

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

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
(A COMPANY LIMITED BY GUARANTEE)  
TRUSTEES' REPORT AND AUDITED ACCOUNTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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

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**Trustees**

A Ali (Principal)  
Emily De Grove (Vice Principal)  
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)  
Dr M Hussain (Chair)

**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 LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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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 2016 to 31 August 2017. 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 413 in the school census on October 2017. Next academic year, the academy will have all year groups and anticipate that there will be between 520-540 students on roll.

**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 Ltd 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 LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Method of recruitment and appointment or election of trustees**

The trust's approach to appointing trustees is to use our broad community connections to appoint trustees with relevant experience. All trustees 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 trustees 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 ex officio trustee.
- The Members may appoint Staff trustees through such process as they may determine, provided that the total number of trustees (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of trustees.
- The LA may appoint the LA trustee.
- The Principal shall be treated for all purposes as being an ex officio trustee.
- Parent trustees shall be elected by parents of registered pupils at the Academy. A Parent trustee must be a parent of a pupil at the Academy at the time when he or she is elected.

**Policies and procedures adopted for the induction and training of trustees**

Following their appointment/election all Trustees received an introduction to their role from the Principal and or Chair of Trustees. 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 Trustees pack which includes the DfE Trustees Handbook, The Trusts Funding Agreement and articles of association, school development plan, the self-evaluation (SEF) along with the recent principal's reports.

Trustees 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 Trustees are aware of their statutory duties.

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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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, Vice Principal and 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 Trustees 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 Trustees 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 Board of Trustees 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 school's 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 trustees. Another member of staff (Student Welfare Officer) recruited for September 2016 is the sister of a Trustee (Dudbahar Begum) and this appointment has been declared and approved by trustees.

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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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 operating of London Enterprise Academy.

The Academy'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 2017 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 Board of Trustees 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 LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Strategic report**

**Achievements and performance**

Pupils in Year 7, 8 and 9 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 four days and another group to Norfolk for 4 days. A group of Year 9 pupils started their Duke of Edinburgh Bronze Award.

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, Mind 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 third phase of the building works and renovation which included additional classrooms, creation of an events hall and a fitness suite.

**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 £1,993,872 were recognised during the year for building work on the school premises, fixtures and fittings and ICT equipment.

Total incoming resources for the year were £4,872,759 and total resources expended £3,883,463. The Trust has net income for the year of £999,296.

**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 LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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As of 31 August 2017, The Tower Hamlets Enterprise Academy Trust has a surplus of £681,432 which comprised £669,287 of restricted funds and £12,145 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.

**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.

Trustees management of cash flows 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 focused 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 LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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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 inducted with policies and procedures;
- To develop whole school priorities and implement the vision for the future of the academy by addressing the areas identified by Ofsted and HMI monitoring visit to ensure that we are judged as a good school;
- To ensure that rigorous process of assessment is established to ensure effective tracking and monitoring of pupils progress;
- 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 in the classroom and through homework; 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 14/12/17 and signed on its behalf by:



Dr M Hussain  
Chair

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

**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Scope of responsibility**

As trustees we acknowledge we have overall responsibility for ensuring that Tower Hamlets Enterprise Academy Ltd 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 Ltd 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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
A Ali (Principal)	6	6
Emily De Grove (Vice Principal)	6	6
Peter Mann	5	6
Philip Davis	6	6
Dudbahar Begum	5	6
Masud Ahmed	4	6
Chloe Tyler	5	6
Leanne Gelderd	6	6
Jake Levy (Non trustee governor)	5	6
Shah Mahmud (Non trustee governor)	2	6
Joanna Scott (Non trustee governor)	4	6
Dr M Hussain (Chair)	4	6

All trustees have remained committed to the academy for the duration of the year in question. Trustees have received a range of training from external experts and senior leaders to improve their ability to discharge their duties effectively and efficiently.

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 is committed to continuous improvement and has engaged in training facilitated by CEO (former headteacher of an outstanding school) of a local MAT as well as training delivered by school leaders. The trust continue to carry out external reviews and as part of this we have bought in services from external consultants who are current or former school leaders as part of our journey to continuous improvement. These reviews looked at governance, safeguarding, curriculum, SEND as well as teaching and learning.

