
TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Trustees

A Ali, Principal
Dr Muzzammil Hussain, Chair of Trustees
Emily De Grove, Vice Principal
Peter Mann
Philip Davis
Dudbahar Begum (resigned 5 January 2018)
Masud Ahmed
Chloe Tyler
Leanne Gelderd
Jake Levy, (Non trustee governor)
Shah Mahmud, (Non trustee governor)
Joanna Scott, (Non trustee governor)
Abul Hussain, (Non trustee governor) (appointed 1 March 2018)

Members

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

Company registered number

08632527

Company name

Tower Hamlets Enterprise Academy

Principal and registered office

Aneurin Bevan House, 81 Commercial Road, London, E1 1RD

Chief executive officer

Ashid Ali

Senior management team

Ashid Ali, Principal
Ashraf Khan, Vice Principal
Emily de Grove, Vice Principal

Independent auditors

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS**
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Bankers

Barclays Bank Plc, 240 Whitechapel Road, Whitechapel, London, E1 1BJ

Solicitors

Veale Wasbrough Vizards LLP, Barnards Inn, 86 Fetter Lane, London, EC4A 1AD

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Whitechapel, London. It has a pupil capacity of 600 and had a roll of 405 as of the school census on January 2018.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Tower Hamlets London Enterprise Academy Limited are also the directors of the charitable company for the of company law the Academy trades as London Enterprise Academy.

Details of the trustees who served during the period 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 that forms part of the Academy's insurance policy.

Method of Recruitment and Appointment or Election of Trustees

The trust's approach to appointing trustees (governors) 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

The training and induction provided for new governors will depend on their individual experience and expertise. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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 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 (Network Manager) appointed in September 2014 is the brother of a Member (Somir Ali) and his appointment has been declared and approved by trustees.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and Activities

Objects and Aims

The principal object and activity of the academy is the operation of London Enterprise Academy to provide a broad and balanced education for pupils of all abilities within the Borough of Tower Hamlets. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

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.

The Scheme of Government specifies, amongst other things, that the Academy will be at the heart of the community promoting community cohesion and sharing facilities; the basis for admitting students to the Academy that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEN.

Objectives, Strategies and Activities

The key objectives for the charitable company for the year ended 31 August 2018 are summarized below:

- o To effectively manage the extensive refurbishment of the office building to make it suitable for London Enterprise Academy to operate as a growing school;
- o To appoint the required number of additional high quality teaching and support staff to be able to deliver the curriculum and the support functions as the school grows;
- o To undertake an extensive marketing campaign that allow us to fill most of our 120 places at the school;
- o To further develop and embed policies and procedures for the operation of the school.
- o To hold open days and fun days for prospective parents and the local community;
- o To strengthen the governing body with appropriate skills sets and training to operate in accordance with our memorandum and articles;
- o To further improve the quality of teaching and learning leading to improved pupil progress and attainment;
- o To develop more effective relationships between all stakeholders to positively impact on the ethos of the academy and behavior of pupils within the academy.
- o The academy seeks to develop its approach to creativity & engagement so that this positively impacts on the quality of teaching and learning in the school.
- o Develop cost effective curriculum design and collaboration which optimises opportunities for pupils and students and provides added value progress for them.
- o To comply with all statutory requirements and provide value for money for funds expended.

Public Benefit

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. As an academy we make the best use of our skills, expertise and experience with regards to the community.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Strategic Report

Achievements and Performance

Key Performance Indicators

- All students are expected to make 4 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
- 50% of students to follow the EBacc curriculum for GCSE
- All pupils take part in and contribute to charitable activities

Pupils in Year 7, 8, 9 and 10 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 pupils to Kingswood Centre for 4 days and another group to Bush craft. A group of Year 10 pupils completed 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, Marie Curie Cancer Research, British Heart Foundation, Save the Children, Mind and many others.

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

A Team of middle leaders have been supported to complete the NPQML and both Vice Principals are completing their NPQH which will further strengthen leadership and management at the school.

