided to cover expenditure incurred in the set up of the Tower Hamlets Enterprise Academy.

**Restricted Fixed Asset Funds**

Capital funding was received during the year towards the establishment of the necessary infrastructure for Tower Hamlets Enterprise Academy.

**15 Analysis of net assets between funds**

	Unrestricted Funds £	Restricted funds: General      Fixed asset £              £		Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	14,740,455	14,740,455
Current assets	53,742	1,333,016	445,869	1,832,627
Creditors falling due within one year	(43,805)	(647,796)	(445,868)	(1,137,469)
Defined benefit pension liability	-	(34,000)	-	(34,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	9,937	651,220	14,740,456	15,401,613
	<hr/>	<hr/>	<hr/>	<hr/>

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**16 Pensions and similar obligations**

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Tower Hamlets. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as 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%

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**16 Pensions and similar obligations**

**(Continued)**

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

The employer's pension costs paid to the TPS in the period amounted to £66,367 (2015: £51,453).

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 scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % 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>Total contributions made</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Employer's contributions	14,000	7,000
Employees' contributions	5,000	3,000
	<hr/>	<hr/>
Total contributions	19,000	10,000
	<hr/>	<hr/>
<b>Principal actuarial assumptions</b>	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
Rate of increases in salaries	2.1	2.7
Rate of increase for pensions in payment	1.9	4.1
Discount rate	2.1	3.8
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**16 Pensions and similar obligations**

**(Continued)**

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

	<b>2016</b>	<b>2015</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.2	22.2
- Females	24.2	24.2
Retiring in 20 years		
- Males	24.3	24.3
- Females	26.4	26.4

**The academy trust's share of the assets in the scheme**

	<b>2016</b>	<b>2015</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>
Equities	23,000	6,000
Bonds	4,000	2,000
Property	3,000	1,000
Other assets	2,000	1,000
Total market value of assets	32,000	10,000

Actual return on scheme assets - gain/(loss)	3,000	-
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**Amounts recognised in the statement of financial activities**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Current service cost (net of employee contributions)	26,000	13,000

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<b>16 Pensions and similar obligations</b>	<b>(Continued)</b>	
<b>Changes in the present value of defined benefit obligations</b>	<b>2016</b>	
	<b>£</b>	
Obligations at 1 September 2015	16,000	
Current service cost	26,000	
Interest cost	1,000	
Employee contributions	5,000	
Actuarial loss	18,000	
At 31 August 2016	66,000	
<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2016</b>	
	<b>£</b>	
Assets at 1 September 2015	10,000	
Interest income	1,000	
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain	2,000	
Employer contributions	14,000	
Employee contributions	5,000	
At 31 August 2016	32,000	
<b>17 Reconciliation of net income to net cash flows from operating activities</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net income for the reporting period	2,719,759	2,710,844
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(2,829,614)	(2,810,169)
Defined benefit pension costs less contributions payable	12,000	6,000
Depreciation of tangible fixed assets	590,562	268,750
(Increase)/decrease in debtors	680,683	(909,686)
Increase/(decrease) in creditors	(647,532)	1,128,803
<b>Net cash provided by operating activities</b>	<b>525,858</b>	<b>394,542</b>



**TOWER HAMLETS ENTERPRISE ACADEMY  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**18 Commitments under operating leases**

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	2,440	-
Amounts due in two and five years	2,440	7,320
	<u>4,880</u>	<u>7,320</u>
	<u><u>4,880</u></u>	<u><u>7,320</u></u>

**19 Related party transactions**

Owing to the nature of the academy trusts' operations and the composition of the board of trustees being drawn from the local public and the private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trusts's financial regulations and normal procurement procedures. The following relates party transaction took place in the period of account.

During the prior year a company, iPro Consulting of which one of the governors was a director in the year, was used to purchase a domain name and web hosting services. The total amount was £27.36 excl VAT, at cost.

**20 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.