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
GOVERNANCE STATEMENT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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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:

Trustees	Meetings attended	Out of possible
A Ali (Principal)	6	6
Peter Mann	5	6
Dudbahar Begum	1	1
Masud Ahmed	1	1
Chloe Tyler	6	6
Leanne Gelderd	6	6
Jake Levy (Non trustee governor)	6	6
Joanna Scott (Non trustee governor)	0	1
Dr M Hussain (Chair)	4	6

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:

Trustees	Meetings attended	Out of possible
A Ali (Principal)	3	3
Emily De Grove (Vice Principal)	3	3
Peter Mann	1	3
Philip Davis	3	3
Dudbahar Begum	2	3
Shah Mahmud (Non trustee governor)	1	3
Joanna Scott (Non trustee governor)	3	3
Dr M Hussain (Chair)	2	3

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

**FOR THE YEAR ENDED 31 AUGUST 2017**

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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.
- Negotiating with TES to ensure fixed recruitment costs for the year with considerable discounts
- 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, cleaning 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 Ltd for the period 1 September 2016 to 31 August 2017 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 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

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

**FOR THE YEAR ENDED 31 AUGUST 2017**

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**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; and
- identification and management of risks.

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

- to appoint UHY Hacker Young to carry out internal audit services
- 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; and
- review of governance.

On a termly basis, the internal 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; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

**FOR THE YEAR ENDED 31 AUGUST 2017**

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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 and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 14 December 2017 and signed on its behalf by:

A stylized signature in black ink, consisting of several loops and a long horizontal stroke.

**A Ali  
Principal**

A stylized signature in black ink, featuring a prominent horizontal stroke and a small loop.

**Dr M Hussain  
Chair**

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2017**

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As accounting officer of Tower Hamlets Enterprise Academy Ltd I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust'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 2016.

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



A Ali  
Accounting Officer

14 December 2017



**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(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 Ltd and are also the directors of Tower Hamlets Enterprise Academy Ltd 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

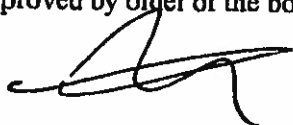
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of trustees on 14 December 2017 and signed on its behalf by:



Dr M Hussain  
Chair

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

### **Opinion**

We have audited the accounts of Tower Hamlets Enterprise Academy Ltd for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2016 to 2017.

### **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 accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust'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 accounts are authorised for issue.

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

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### **Other information**

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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 our audit:

- 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; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

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

In the light of 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 Trustees' 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 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.

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

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, 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 accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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. 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 auditors' 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's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

19 December 2017

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

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

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In accordance with the terms of our engagement letter dated 12 June 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tower Hamlets Enterprise Academy Ltd during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Tower Hamlets Enterprise Academy Ltd and ESFA 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 Ltd and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tower Hamlets Enterprise Academy Ltd and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Tower Hamlets Enterprise Academy Ltd's funding agreement with the Secretary of State for Education dated 14 August 2014 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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.

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

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 2016 to 31 August 2017 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*

**Reporting Accountant**

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

Dated: *19 December 2017*



**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £	Total 2016 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	-	1,993,872	1,993,872	2,829,614
Charitable activities:						
- Funding for educational operations	3	10,400	2,824,819	-	2,835,219	2,049,421
Other trading activities	4	43,668	-	-	43,668	33,472
<b>Total income and endowments</b>		<u>54,068</u>	<u>2,824,819</u>	<u>1,993,872</u>	<u>4,872,759</u>	<u>4,912,507</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	6	51,860	2,709,455	1,112,148	3,873,463	2,192,748
<b>Total expenditure</b>	5	<u>51,860</u>	<u>2,709,455</u>	<u>1,112,148</u>	<u>3,873,463</u>	<u>2,192,748</u>
<b>Net income/(expenditure)</b>		2,208	115,364	881,724	999,296	2,719,759
Transfers between funds		-	(90,297)	90,297	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	16	-	(7,000)	-	(7,000)	(16,000)
<b>Net movement in funds</b>		<u>2,208</u>	<u>18,067</u>	<u>972,021</u>	<u>992,296</u>	<u>2,703,759</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		9,937	651,220	14,740,456	15,401,613	12,697,854
<b>Total funds carried forward</b>		<u>12,145</u>	<u>669,287</u>	<u>15,712,477</u>	<u>16,393,909</u>	<u>15,401,613</u>