The Academy also had two positive Section 8 HMI visits praising the progress since last inspection and these reports are available online.

The trust is working with the ESFA on the next phase of the building works and renovation which include improving staircases, replacing old doors, replacing cladding to the top floor and is also working on creating additional outdoor space for pupils.

The Academy Trust has managed its financial resources well and has maintained a positive cash flow throughout the year.

Going Concern

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

Financial Review

During the period, ESFA/LA grants received totaled to £3,862,530. Other income included within restricted funds totaled to £40,962. Restricted fund expenditure totaled to £3,424,209.

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

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The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Academy has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

Reserves Policy

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- o permanent endowment funds
- o expendable endowment funds
- o restricted income funds
- o any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Academy and is to be spent at the trustees' discretion in furtherance of any of the Academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review at each Board meeting and aim to build and maintain the reserves level by entering into cost effective agreements as noted in Objectives and Activities above, whilst in keeping with the principal object of the Academy.

Total reserves at the end of the period amounted to £15,969,360. This balance includes unrestricted funds (free reserves) of £12,001, which is considered appropriate for the Academy Trust, and restricted funds of £1,300,570.

Restricted funds have been designated by the Governing Body as follows:

- Creating four additional office areas in the basement
- Improving the working environment at the front of the school

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Academy recognises a significant pension fund deficit totaling to £96,000. This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business

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TRUSTEES' REPORT (continued)
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plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

Investment Policy

It should be noted that the Academy has substantial power with regards to investments due to cash balances held. Investment policies are determined by the Governing Body. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academy to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2018, no investments were held.

Principal Risks and Uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

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 is nearly fully occupied. Trustees have responded swiftly to addressing issues identified as Requires Improvement by Ofsted in its Section 5 inspection.

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.

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Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a surplus at 31 August 2018.

Fundraising

The academy does not engage in any specific fundraising activities.

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 math through ongoing staff development and high quality teaching and learning;
- Further develop systems to manage movement of pupils in our limited space as the school grows
- Continue to explore opportunities for creating additional outdoor spaces for pupils
- Further develop CEAIG to ensure all pupils move onto appropriate pathways after leaving the Academy at 16
- To ensure that all children receive appropriate support and challenge in the classroom, through homework and are prepared for external exams; and
- To continue provide training and development to trustees to ensure that they can continue to develop the strategic overview.

Funds Held as Custodian Trustee on Behalf of Others


The Academy and its trustees did not act as custodian trustee during the current or previous period.

Auditor

Insofar 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.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11 January 2019 and signed on the board's behalf by:



Dr M Hussain
Chair of Trustees

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GOVERNANCE STATEMENT

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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
A Ali, Principal	6	6
Dr Muzzammil Hussain, Chair of Trustees	5	6
Emily De Grove, Vice Principal	6	6
Peter Mann	4	6
Philip Davis	5	6
Abul Hussain	2	3
Masud Ahmed	2	6
Chloe Tyler	5	6
Leanne Gelderd	5	6
Jake Levy, (Non trustee governor)	5	6
Shah Mahmud, (Non trustee governor)	3	6
Joanna Scott, (Non trustee governor)	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 a serving Ofsted Inspector and 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 safeguarding, curriculum, SEND, HR Policies as well as teaching and learning.

Trustees typically also serve on a number of other sub committees, as set out on the school website.

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 and ensure ESFA's financial regulations are followed.

Its purpose is also to:

- o monitor the integrity of the financial statements
- o review internal financial controls and review the Academy's internal control and risk management

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GOVERNANCE STATEMENT (continued)

systems;

- o make recommendations to the Governing Body in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor; and
- o review the auditor's independence and objectivity.

No significant issues to note were dealt with during the period.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Ali (Principal)	7	7
Chloe Tyler	6	7
Leanne Gerlender	7	7
Jake Levy (Non trustee governor)	7	7

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:

Trustee	Meetings attended	Out of a possible
A Ali (Principal)	3	3
Dr Muzzammil Hussain (Chair of governors)	2	3
Emily De Grove (Vice Principal)	3	3
Philip Davis	3	3
Joanna Scott, (Non trustee governor)	3	3
Shah Mahmud (Non trustee governor)	2	3

The impact of each Governing Body Committee is reviewed and monitored through documentation that each committee reviews and produces on a termly basis. The Trustees also intend to perform a self-evaluation review of governance in the coming year.

REVIEW OF VALUE FOR MONEY

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year as elucidated by the statement below.

I, Ashid Ali (Principal), accept that as accounting officer of London Enterprise Academy I am responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

I set out below how I have ensured that the academy trust's use of its resources has provided good value for money during the academic year.

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GOVERNANCE STATEMENT (continued)

At London Enterprise Academy we are striving to create a truly outstanding free school delivering the very best educational opportunities, nurture academic excellence and enhanced ambition in all its pupils, inspire the next generation of professionals and entrepreneurs from diverse backgrounds.

Ensuring the school demonstrates value for money

- Financial Governance and oversight is robust. The members of the Finance, Audit & Resources Committee have financial and business experience. Two members are qualified accountants. The school Business Manager holds appropriate qualifications in school Business Management and therefore is able to make strategic decisions on best value for services and resources.
- The School obtains 3 quotes before incurring any expenditure above £1,000 and full tendering is applied to contracts whose annual or total value exceeds £25,000
- The Principal and the Business Manager review all purchasing to ensure that goods and services procured represent value for money and meet the aims of the school.
- The Governors receive regular reports and recommendations from the external auditor
- Management accounts are circulated to governors on a bi-monthly basis, expenditure is monitored against budget and any significant variances are reported accordingly.
- The annual budget and 3-year budget plan is approved by governors and reviewed on a regular basis throughout the year.
- As a growing school, we have taken out a three year contract with TES which allows us to make significant savings on staff recruitment costs.
- Significant spending proposals are costed and presented to the Senior Leadership Team and the Governing Body for consideration and challenge.

Maximising Income Generation

- The school offers accommodation to be hired by local groups. There has been interest from the local community for hiring of classrooms and spaces for meetings and sports. The School has secured commitment for hire of events hall for most evenings and this generates additional income stream and provide services to the local community. This has also started to bring additional revenue.

Improving Educational Results

- Rigorous tracking of student progress and achievement to ensure interventions and support are targeted to realise best outcome.
- All pupils including premium students make sustained progress as commented by HMI.
- The broad curriculum, extra curriculum and extension activities provide students with the opportunity to achieve the highest levels of academic and personal achievement which their abilities allow.
- We have reviewed our staffing structure and timetable to ensure teaching staff are efficiently deployed providing best value.
- Attendance of pupils is around the National Average and this has been praised by Ofsted in April 2017
- In 2018, the school has been awarded Leading Parental Partnership Award (LPPA) which demonstrates the effective work been done with parents and the local community

Reviewing Controls and Managing Risk

- The Governing Body, the Principal and the Business Manager review budget monitoring reports against cost centres to ensure the school is able to take corrective actions necessary at an early opportunity. The school reviews its risk assessments and risk registers.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial

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GOVERNANCE STATEMENT (continued)

statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy 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's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The academy'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.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Buzzacott as internal auditor.

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 control account/ bank reconciliations
- testing of HR records

On an annual basis, Buzzacott the auditor will report 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 board of trustees' financial responsibilities.

The Board can confirm that the auditor has delivered their schedule of work as planned and will provide details of any material control issues arising as a result of their work. During the current and previous period, there were no material control issues noted and thus no remedial action was required to be taken.

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 financial management and governance self-assessment process;
- the work of the internal auditor;
- the work of external auditor; and

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GOVERNANCE STATEMENT (continued)

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

Approved by order of the members of the board of trustees on 11 January 2019 and signed on their behalf, by:



Dr M Hussain
Chair of Trustees



A Ali
Accounting Officer

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Tower Hamlets Enterprise Academy I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

I confirm that I and the academy trust 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 2017.