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

Comparative year information Year ended 31 August 2016	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2016 £
<b>Income and endowments from:</b>					
Donations and capital grants	2	-	-	2,829,614	2,829,614
Charitable activities:					
- Funding for educational operations	3	-	2,049,421	-	2,049,421
Other trading activities	4	-	33,472	-	33,472
<b>Total income and endowments</b>		-	2,082,893	2,829,614	4,912,507
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	6	-	1,602,186	590,562	2,192,748
<b>Total expenditure</b>	5	-	1,602,186	590,562	2,192,748
<b>Net income/(expenditure)</b>		-	480,707	2,239,052	2,719,759
<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
<b>Reconciliation of funds</b>					
Total funds brought forward		9,937	186,513	12,501,404	12,697,854
Total funds carried forward		9,937	651,220	14,740,456	15,401,613

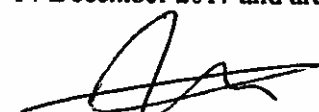


**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
BALANCE SHEET**

**AS AT 31 AUGUST 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	10	15,712,477		14,740,455	
<b>Current assets</b>					
Debtors	11	251,660		819,580	
Cash at bank and in hand		789,472		1,013,047	
		<u>1,041,132</u>		<u>1,832,627</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	12	(272,700)		(1,137,469)	
<b>Net current assets</b>		<u>768,432</u>		<u>695,158</u>	
<b>Net assets excluding pension liability</b>		<u>16,480,909</u>		<u>15,435,613</u>	
Defined benefit pension liability	16	(87,000)		(34,000)	
<b>Net assets</b>		<u>16,393,909</u>		<u>15,401,613</u>	
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	14				
- Fixed asset funds		15,712,477		14,740,456	
- Restricted income funds		756,287		685,220	
- Pension reserve		(87,000)		(34,000)	
<b>Total restricted funds</b>		<u>16,381,764</u>		<u>15,391,676</u>	
<b>Unrestricted income funds</b>	14	<u>12,145</u>		<u>9,937</u>	
<b>Total funds</b>		<u>16,393,909</u>		<u>15,401,613</u>	

The accounts set out on pages 21 to 43 were approved by the board of trustees and authorised for issue on 14 December 2017 and are signed on its behalf by:



Dr M Hussain  
Chair

Company Number 08632527

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Net cash (used in) provided by operating activities	17	(133,277)		525,858	
<b>Cash flows from investing activities</b>					
Capital grants from DfE and ESFA		1,993,872		2,829,614	
Payments to acquire tangible fixed assets		(2,084,170)		(2,829,613)	
			(90,298)		1
<b>Change in cash and cash equivalents in the reporting period</b>		(223,575)		525,859	
Cash and cash equivalents at 1 September 2016		1,013,047		487,188	
Cash and cash equivalents at 31 August 2017		789,472		1,013,047	

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1 Accounting policies**

Tower Hamlets Enterprise Academy Ltd 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 Academics Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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.

**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.

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1 Accounting policies**

**(Continued)**

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'.

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

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.

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1 Accounting policies**

**(Continued)**

**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.

**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.

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**1 Accounting policies**

(Continued)

**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.

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

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

**TOWER HAMLETS ENTERPRISE ACADEMY LTD  
(TRADING AS LONDON ENTERPRISE ACADEMY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

**1 Accounting policies**

(Continued)

**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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2 Donations and capital grants**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	1,993,872	1,993,872	2,829,614

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(TRADING AS LONDON ENTERPRISE ACADEMY)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	2,630,780	2,630,780	1,901,044
Other DfE / ESFA grants	-	145,782	145,782	97,822
	<u>-</u>	<u>2,776,562</u>	<u>2,776,562</u>	<u>1,998,866</u>
<b>Other government grants</b>				
Local authority grants	-	33,411	33,411	31,952
	<u>-</u>	<u>33,411</u>	<u>33,411</u>	<u>31,952</u>
<b>Other funds</b>				
Other incoming resources	10,400	14,846	25,246	18,603
	<u>10,400</u>	<u>14,846</u>	<u>25,246</u>	<u>18,603</u>
<b>Total funding</b>	<u>10,400</u>	<u>2,824,819</u>	<u>2,835,219</u>	<u>2,049,421</u>