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

Date: 11 January 2019

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 11 January 2019 and signed on its behalf by:



Dr M Hussain
Chair of Trustees

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TOWER HAMLETS ENTERPRISE ACADEMY**

OPINION

We have audited the financial statements of Tower Hamlets Enterprise Academy (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

TOWER HAMLETS ENTERPRISE ACADEMY
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TOWER HAMLETS ENTERPRISE ACADEMY**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

TOWER HAMLETS ENTERPRISE ACADEMY
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
TOWER HAMLETS ENTERPRISE ACADEMY**


AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

USE OF OUR REPORT

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an 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 academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

 for Landau Baker Limited

Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants & Statutory Auditor

Mountcliff House
154 Brent Street
London
NW4 2DR
11 January 2019

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO TOWER
HAMLETS ENTERPRISE ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 10 January 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tower Hamlets Enterprise Academy during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Tower Hamlets Enterprise Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Tower Hamlets Enterprise Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tower Hamlets Enterprise Academy and the ESFA, 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review and verification of evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Review of the Academy Trust's internal control procedures, specifically in respect to regularity, propriety and compliance.
- Focussed testing, driven by our audit of the financial statements, principally checking that:
 - o Grant income received has been expensed on prescribed expenditure; and

TOWER HAMLETS ENTERPRISE ACADEMY
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO TOWER
HAMLETS ENTERPRISE ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

- o Expenditure has been appropriately authorised in accordance with the procedures outlined in the Academy Trust's financial procedures manual.
- Discussions and written representations from the Accounting Officer and other key management personnel (where applicable).

CONCLUSION

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

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants & Statutory Auditor

Mountcliff House
154 Brent Street
London
NW4 2DR

11 January 2019

TOWER HAMLETS ENTERPRISE ACADEMY
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	-	60,532	60,532	1,993,872
Charitable activities	3	-	3,903,492	-	3,903,492	2,835,219
Other trading activities	4	52,856	-	-	52,856	43,668
TOTAL INCOME		52,856	3,903,492	60,532	4,016,880	4,872,759
EXPENDITURE ON:						
Charitable activities		53,000	3,424,209	1,020,220	4,497,429	3,873,463
TOTAL EXPENDITURE	5	53,000	3,424,209	1,020,220	4,497,429	3,873,463
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(144)	479,283	(959,688)	(480,549)	999,296
Actuarial gains/(losses) on defined benefit pension schemes	19	-	56,000	-	56,000	(7,000)
NET MOVEMENT IN FUNDS		(144)	535,283	(959,688)	(424,549)	992,296
RECONCILIATION OF FUNDS:						
Total funds brought forward		12,145	669,287	15,712,477	16,393,909	15,401,613
TOTAL FUNDS CARRIED FORWARD		12,001	1,204,570	14,752,789	15,969,360	16,393,909

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08632527

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		14,751,452		15,712,477
CURRENT ASSETS					
Debtors	13	115,778		251,660	
Cash at bank and in hand		1,260,160		789,472	
		<u>1,375,938</u>		<u>1,041,132</u>	
CREDITORS: amounts falling due within one year	14	(62,030)		(272,700)	
NET CURRENT ASSETS			<u>1,313,908</u>		<u>768,432</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,065,360</u>		<u>16,480,909</u>
Defined benefit pension scheme liability	19		(96,000)		(87,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>15,969,360</u></u>		<u><u>16,393,909</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	1,300,570		756,287	
Restricted fixed asset funds	15	14,752,789		15,712,477	
		<u>16,053,359</u>		<u>16,468,764</u>	
Restricted income funds excluding pension liability		(96,000)		(87,000)	
Pension reserve					
Total restricted income funds			<u>15,957,359</u>		<u>16,381,764</u>
Unrestricted income funds	15		<u>12,001</u>		<u>12,145</u>
TOTAL FUNDS			<u><u>15,969,360</u></u>		<u><u>16,393,909</u></u>