**4 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Catering income	43,668	-	43,668	33,472
	<u>43,668</u>	<u>-</u>	<u>43,668</u>	<u>33,472</u>

**5 Expenditure**

	Staff costs & equipment £	Premises £	Other costs £	Total 2017 £	Total 2016 £
<b>Academy's educational operations</b>					
- Direct costs	1,844,882	-	381,235	2,226,117	912,068
- Allocated support costs	45,000	1,291,665	310,681	1,647,346	1,280,680
	<u>1,889,882</u>	<u>1,291,665</u>	<u>691,916</u>	<u>3,873,463</u>	<u>2,192,748</u>



**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(TRADING AS LONDON ENTERPRISE ACADEMY)**  
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<b>5 Expenditure</b>		<b>(Continued)</b>	
<b>Net income/(expenditure) for the year includes:</b>		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
Fees payable to auditor for audit services		10,000	9,600
Depreciation of tangible fixed assets		1,112,148	590,562
Net interest on defined benefit pension liability		1,000	-
		<u>          </u>	<u>          </u>
<b>6 Charitable activities</b>			
	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>2017</b>
			<b>£</b>
Direct costs - educational operations	-	2,226,117	2,226,117
Support costs - educational operations	51,860	1,595,486	1,647,346
	<u>51,860</u>	<u>3,821,603</u>	<u>3,873,463</u>
			<u>          </u>
			<b>2017</b>
			<b>£</b>
<b>Analysis of support costs</b>			
Support staff costs		45,000	312,347
Depreciation and amortisation		1,112,148	590,562
Technology costs		10,446	1,945
Premises costs		176,398	171,602
Other support costs		215,667	193,815
Governance costs		87,687	10,409
		<u>1,647,346</u>	<u>1,280,680</u>
			<u>          </u>

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**7 Staff costs**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,483,350	895,613
Social security costs	150,245	85,834
Operating costs of defined benefit pension schemes	176,795	91,924
	<u>1,810,390</u>	<u>1,073,371</u>
Staff costs	1,810,390	1,073,371
Supply staff costs	79,492	22,214
Staff development and other staff costs	-	15,634
	<u>-</u>	<u>-</u>
Total staff expenditure	<u><u>1,889,882</u></u>	<u><u>1,111,219</u></u>

**Staff numbers**

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Teachers	24	14
Administration and support	27	13
	<u>51</u>	<u>27</u>

**Higher paid staff**

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	2	3
£80,000 - £90,000	1	1

**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 £249,651 (2016: £174,825).

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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 £85,000 - £90,000 (2016: £80,000-£85,000)
- Employer's pension contributions £10,000-£15,000 (2016: £10,000 - £15,000)

Emily De Grove (vice principal):

- Remuneration £65,000 - £70,000 (2016: £60,000 - £65,000)
- Employer's pension contributions £10,000-£15,000 (2016: £5,000-£10,000)

Peter Mann (staff):

- Remuneration £10,000 - £15,000 (2016: £15,000-£20,000)
- Employer's pension contributions £nil (2016: £nil)

Philip Davis (staff):

- Remuneration £45,000 - £50,000 (2016: £30,000 - £35,000)
- Employer's pension contributions £5,000-£10,000 (2016: £1,000-£5,000)

During the year, travel and subsistence payments totalling £2,107 (2016: £ 1,055) were reimbursed or paid directly to 7 trustees (2016: 3 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.

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**10 Tangible fixed assets**

	Land and buildings	Building improvements	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2016	9,100,000	5,827,795	423,378	248,594	15,599,767
Additions	-	1,981,107	55,030	48,033	2,084,170
<b>At 31 August 2017</b>	<b>9,100,000</b>	<b>7,808,902</b>	<b>478,408</b>	<b>296,627</b>	<b>17,683,937</b>
<b>Depreciation</b>					
At 1 September 2016	218,400	379,124	210,520	51,268	859,312
Charge for the year	109,200	815,899	152,777	34,272	1,112,148
<b>At 31 August 2017</b>	<b>327,600</b>	<b>1,195,023</b>	<b>363,297</b>	<b>85,540</b>	<b>1,971,460</b>
<b>Net book value</b>					
At 31 August 2017	8,772,400	6,613,879	115,111	211,087	15,712,477
At 31 August 2016	8,881,600	5,448,671	212,858	197,326	14,740,455

Fixed assets are funded by EFA capital grants.

<b>11 Debtors</b>	<b>2017</b>	<b>2016</b>
	£	£
VAT recoverable	69,959	334,548
Other debtors	1,108	-
Prepayments and accrued income	180,593	485,032
	<b>251,660</b>	<b>819,580</b>

Prepayments and accrued income include £103,025 (2016: £479,406) relating to grants due from the ESFA 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>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	18,019	485,018
ESFA creditors	42,353	545,213
Accruals and deferred income	212,328	107,238
	<u>272,700</u>	<u>1,137,469</u>
<b>13 Deferred income</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	<u>80,269</u>	<u>61,179</u>
Deferred income at 1 September 2016	61,179	21,397
Released from previous years	(61,179)	(21,397)
Amounts deferred in the year	<u>80,269</u>	<u>61,179</u>
Deferred income at 31 August 2017	<u>80,269</u>	<u>61,179</u>

Deferred income relates to the Pupil Premium of £43,010 and Rate rebate of £37,259 (2016: relates to Pupil Premium of £31,322 and Rates rebate of £29,857).

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**14 Funds**

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant	685,220	2,630,780	(2,469,416)	(90,297)	756,287
Other DfE / ESFA grants	-	145,782	(145,782)	-	-
Other government grants	-	33,411	(33,411)	-	-
Other restricted funds	-	14,846	(14,846)	-	-
	<u>685,220</u>	<u>2,824,819</u>	<u>(2,663,455)</u>	<u>(90,297)</u>	<u>756,287</u>
Funds excluding pensions	685,220	2,824,819	(2,663,455)	(90,297)	756,287
Pension reserve	(34,000)	-	(46,000)	(7,000)	(87,000)
	<u>651,220</u>	<u>2,824,819</u>	<u>(2,709,455)</u>	<u>(97,297)</u>	<u>669,287</u>
<b>Restricted fixed asset funds</b>					
DfE / ESFA capital grants	14,740,456	1,993,872	(1,112,148)	90,297	15,712,477
	<u>14,740,456</u>	<u>1,993,872</u>	<u>(1,112,148)</u>	<u>90,297</u>	<u>15,712,477</u>
<b>Total restricted funds</b>	<u>15,391,676</u>	<u>4,818,691</u>	<u>(3,821,603)</u>	<u>(7,000)</u>	<u>16,381,764</u>
<b>Unrestricted funds</b>					
General funds	9,937	54,068	(51,860)	-	12,145
	<u>9,937</u>	<u>54,068</u>	<u>(51,860)</u>	<u>-</u>	<u>12,145</u>
<b>Total funds</b>	<u>15,401,613</u>	<u>4,872,759</u>	<u>(3,873,463)</u>	<u>(7,000)</u>	<u>16,393,909</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.

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**14 Funds**

**(Continued)**

**Movements in funds - previous year**

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant	192,513	1,901,044	(1,408,337)	-	685,220
Other DfE / ESFA grants	-	97,822	(97,822)	-	-
Other government grants	-	31,952	(31,952)	-	-
Other restricted funds	-	52,075	(52,075)	-	-
	<u>192,513</u>	<u>2,082,893</u>	<u>(1,590,186)</u>	<u>-</u>	<u>685,220</u>
Funds excluding pensions	192,513	2,082,893	(1,590,186)	-	685,220
Pension reserve	(6,000)	-	(12,000)	(16,000)	(34,000)
	<u>186,513</u>	<u>2,082,893</u>	<u>(1,602,186)</u>	<u>(16,000)</u>	<u>651,220</u>
<b>Restricted fixed asset funds</b>					
DfE / ESFA capital grants	12,501,404	2,829,614	(590,562)	-	14,740,456
	<u>12,501,404</u>	<u>2,829,614</u>	<u>(590,562)</u>	<u>-</u>	<u>14,740,456</u>
<b>Total restricted funds</b>	<u>12,687,917</u>	<u>4,912,507</u>	<u>(2,192,748)</u>	<u>(16,000)</u>	<u>15,391,676</u>
<b>Unrestricted funds</b>					
General funds	9,937	-	-	-	9,937
	<u>9,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,937</u>
<b>Total funds</b>	<u>12,697,854</u>	<u>4,912,507</u>	<u>(2,192,748)</u>	<u>(16,000)</u>	<u>15,401,613</u>

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**FOR THE YEAR ENDED 31 AUGUST 2017**

**15 Analysis of net assets between funds**

	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2017 £
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	15,712,477	15,712,477
Current assets	294,845	746,287	-	1,041,132
Creditors falling due within one year	(272,700)	-	-	(272,700)
Defined benefit pension liability	-	(87,000)	-	(87,000)
	<u>22,145</u>	<u>659,287</u>	<u>15,712,477</u>	<u>16,393,909</u>
Balance to allocate	(10,000)	10,000	-	-
Per balance sheet	12,145	669,287	15,712,477	16,393,909
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>Fund balances at 31 August 2016 are represented by:</b>				
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)
	<u>9,937</u>	<u>651,220</u>	<u>14,740,456</u>	<u>15,401,613</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>

**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.



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**16 Pensions and similar obligations**

**(Continued)**

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £103,850 (2016: £66,367).

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

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**16 Pensions and similar obligations**

**(Continued)**

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>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Employer's contributions	27,000	14,000
Employees' contributions	10,000	5,000
	<u>          </u>	<u>          </u>
<b>Total contributions</b>	<b>37,000</b>	<b>19,000</b>
	<u>          </u>	<u>          </u>

<b>Principal actuarial assumptions</b>	<b>2017</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Rate of increases in salaries	2.2	2.1
Rate of increase for pensions in payment	2.4	1.9
Discount rate	2.5	2.1
	<u>          </u>	<u>          </u>

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

	<b>2017</b>	<b>2016</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.1	22.2
- Females	24.1	24.2
Retiring in 20 years		
- Males	23.9	24.3
- Females	25.8	26.4
	<u>          </u>	<u>          </u>

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**16 Pensions and similar obligations**

**(Continued)**

The academy trust's share of the assets in the scheme	2017	2016
	Fair value £	Fair value £
Equities	133,170	23,000
Bonds	30,880	4,000
Property	19,300	3,000
Other assets	9,650	2,000
Total market value of assets	<u>193,000</u>	<u>32,000</u>
Actual return on scheme assets - gain/(loss)	<u>124,000</u>	<u>3,000</u>
Amounts recognised in the statement of financial activities	2017	2016
	£	£
Current service cost	72,000	26,000
Interest income	(1,000)	(1,000)
Interest cost	2,000	1,000
Total operating charge	<u>73,000</u>	<u>26,000</u>
Changes in the present value of defined benefit obligations	2017	2016
	£	£
Obligations at 1 September 2016	66,000	16,000
Current service cost	72,000	26,000
Interest cost	2,000	1,000
Employee contributions	10,000	5,000
Actuarial loss	130,000	18,000
At 31 August 2017	<u>280,000</u>	<u>66,000</u>

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**16 Pensions and similar obligations** **(Continued)**

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Assets at 1 September 2016	32,000	10,000
Interest income	1,000	1,000
Actuarial gain	123,000	2,000
Employer contributions	27,000	14,000
Employee contributions	10,000	5,000
	<u>193,000</u>	<u>32,000</u>
At 31 August 2017	<u>193,000</u>	<u>32,000</u>

**17 Reconciliation of net income to net cash flows from operating activities**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net income for the reporting period	999,296	2,719,759
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(1,993,872)	(2,829,614)
Defined benefit pension costs less contributions payable	45,000	12,000
Defined benefit pension net finance cost	1,000	-
Depreciation of tangible fixed assets	1,112,148	590,562
Decrease in debtors	567,920	680,683
(Decrease) in creditors	(864,769)	(647,532)
	<u>(133,277)</u>	<u>525,858</u>
Net cash used in operating activities	<u>(133,277)</u>	<u>525,858</u>

**18 Commitments under operating leases**

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	2,440	2,440
Amounts due in two and five years	-	2,440
	<u>2,440</u>	<u>4,880</u>
	<u>2,440</u>	<u>4,880</u>

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**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. There were no related party transactions in the year.

**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.