The financial statements on pages 22 to 42 were approved by the Trustees, and authorised for issue, on 11 January 2019 and are signed on their behalf, by:

Dr M Hussain
Chair of Trustees



TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	17	<u>469,351</u>	<u>(133,277)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(59,195)	(2,084,170)
Capital grants from DfE Group		<u>60,532</u>	<u>1,993,872</u>
Net cash provided by/(used in) investing activities		<u>1,337</u>	<u>(90,298)</u>
Change in cash and cash equivalents in the year		470,688	(223,575)
Cash and cash equivalents brought forward		<u>789,472</u>	<u>1,013,047</u>
	18	<u><u>1,260,160</u></u>	<u><u>789,472</u></u>

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Tower Hamlets Enterprise Academy constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

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

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

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and building	-	50 years
Building improvements	-	10 years straight line
Furniture and fixtures	-	5-7 years straight line

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

1.6 Debtors

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

1.7 Cash at Bank and in hand

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

1.8 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

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

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

TOWER HAMLETS ENTERPRISE ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Department for Education Group.

1.13 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

TOWER HAMLETS ENTERPRISE ACADEMY
(A company limited by guarantee)

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

2. Donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Grants	-	-	60,532	60,532	1,993,872
<i>Total 2017</i>	-	-	1,993,872	1,993,872	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Tower Hamlets Enterprise Academy Ltd

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grants	-	3,520,653	3,520,653	2,630,780
Other ESFA Grants	-	341,877	341,877	145,782
	-	3,862,530	3,862,530	2,776,562
Other government grants				
SEN	-	17,526	17,526	33,411
	-	17,526	17,526	33,411
Other funding				
Other income	-	23,436	23,436	25,246
	-	23,436	23,436	25,246
	-	3,903,492	3,903,492	2,835,219
<i>Total 2017</i>	10,400	2,824,819	2,835,219	

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4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Catering income	45,193	-	45,193	43,668
Letting income	7,663	-	7,663	-
	<u>52,856</u>	<u>-</u>	<u>52,856</u>	<u>43,668</u>
<i>Total 2017</i>	<u>43,668</u>	<u>-</u>	<u>43,668</u>	

5. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational Operations:					
Direct costs	1,758,013	-	332,874	2,090,887	2,226,117
Support costs	735,103	1,007,392	664,047	2,406,542	1,647,346
	<u>2,493,116</u>	<u>1,007,392</u>	<u>996,921</u>	<u>4,497,429</u>	<u>3,873,463</u>
<i>Total 2017</i>	<u>1,889,882</u>	<u>1,291,665</u>	<u>691,916</u>	<u>3,873,463</u>	

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational Operations	<u>2,090,887</u>	<u>2,406,542</u>	<u>4,497,429</u>	<u>3,873,463</u>
<i>Total 2017</i>	<u>2,226,117</u>	<u>1,647,346</u>	<u>3,873,463</u>	

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6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

(continued) Analysis of support costs

	Educational Operations	Total 2018	Total 2017
	£	£	£
Staff costs	732,103	732,103	45,000
Depreciation	1,020,220	1,020,220	1,112,148
Technology costs	42,514	42,514	10,446
Maintenance of premises	224,390	224,390	176,398
Other support costs	336,375	336,375	215,667
Governance costs	50,940	50,940	87,687
	<u>2,406,542</u>	<u>2,406,542</u>	<u>1,647,346</u>
<i>At 31 August 2017</i>	<u>1,647,346</u>	<u>1,647,346</u>	

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	1,020,220	1,112,148
Audit costs	<u>6,500</u>	<u>10,000</u>

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8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,946,428	1,483,350
Social security costs	172,428	150,245
Operating costs of defined benefit pension schemes	248,086	176,795
	<u>2,366,942</u>	<u>1,810,390</u>
Agency staff costs	126,174	79,492
	<u><u>2,493,116</u></u>	<u><u>1,889,882</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	35	24
Administration and support	31	20
Management	7	7
	<u>73</u>	<u>51</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and 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 £285,245 (2017: £249,651).

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9. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018 £	2017 £
Ashid Ali (Principal)	Remuneration	90,000-95,000	85,000-90,000
	Pension contributions paid	15,000-20,000	10,000-15,000
Emily De Grove (vice principal)	Remuneration	70,000-75,000	65,000-70,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Philip Davis	Remuneration	45,000-50,000	45,000-50,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Peter Mann	Remuneration	10,000-15,000	5,000-10,000

During the year, travel and subsistence payments totalling £nil (2017 - £2,017) were reimbursed or paid directly to zero trustees (2017: 7 trustees)

10. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The academy is with the Risk Protection Agreement with EFA. The cost of this insurance is £25.00 per pupil, which cannot be divided into to cover sections. The cost of this insurance totaled £8,257 is included in the total insurance cost.

11. OTHER FINANCE INCOME

	2018 £	2017 £
Interest income on pension scheme assets	6,000	1,000
Interest on pension scheme liabilities	(9,000)	(2,000)
	<u>(3,000)</u>	<u>(1,000)</u>

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12. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
Cost				
At 1 September 2017	16,908,902	296,627	478,408	17,683,937
Additions	-	8,318	50,877	59,195
At 31 August 2018	16,908,902	304,945	529,285	17,743,132
Depreciation				
At 1 September 2017	1,522,623	85,540	363,297	1,971,460
Charge for the year	890,090	60,712	69,418	1,020,220
At 31 August 2018	2,412,713	146,252	432,715	2,991,680
Net book value				
At 31 August 2018	14,496,189	158,693	96,570	14,751,452
At 31 August 2017	15,386,279	211,087	115,111	15,712,477

13. DEBTORS

	2018 £	2017 £
Trade debtors	5,300	-
Other debtors	71,191	71,067
Prepayments and accrued income	39,287	180,593
	<u>115,778</u>	<u>251,660</u>

14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	968	18,019
Other taxation and social security	55,562	42,353
Accruals and deferred income	5,500	212,328
	<u>62,030</u>	<u>272,700</u>

TOWER HAMLETS ENTERPRISE ACADEMY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds					
General Funds - all funds	12,145	52,856	(53,000)	-	12,001
Restricted funds					
Restricted Funds - all funds	756,287	3,903,492	(3,359,209)	-	1,300,570
Pension reserve	(87,000)	-	(65,000)	56,000	(96,000)
	<u>669,287</u>	<u>3,903,492</u>	<u>(3,424,209)</u>	<u>56,000</u>	<u>1,204,570</u>
Restricted fixed asset funds					
Restricted Fixed Asset Funds - all funds	15,712,477	60,532	(1,020,220)	-	14,752,789
Total restricted funds	<u>16,381,764</u>	<u>3,964,024</u>	<u>(4,444,429)</u>	<u>56,000</u>	<u>15,957,359</u>
Total of funds	<u>16,393,909</u>	<u>4,016,880</u>	<u>(4,497,429)</u>	<u>56,000</u>	<u>15,969,360</u>

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

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes.

Restricted general funds are resources for educational purposes.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
General Funds - all funds	9,937	54,068	(51,860)	-	-	12,145
Restricted funds						
Restricted Funds - all funds	685,220	2,824,819	(2,663,455)	(90,297)	-	756,287
Pension reserve	(34,000)	-	(46,000)	-	(7,000)	(87,000)

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**NOTES TO THE FINANCIAL STATEMENTS
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15. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	14,740,456	1,993,872	(1,112,148)	90,297	-	15,712,477
Total of funds	15,401,613	4,872,759	(3,873,463)	-	(7,000)	16,393,909

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	9,937	106,924	(104,860)	-	-	12,001
Restricted funds						
Restricted Funds - all funds	685,220	6,728,311	(6,022,664)	(90,297)	-	1,300,570
Pension reserve	(34,000)	-	(111,000)	-	49,000	(96,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	14,740,456	2,054,404	(2,132,368)	90,297	-	14,752,789
	15,391,676	8,782,715	(8,266,032)	-	49,000	15,957,359
Total of funds	15,401,613	8,889,639	(8,370,892)	-	49,000	15,969,360

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	14,751,452	14,751,452
Current assets	12,001	1,362,600	1,337	1,375,938
Creditors due within one year	-	(62,030)	-	(62,030)
Provisions for liabilities and charges	-	(96,000)	-	(96,000)
	12,001	1,204,570	14,752,789	15,969,360

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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	15,712,477	15,712,477
Current assets	12,145	1,028,987	-	1,041,132
Creditors due within one year	-	(272,700)	-	(272,700)
Provisions for liabilities and charges	-	(87,000)	-	(87,000)
	<u>12,145</u>	<u>669,287</u>	<u>15,712,477</u>	<u>16,393,909</u>

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(480,549)	999,296
Adjustment for:		
Depreciation charges	1,020,220	1,112,148
Decrease in debtors	135,882	567,920
Decrease in creditors	(210,670)	(864,769)
Capital grants from DfE and other capital income	(60,532)	(1,993,872)
Defined benefit pension scheme finance cost	3,000	1,000
FRS102 adjustments	62,000	45,000
Net cash provided by/(used in) operating activities	<u>469,351</u>	<u>(133,277)</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,260,160	789,472
Total	<u>1,260,160</u>	<u>789,472</u>

19. PENSION COMMITMENTS

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

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19. PENSION COMMITMENTS (continued)

Both are Multi-employer defined benefit pension schemes.

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

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

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.
- 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%.

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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £134,736 (2017 - £103,850).

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

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19. PENSION COMMITMENTS (continued)

Under the definitions set out in FRS 102, the TPS is an unfunded 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £64,000 (2017 - £37,000), of which employer's contributions totalled £47,000 (2017 - £27,000) and employees' contributions totalled £17,000 (2017 - £10,000). The agreed contribution rates for future years are 17.6% for employers and 5.5% - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Tower Hamlets Enterprise Academy Ltd

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.10 %	2.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.1	24.1
Retiring in 20 years		
Males	23.9	23.9
Females	25.8	25.8

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19. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	197,000	133,000
Corporate bonds	46,000	31,000
Property	27,000	19,000
Cash and other liquid assets	3,000	10,000
	<u>273,000</u>	<u>193,000</u>
Total market value of assets	<u>273,000</u>	<u>193,000</u>

The actual return on scheme assets was £16,000 (2017 - £124,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	<i>2017 £</i>
Current service cost	(109,000)	(72,000)
Interest income	6,000	1,000
Interest cost	(9,000)	(2,000)
	<u>(112,000)</u>	<u>(73,000)</u>
Total	<u>(112,000)</u>	<u>(73,000)</u>
Actual return on scheme assets	<u>16,000</u>	<u>124,000</u>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	280,000	66,000
Current service cost	109,000	72,000
Interest cost	9,000	2,000
Employee contributions	17,000	10,000
Actuarial (gains)/losses	(46,000)	130,000
	<u>369,000</u>	<u>280,000</u>
Closing defined benefit obligation	<u>369,000</u>	<u>280,000</u>

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19. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	193,000	32,000
Interest income	6,000	1,000
Actuarial losses	10,000	123,000
Employer contributions	47,000	27,000
Employee contributions	17,000	10,000
	<u>273,000</u>	<u>193,000</u>
Closing fair value of scheme assets	<u>273,000</u>	<u>193,000</u>

20. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	5,820	2,440
Between 1 and 5 years	17,670	-
	<u>23,490</u>	<u>2,440</u>
Total	<u>23,490</u>	<u>2,440</u>

21. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £NIL for the debts and liabilities contracted before he/she ceases to be a member.

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed.