

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**

**(A company limited by guarantee)**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

---

**CONTENTS**

---

|   | Page    |
|---|---------|
| <b>Reference and Administrative Details</b>   | 1 - 2   |
| <b>Trustees' Report</b>   | 3 - 10  |
| <b>Governance Statement</b>   | 11 - 13 |
| <b>Statement on Regularity, Propriety and Compliance</b>                              | 14      |
| <b>Statement of Trustees' Responsibilities</b>  | 15      |
| <b>Independent Auditor's Report on the Financial Statements Independent Reporting</b> | 16 - 19 |
| <b>Accountant's Report on Regularity</b>  | 20 - 21 |
| <b>Statement of Financial Activities Incorporating Income and Expenditure Account</b> | 22      |
| <b>Balance Sheet</b>  | 23 - 24 |
| <b>Statement of Cash Flows</b>  | 25      |
| <b>Notes to the Financial Statements</b>  | 26 - 47 |

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

---

**REFERENCE AND ADMINISTRATIVE DETAILS**

---

|  |  |
|--|--|
| <b>Members</b>                         | Shahedul Alam<br>Shajahan Alam<br>Somir Ali<br>Dr Muzzammil Hussain<br>Ashraf Khan<br>Peter Mann   |
| <b>Trustees</b>                        | Joanna Scott, Chair of Trustees<br>Ashid Ali, Principal<br>Peter Mann<br>Shah Muhmud<br>Andrew Dowsett<br>Sam Bower<br>Hafiz Abul Hussain (resigned 9 December 2020)<br>Thomas Edwards (appointed 12 December 2019)<br>Faruk Miah (appointed 15 July 2020)<br>Haengeun Chi (appointed 16 September 2020)<br>Mohammed Maruf Kabir (appointed 9 December 2020)<br>Badsha Alam (appointed 9 December 2020)<br>Moynul Hoque (appointed 9 December 2020)<br>Lauren Harvey (appointed 15 September 2019, resigned 9 December 2020)<br>James Monk (resigned 31 July 2020)<br>Emma Singh (resigned 3 June 2020)<br>Saeed Hassan Ibrahim (resigned 22 October 2020)<br>Dr Muzzammil Hussain (resigned 30 September 2019)<br>Emily De Grove (resigned 30 September 2019) |
| <b>Company Registered Number</b>       | 08632527   |
| <b>Company Name</b>                    | Tower Hamlets Enterprise Academy Limited   |
| <b>Principal and Registered office</b> | Aneurin Bevan House<br>81 Commercial Road<br>London<br>E1 1RD  |
| <b>Chief Executive Officer</b>         | Ashid Ali  |
| <b>Senior Management Team</b>          | Ashid Ali, Principal<br>Bola Macarthy, Vice Principal<br>Sufi Miah, Assistant Principal<br>Vinay Kulkarni, Assistant Principal<br>Foezul Ali, Assistant Principal  |

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**Independent auditors**      Landau Baker Limited  
Chartered Accountants & Statutory Auditor  
Mountcliff House  
154 Brent Street  
London  
NW4 2DR

**Bankers**                      Barclays Bank Plc  
240 Whitechapel Road  
Whitechapel  
London  
E1 1BJ

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

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2019 to 31 August 2020. 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. The academy serves a catchment area in Whitechapel, East London, and had a roll of 407 in the school census of September 2020.

### **Structure, Governance and Management**

#### **a. 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 Enterprise Academy Trust Limited (The Trust) are also the directors of the charitable company for the purposes of company law. The charitable company is known as London Enterprise Academy.

Details of the trustees who served during the year, and those who served up until the date these accounts were approved, are included in the Reference and Administrative Details on page 1.

#### **b. 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. This contribution would be for an amount, up to and not exceeding £10, required for the debts and liabilities contracted before they ceased to be a member.

#### **c. Trustees' indemnities**

Subject to the provisions of the Companies Act, every trustee or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

#### **d. Method of recruitment, appointment and election of trustees**

The management of the academy is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association and funding agreement.

The term of office for any trustee is 4 years. The Principal's term of office runs parallel with his term of appointment. Subject to remaining eligible to be a particular type of trustee, any trustee may be reappointed or re-elected.

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**Structure, Governance and Management (continued)**

**e. Policies adopted for the induction and training of trustees**

The training and induction provided for new trustees 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 trustees are given a tour of the academy and the chance to meet with staff and students. All trustees 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.

**f. Organisational structure**

The academy has established a management structure to enable its efficient running. The structure consists of two levels: the trustees and the executive. The executive level consists of the Senior Leadership Team.

The Trust Board has considered its role thoughtfully and decided that the role of the trustees is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The Trust Board has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, and terms of reference. The Principal is directly responsible for the day-to-day running of the academy and is assisted by the Senior Leadership Team.

Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets, and making major decisions about the direction of the academy, including capital. The Principal assumes the Accounting Officer role.

**g. Arrangements for setting pay and remuneration of key management personnel**

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

**Objectives and Activities**

**a. Objectives and aims**

The principal object and activity of the academy is to provide a broad and balanced education for pupils of all abilities in the Tower Hamlets area. The trustees 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 academy has adopted a funding agreement approved by the Secretary of State for Education.

The funding agreement 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; and that there will be an emphasis on the needs of individual pupils including pupils with SEN.

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**Objectives and activities (continued)**

**b. Objectives, strategies and activities**

The academy has undertaken self-evaluation activities to correctly identify objectives for the next year. These objectives are:

- To undertake an effective marketing campaign to develop relationships between all stakeholders and ensure that the academy is able to recruit 120 pupils which was hampered by the pandemic lockdowns.
- The academy seeks to develop its approach to creativity and engagement with regards to remote learning so that this positively impacts on the quality of teaching, learning and pupil outcomes.
- The academy will strengthen its accountability structure through further training and development of leadership and governance to ensure that all core functions are addressed as identified in the Academies Governance Handbook.
- Achieve consistently high standards of teaching and learning.
- Review and develop cost effective curriculum design implementation which adds value and optimises pupil outcomes.
- Enhance accountability through the development of new policies and procedures and the implementation of a self-evaluation framework.
- Build on the good GCSE results of 2019 and 2020.
- Ensure all pupils have access to ICT facilities to engage effectively in remote learning and live teaching as we continue in these uncertain times.

**c. 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.

**Strategic Report**

**Achievements and Performance**

**a. Key performance indicators**

- All students are expected to make Age Related Expected (ARE) 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
- 70% of students to follow the EBacc curriculum for GCSE
- All pupils take part in charitable activities
- Pupils make expected progress with above national results in English and Mathematics
- Almost all parents/carers surveyed to recommend the school to other parents

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Strategic report (continued)**

**Achievements and performance (continued)**

**GCSE Results 2020**

|   | London Enterprise Academy (2020) | London Enterprise Academy (2019) | National results (2019) |
|---|----------------------------------|----------------------------------|-------------------------|
| English Grade 4+                          | 90.6%                            | 76%                              | 76%                     |
| Maths Grade 4+                            | 78.1%                            | 74%                              | 70%                     |
| English and Maths Grade 4+                | 72.9%                            | 68%                              | 65%                     |
| Progress 8 score                          | 0.56                             | 0.01                             | -0.02 (state schools)   |
| EBacc Entry                               | 87.5%                            | 85%                              | 40%                     |
| EBacc Score                               | 4.86                             | 4.04                             | 4.07                    |
| EBacc at Grade 4 and above                | 47.9%                            | 27%                              | 25%                     |
| Biology, Chemistry and Physics            | 100%                             | 100% pass rate                   |                         |
| Pupils achieving at least 1 qualification | 100%                             | 100%                             | 98%                     |

The school had a positive Section 8 monitoring visit in January 2020 from Ofsted, who noted that the "Trust Action Plan is fit for purpose and that safeguarding is effective" and "leaders and managers are taking effective action towards the removal of special measures"

All students actively took part in a range of enrichment activities every 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 3 days and another group to Bush Craft. A group of Year 10 pupils completed their Duke of Edinburgh Bronze Award. Some of our other planned activities were hampered by lockdown.

The academy has continued to work 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 and many others.

The academy successfully recruited a team of skilled teachers and leaders to fulfill the Trust's primary purpose of furthering education for the public benefit.

The Trust has worked with the DfE to replace the cladding to the top floor. The Trust is also working on creating additional outdoor space for pupils.

The Trust has managed its financial resources well and has maintained a positive cash flow throughout the year. The Trust is working with ESFA to further strengthen compliance issues as per the Academies Financial Handbook.



---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**Strategic Report (continued)**

**Achievements and Performance (continued)**

**b. Going concern**

After making appropriate inquiries, 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.

The academy like all schools across the country is concerned about the impact of Covid and the quality of remote education which cannot fully replace face to face teaching in inner city schools.

The high infection rate amongst young people and school staff is causing anxiety amongst staff and the significant length of time in lockdown is having a negative impact on the mental health of pupils and staff.

Increased Health and Safety measures, including additional cleaning and the purchase of disposable PPE, has added additional costs to the academy and will continue to do so.

The inability to hold open days together with the external appearance of the building, which is wrapped in scaffolding and resembles a building site, has adversely affected pupil numbers. Prospective parents and pupils therefore miss the opportunity to see the excellent work that goes on in classrooms.

The suspension of Ofsted due to Covid has prevented the academy from showcasing improvements since January 2020 on its journey out of special measures.

In order to further support the academy on its improvement journey discussions are currently taking place to explore the opportunities of joining a multi-academy trust.

**Financial Review**

During the period, ESFA/LA grants received totalled to £4,309,203. Other income included within restricted funds totalled to £93,567. Restricted fund expenditure totalled to £3,932,917.

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 12 months period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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.

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**Strategic Report (continued)**

**Financial Review (continued)**

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.

**a. 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:

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- 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 (i.e. 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 trustees 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 £14,730,577. This balance includes unrestricted funds (free reserves) of £29,461, which is considered appropriate for the Academy Trust, and restricted funds of £14,701,116, which includes restricted fixed asset funds of £12,883,020 and a pension deficit of £312,000.

The amount of designations made in relation to the unrestricted reserves totals to £nil.

Restricted funds have been designated by the Trust Board as follows:

- £650,000 – towards the building of the outdoor playground space for pupils, 2020-2021
- £120,000 – the purchase of ICT equipment to upgrade ICT facilities to enhance pupils learning

**b. 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 Trust Board. 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 2020, no investments were held.

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**Strategic Report (continued)**

**Financial Review (continued)**

**c. 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 risk.

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.

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

**Fundraising**

The academy does not engage in any specific fundraising activities.

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**Plans for future periods**

- To ensure that all new staff are fully inducted into the academy are informed with regards to policies and procedure.
- To develop whole school priorities and implement the vision for the future of the academy by addressing the areas identified by Ofsted to ensure that we are judged as a 'good' school.
- Continue to evaluate and develop 'remote learning' to ensure pupils continue to make academic progress.
- To ensure that rigorous process of assessment is established allowing effective tracking and monitoring of pupil progress.
- To attain high standards in reading, writing and maths through ongoing staff development and high quality teaching and learning.
- Further develop systems to manage the movement of pupils in our limited circulation 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 are prepared for their external exams and receive appropriate support and challenge in the classroom as well as through their homework.
- To continue to provide training and development for trustees to ensure that they can keep developing the strategic overview of the school.

**Disclosure of information to auditors**

Insofar as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware.
- That 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 auditors are aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 27 January 2021 and signed on its behalf by:



**Joanna Scott**  
Chair of Trustees

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**GOVERNANCE STATEMENT**

---

**Scope of Responsibility**

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

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and Competency Framework for Governance.

The board of trustees has delegated the day to day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Tower Hamlets Enterprise Academy Ltd and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that which is 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 trustee was as follows:

|  | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| Joanna Scott, Chair of Trustees            | 6                 | 6                 |
| Ashid Ali, Principal                       | 6                 | 6                 |
| Peter Mann                                 | 5                 | 6                 |
| Shah Muhmud                                | 3                 | 6                 |
| Andrew Dowsett                             | 6                 | 6                 |
| Sam Bower                                  | 5                 | 6                 |
| Hafiz Abul Hussain (resigned 09/12/2020)   | 1                 | 6                 |
| Thomas Edwards (appointed 12/12/2019)      | 4                 | 4                 |
| Faruk Miah (appointed 15/07/2020)          | 1                 | 1                 |
| Lauren Harvey (appointed 15/09/2019)       | 6                 | 6                 |
| James Monk (resigned 31/07/2020)           | 6                 | 6                 |
| Emma Singh (resigned 03/06/2020)           | 5                 | 6                 |
| Saeed Hassan Ibrahim (resigned 22/10/2020) | 1                 | 6                 |
| Dr Muzzammil Hussain (resigned 30/09/2019) | 1                 | 1                 |
| Emily De Grove (resigned 30/09/2019)       | 1                 | 1                 |

**Finance Resources and Audit (FRAC) Committee Meetings**

Attendance during the year at meetings was as follows:

| Trustee                             | Meetings attended | Out of a possible |
|-------------------------------------|-------------------|-------------------|
| Andrew Dowsett (Chair of Committee) | 3                 | 3                 |
| Ashid Ali, Principal                | 3                 | 3                 |
| James Monk                          | 3                 | 3                 |
| Peter Mann                          | 3                 | 3                 |
| Emma Singh                          | 3                 | 3                 |

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**Governance (continued)**

**Curriculum and Standards Committee Meetings**

Attendance during the year at meetings was as follows:

| Trustee                        | Meetings attended | Out of a possible |
|--------------------------------|-------------------|-------------------|
| Sam Bower (Chair of Committee) | 3                 | 3                 |
| Lauren Harvey                  | 2                 | 2                 |
| Ashid Ali, Principal           | 3                 | 3                 |
| Thomas Edwards                 | 2                 | 3                 |
| Shah Muhmud                    | 1                 | 3                 |
| Joanna Scott                   | 3                 | 3                 |

**Review of Value for Money**

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year and reports to the board of trustees on how 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 by ensuring:

- Financial governance and oversight is robust; the members of the Finance, Audit & Resources Committee have financial and business experience including 2 qualified accountants.
- The School Business Manager holds appropriate qualifications in school business management and makes strategic recommendations 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 trustees receive regular reports and recommendations from the external auditor.
- Management accounts are circulated to governors on a monthly basis and 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.
- Significant spending proposals are costed and presented to the Senior Leadership Team and the Trust Board for consideration and challenge.

**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 potential impact should they occur; and to manage risks efficiently, effectively and economically. The system of internal control has been in place in Tower Hamlets Enterprise Academy Ltd for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**Capacity to Handle Risk**

The board of trustees have 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 2019 to 31 August 2020 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.
- Identification and management of risks.

The board of trustees has decided to employ Buzzacott as internal auditor.

On a half yearly basis, the internal auditor reports to the board of trustee through the audit committee on the operation of the systems of control and on the discharge of the trustees' financial responsibilities.

**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 discharge of the board of trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the internal auditor
- the work of the external auditors
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 27 January 2021 and signed on their behalf by:



**Joanna Scott**  
Chair of Trustees

**Mr Ashid Ali**  
Accounting Officer



---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of Tower Hamlets Enterprise Academy Ltd I have considered my responsibility to notify the academy 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, as laid out under the funding agreement between the academy 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 2019.

I confirm that I and the academy board of trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2019.

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.



**Mr Ashid Ali**  
Accounting Officer  
Date: 27 January 2021



---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

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 Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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:

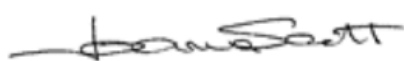
- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting 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, disclosing with reasonable accuracy the financial position of the charitable company at any given time, and ensuring 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 27 January 2021 and signed on its behalf by:



**Joanna Scott**  
Chair of Trustees

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

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

---

## **Opinion**

We have audited the financial statements of Tower Hamlets Enterprise Academy Ltd (the 'academy') for the year ended 31 August 2020 which comprise the statement of financial activities, 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and 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 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and 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.
- 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.

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

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

---

**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. Other information includes the reference and administrative details, the trustees' report including the strategic report, and the governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**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 have been prepared in accordance with applicable legal requirements.

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

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

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

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

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

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

---

**Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement, 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.

**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

---

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

---

**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.

A handwritten signature in black ink, appearing to read 'M Durst 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

27 January 2021

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

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

---

In accordance with the terms of our engagement letter dated 10 January 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tower Hamlets Enterprise Academy Ltd during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Tower Hamlets Enterprise Academy Ltd's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Tower Hamlets Enterprise Academy Ltd's funding agreement with the Secretary of State for Education dated 14 August 2014 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

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

---

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has 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

Date: 27 January 2021

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2020**

|   | Note | Unrestricted<br>funds<br>2020<br>£ | Restricted<br>funds<br>2020<br>£ | Restricted<br>fixed asset<br>funds<br>2020<br>£ | Total<br>funds<br>2020<br>£ | Total<br>funds<br>2019<br>£ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| <b>Income from:</b>   |      |                                    |                                  |   |                             |                             |
| Donations and capital grants  | 3    | -                                  | -                                | 12,134  | 12,134                      | 28,234                      |
| Charitable activities   |      | -                                  | 4,309,203                        | -   | 4,309,203                   | 4,593,751                   |
| Other trading activities  |      | 777                                | 93,567                           | -   | 94,344                      | 137,829                     |
| <b>Total income</b>   |      | <b>777</b>                         | <b>4,402,770</b>                 | <b>12,134</b>                                   | <b>4,415,681</b>            | <b>4,759,814</b>            |
| <b>Expenditure on:</b>  |      |                                    |                                  |   |                             |                             |
| Charitable activities   | 7    | -                                  | 3,932,917                        | 1,010,951                                       | 4,943,868                   | 5,406,410                   |
| <b>Total expenditure</b>  |      | <b>-</b>                           | <b>3,932,917</b>                 | <b>1,010,951</b>                                | <b>4,943,868</b>            | <b>5,406,410</b>            |
| <b>Net income/(expenditure)</b>                                     |      | <b>777</b>                         | <b>469,853</b>                   | <b>(998,817)</b>                                | <b>(528,187)</b>            | <b>(646,596)</b>            |
| Transfers between funds   | 17   | -                                  | (25,706)                         | 25,706  | -                           | -                           |
| <b>Net movement in funds before other recognised gains/(losses)</b> |      | <b>777</b>                         | <b>444,147</b>                   | <b>(973,111)</b>                                | <b>(528,187)</b>            | <b>(646,596)</b>            |
| <b>Other recognised gains/(losses):</b>                             |      |                                    |                                  |   |                             |                             |
| Actuarial gains/(losses) on defined benefit pension schemes         | 22   | -                                  | 36,000                           | -   | 36,000                      | (100,000)                   |
| <b>Net movement in funds</b>  |      | <b>777</b>                         | <b>480,147</b>                   | <b>(973,111)</b>                                | <b>(492,187)</b>            | <b>(746,596)</b>            |
| <b>Reconciliation of funds:</b>                                     |      |                                    |                                  |   |                             |                             |
| Total funds brought forward   |      | 28,684                             | 1,337,949                        | 13,856,131                                      | 15,222,764                  | 15,969,360                  |
| Net movement in funds   |      | 777                                | 480,147                          | (973,111)                                       | (492,187)                   | (746,596)                   |
| <b>Total funds carried forward</b>                                  |      | <b>29,461</b>                      | <b>1,818,096</b>                 | <b>12,883,020</b>                               | <b>14,730,577</b>           | <b>15,222,764</b>           |

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 26 to 47 form part of these financial statements.




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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

|  | Note | 2020<br>£                | 2019<br>£                |
|--|------|--------------------------|--------------------------|
| <b>Fixed assets</b>                            |      |                          |                          |
| Tangible assets                                | 13   | 12,883,020               | 13,856,131               |
|  |      | <u>12,883,020</u>        | <u>13,856,131</u>        |
| <b>Current assets</b>                          |      |                          |                          |
| Debtors  | 14   | 430,651                  | 253,740                  |
| Cash at bank and in hand                       |      | 1,877,858                | 1,624,394                |
|  |      | <u>2,308,509</u>         | <u>1,878,134</u>         |
| Creditors: amounts falling due within one year | 15   | (148,952)                | (259,501)                |
| <b>Net current assets</b>                      |      | <u>2,159,557</u>         | <u>1,618,633</u>         |
| <b>Total assets less current liabilities</b>   |      | <u>15,042,577</u>        | <u>15,474,764</u>        |
| <b>Net assets excluding pension liability</b>  |      | <u>15,042,577</u>        | <u>15,474,764</u>        |
| Defined benefit pension scheme liability       | 22   | (312,000)                | (252,000)                |
| <b>Total net assets</b>                        |      | <u><u>14,730,577</u></u> | <u><u>15,222,764</u></u> |
| <b>Funds of the academy</b>                    |      |                          |                          |
| <b>Restricted funds:</b>                       |      |                          |                          |
| Fixed asset funds                              | 17   | 12,883,020               | 13,856,131               |
| Restricted income funds                        | 17   | 2,130,096                | 1,589,949                |
|  |      | <u>15,013,116</u>        | <u>15,446,080</u>        |
| Restricted funds excluding pension asset       | 17   | 15,013,116               | 15,446,080               |
| Pension reserve                                | 17   | (312,000)                | (252,000)                |
| <b>Total restricted funds</b>                  | 17   | <u>14,701,116</u>        | <u>15,194,080</u>        |
| <b>Unrestricted income funds</b>               | 17   | <u>29,461</u>            | <u>28,684</u>            |
| <b>Total funds</b>                             |      | <u><u>14,730,577</u></u> | <u><u>15,222,764</u></u> |

The financial statements on pages 22 to 47 were approved by the trustees, and authorised for issue on 27 January 2021 and are signed on their behalf, by:



**Joanna Scott**  
Chair of Trustees

---

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

---

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2020**

---

The notes on pages 26 to 47 form part of these financial statements.

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

|   | Note   | 2020<br>£        | 2019<br>£ |
|---|--------|------------------|-----------|
| <b>Cash flows from operating activities</b>             |        |                  |           |
| Net cash provided by operating activities               | 19     | <b>279,170</b>   | 454,301   |
| <b>Change in cash and cash equivalents in the year</b>  |        | <b>279,170</b>   | 454,301   |
| Cash and cash equivalents at the beginning of the year  |        | <b>1,624,394</b> | 1,260,160 |
| Capital income less additions                           |        | <b>(25,706)</b>  | (90,067)  |
| <b>Cash and cash equivalents at the end of the year</b> | 20, 21 | <b>1,877,858</b> | 1,624,394 |

The notes on pages 26 to 47 form part of these financial statements

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**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, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

**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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Income**

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

**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

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**1. Accounting Policies (continued)**

**1.4 Expenditure (continued)**

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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets**

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

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

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 each asset on a basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

|                          |                           |
|--------------------------|---------------------------|
| Long leasehold buildings | - 50 years                |
| Building improvements    | - 10 years straight line  |
| Furniture and equipment  | - 5 years straight line   |
| Computer equipment       | - 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.

**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.

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

---

**1. Accounting Policies (continued)**

**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**

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

**1.9 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 bases 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 14. 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.

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 cost as detailed in note 15. 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.

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

---

**1. Accounting Policies (continued)**

**1.10 Pensions**

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.11 Fund accounting**

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

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

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

---

**2. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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 LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**3. Income from Donations and Capital Grants**

|                   | <b>Restricted<br/>fixed asset<br/>funds<br/>2020<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> | <i>Total<br/>funds<br/>2019<br/>£</i> |
|-------------------|--|---------------------------------------|---------------------------------------|
| Grants            | 12,134   | <b>12,134</b>                         | 28,234                                |
|                   | <u>12,134</u>  | <u>12,134</u>                         |                                       |
| <i>Total 2019</i> | <u>28,234</u>  | <u>28,234</u>                         |                                       |

**4. Funding for the Academy's Educational Operations**

|                        | <b>Restricted<br/>funds<br/>2020<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> | <i>Total<br/>funds<br/>2019<br/>£</i> |
|------------------------|--|---------------------------------------|---------------------------------------|
| <b>DfE/ESFA grants</b> |  |                                       |                                       |
| General Annual Grants  | 3,758,990                                  | <b>3,758,990</b>                      | 4,280,351                             |
| Pupil Premium          | 239,056                                    | <b>239,056</b>                        | 245,009                               |
| Other DfE/ESFA Grants  | 171,126                                    | <b>171,126</b>                        | 29,260                                |
| Local Authority Grants | 129,454                                    | <b>129,454</b>                        | 39,131                                |
| Other Funding          | 10,577                                     | <b>10,577</b>                         | -                                     |
|                        | <u>4,309,203</u>                           | <u><b>4,309,203</b></u>               | <u>4,593,751</u>                      |
| <i>Total 2019</i>      | <u>4,593,751</u>                           | <u>4,593,751</u>                      |                                       |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**5. Income from Other Trading Activities**

|                         | Unrestricted<br>funds<br>2020<br>£ | Restricted<br>funds<br>2020<br>£ | Total<br>funds<br>2020<br>£ | Total<br>funds<br>2019<br>£ |
|-------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Catering                | -                                  | 41,320                           | <b>41,320</b>               | 38,191                      |
| Letting                 | 585                                | -                                | <b>585</b>                  | 16,683                      |
| Other Income            | 192                                | 10,747                           | <b>10,939</b>               | 82,955                      |
| Teacher Training Income | -                                  | 41,500                           | <b>41,500</b>               | -                           |
|                         | <u>777</u>                         | <u>93,567</u>                    | <u><b>94,344</b></u>        | <u>137,829</u>              |
| <i>Total 2019</i>       | <u>16,683</u>                      | <u>121,146</u>                   | <u>137,829</u>              |                             |

**6. Expenditure**

|                         | Staff Costs<br>2020<br>£ | Premises<br>2020<br>£ | Other<br>2020<br>£ | Total<br>2020<br>£      | Total<br>2019<br>£ |
|-------------------------|--------------------------|-----------------------|--------------------|-------------------------|--------------------|
| Educational Operations: |                          |                       |                    |                         |                    |
| Direct costs            | 2,098,559                | -                     | 214,369            | <b>2,312,928</b>        | 2,513,618          |
| Allocated support costs | 906,181                  | 284,860               | 1,439,899          | <b>2,630,940</b>        | 2,892,792          |
|                         | <u>3,004,740</u>         | <u>284,860</u>        | <u>1,654,268</u>   | <u><b>4,943,868</b></u> | <u>5,406,410</u>   |
| <i>Total 2019</i>       | <u>3,168,974</u>         | <u>324,002</u>        | <u>1,913,434</u>   | <u>5,406,410</u>        |                    |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**7. Analysis of Expenditure on Charitable Activities**

**Summary by fund type**

|                        | <b>Restricted<br/>funds<br/>2020<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> | <i>Total<br/>funds<br/>2019<br/>£</i> |
|------------------------|--|---------------------------------------|---------------------------------------|
| Educational Operations | 4,943,868                                  | <b>4,943,868</b>                      | 5,406,410                             |
| <i>Total 2019</i>      | 5,406,410                                  | 5,406,410                             |                                       |

**8. Analysis of Expenditure by Activities**

|                        | <b>Activities<br/>undertaken<br/>directly<br/>2020<br/>£</b> | <b>Support<br/>costs<br/>2020<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> | <i>Total<br/>funds<br/>2019<br/>£</i> |
|------------------------|--|---|---------------------------------------|---------------------------------------|
| Educational Operations | 2,312,928  | 2,630,940                               | <b>4,943,868</b>                      | 5,406,410                             |
| <i>Total 2019</i>      | 2,513,618  | 2,892,792                               | 5,406,410                             |                                       |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**8. Analysis of Expenditure by Activities (continued)**

**Analysis of direct costs**

|                              | <b>Educational<br/>Operations<br/>2020<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> | <i>Total<br/>funds<br/>2019<br/>£</i> |
|------------------------------|--|---------------------------------------|---------------------------------------|
| Staff costs                  | 2,026,610  | <b>2,026,610</b>                      | 2,019,354                             |
| Educational supplies         | 25,103   | <b>25,103</b>                         | 97,291                                |
| Educational consultancy      | 67,058   | <b>67,058</b>                         | 46,845                                |
| Exam fees                    | 59,129   | <b>59,129</b>                         | 45,566                                |
| Staff development & training | 21,316   | <b>21,316</b>                         | 17,777                                |
| Technology costs             | 7,088  | <b>7,088</b>                          | 45,631                                |
| Other direct costs           | 31,572   | <b>31,572</b>                         | 71,964                                |
| Agency supply costs          | 75,052   | <b>75,052</b>                         | 169,190                               |
|                              | <u>2,312,928</u>                                 | <u><b>2,312,928</b></u>               | <u>2,513,618</u>                      |
| <i>Total 2019</i>            | <u>2,513,618</u>                                 | <u>2,513,618</u>                      |                                       |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**8. Analysis of Expenditure by Activities (continued)**

**Analysis of support costs**

|                                       | <b>Educational<br/>Operations<br/>2020<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> | <i>Total<br/>funds<br/>2019<br/>£</i> |
|---------------------------------------|--|---------------------------------------|---------------------------------------|
| Pension finance costs                 | 5,000  | <b>5,000</b>                          | 3,000                                 |
| Staff costs                           | 864,207  | <b>864,207</b>                        | 802,962                               |
| Depreciation                          | 1,010,951  | <b>1,010,951</b>                      | 1,013,622                             |
| Recruitment and support               | 26,052   | <b>26,052</b>                         | 13,489                                |
| Technology costs                      | 57,939   | <b>57,939</b>                         | 105,994                               |
| Maintenance of premises and equipment | 74,267   | <b>74,267</b>                         | 87,809                                |
| Other premises costs                  | 3,222  | <b>3,222</b>                          | 10,406                                |
| Energy costs                          | 62,937   | <b>62,937</b>                         | 75,677                                |
| Rent and rates                        | 98,749   | <b>98,749</b>                         | 44,446                                |
| Cleaning                              | 48,871   | <b>48,871</b>                         | 53,447                                |
| Professional fees                     | 116,935  | <b>116,935</b>                        | 76,148                                |
| Agency supply costs                   | 41,974   | <b>41,974</b>                         | 119,165                               |
| Insurance                             | 8,568  | <b>8,568</b>                          | 10,110                                |
| Security & transport                  | 2,731  | <b>2,731</b>                          | 41,821                                |
| Other support costs                   | 111,842  | <b>111,842</b>                        | 171,912                               |
| Governance costs                      | (25,520)   | <b>(25,520)</b>                       | 76,172                                |
| Catering                              | 122,215  | <b>122,215</b>                        | 186,612                               |
|                                       | <u>2,630,940</u>                                 | <u><b>2,630,940</b></u>               | <u>2,892,792</u>                      |
| <i>Total 2019</i>                     | <u>2,892,792</u>                                 | <u><b>2,892,792</b></u>               |                                       |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**9. Net Income/(Expenditure)**

Net income/(expenditure) for the year includes:

|                                       | 2020<br>£        | 2019<br>£        |
|---------------------------------------|------------------|------------------|
| Depreciation of tangible fixed assets | 1,010,951        | 1,013,622        |
| Fees paid to auditors for:            |                  |                  |
| - audit                               | 6,500            | 6,500            |
| - other services                      | 5,221            | 5,752            |
|                                       | <u>1,022,672</u> | <u>1,025,874</u> |

**10. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

|                       | 2020<br>£        | 2019<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 2,341,204        | 2,346,739        |
| Social security costs | 197,532          | 229,357          |
| Pension costs         | 352,081          | 246,220          |
|                       | <u>2,890,817</u> | <u>2,822,316</u> |
| Agency staff costs    | 71,949           | 169,190          |
| Agency support staff  | 41,974           | 177,468          |
|                       | <u>3,004,740</u> | <u>3,168,974</u> |

**b. Staff numbers**

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

|                            | 2020<br>No. | 2019<br>No. |
|----------------------------|-------------|-------------|
| Teachers                   | 29          | 39          |
| Administration and support | 35          | 43          |
| Management                 | 6           | 7           |
|                            | <u>70</u>   | <u>89</u>   |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**10. Staff (continued)**

**c. Higher paid staff**

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

|                                | <b>2020</b>  | <b>2019</b>  |
|--------------------------------|--------------|--------------|
|                                | <b>No.</b>   | <b>No.</b>   |
| In the band £60,001 - £70,000  | <b>4</b>     | <b>3</b>     |
| In the band £70,001 - £80,000  | <b>1</b>     | <b>2</b>     |
| In the band £90,001 - £100,000 | <b>1</b>     | <b>1</b>     |
|                                | <b>=====</b> | <b>=====</b> |

**d. Key management personnel**

The key management personnel of the academy comprise the trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £601,151 (2019 £294,040). This year we have included all Senior Management Team costs.

**11. 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 staff members under their contracts of employment. The value of trustees' remuneration and other benefits was as follows:

|                                 |                            | <b>2020</b>      | <b>2019</b>     |
|---------------------------------|----------------------------|------------------|-----------------|
|                                 |                            | <b>£</b>         | <b>£</b>        |
| Ashid Ali (Principal)           | Remuneration               | <b>90,000 -</b>  | <b>90,000 -</b> |
|                                 |                            | <b>95,000</b>    | <b>95,000</b>   |
|                                 | Pension contributions paid | <b>20,000 -</b>  | <b>15,000 -</b> |
|                                 |                            | <b>25,000</b>    | <b>20,000</b>   |
| Emily De Grove (vice principal) | Remuneration               | <b>5,000 -</b>   | <b>70,000 -</b> |
|                                 |                            | <b>10,000</b>    | <b>75,000</b>   |
|                                 | Pension contributions paid | <b>0 - 5,000</b> | <b>10,000 -</b> |
|                                 |                            |                  | <b>15,000</b>   |
| Philip Davis                    | Remuneration               | <b>NIL</b>       | <b>45,000 -</b> |
|                                 |                            |                  | <b>50,000</b>   |
|                                 | Pension contributions paid | <b>NIL</b>       | <b>5,000 -</b>  |
|                                 |                            |                  | <b>10,000</b>   |
| Peter Mann                      | Remuneration               | <b>10,000 -</b>  | <b>10,000 -</b> |
|                                 |                            | <b>15,000</b>    | <b>15,000</b>   |
| Lauren Harvey                   | Remuneration               | <b>40,000 -</b>  | <b>Nil</b>      |
|                                 |                            | <b>45,000</b>    |                 |
|                                 | Pension contributions paid | <b>5,000 -</b>   | <b>Nil</b>      |
|                                 |                            | <b>10,000</b>    |                 |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**11. Trustees' Remuneration and Expenses (continued)**

During the year ended 31 August 2020, no trustee expenses have been incurred (2019 - £NIL).

**12. Trustees' and Officers' Insurance**

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business, and provides cover up to £10,000,000. The costs of RPA this year totalled £8,568 (2019: £10,100).

**13. Tangible Fixed Assets**

|                          | Long-term<br>leasehold<br>property<br>£ | Furniture<br>and<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|--------------------------|---|------------------------------------|----------------------------|------------|
| <b>Cost or valuation</b> |   |                                    |                            |            |
| At 1 September 2019      | 16,944,923                              | 316,502                            | 600,008                    | 17,861,433 |
| Additions                | -                                       | -                                  | 37,841                     | 37,841     |
| At 31 August 2020        | 16,944,923                              | 316,502                            | 637,849                    | 17,899,274 |
| <b>Depreciation</b>      |   |                                    |                            |            |
| At 1 September 2019      | 3,302,292                               | 207,241                            | 495,769                    | 4,005,302  |
| Charge for the year      | 894,016                                 | 54,066                             | 62,870                     | 1,010,952  |
| At 31 August 2020        | 4,196,308                               | 261,307                            | 558,639                    | 5,016,254  |
| <b>Net book value</b>    |   |                                    |                            |            |
| At 31 August 2020        | 12,748,615                              | 55,195                             | 79,210                     | 12,883,020 |
| At 31 August 2019        | 13,642,631                              | 109,261                            | 104,239                    | 13,856,131 |



**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**14. Debtors**

|                                | 2020<br>£      | 2019<br>£      |
|--------------------------------|----------------|----------------|
| <b>Due within one year</b>     |                |                |
| Trade debtors                  | 131,714        | 1,960          |
| Other debtors                  | 207,030        | 209,627        |
| Prepayments and accrued income | 91,907         | 42,153         |
|                                | <u>430,651</u> | <u>253,740</u> |

**15. Creditors: Amounts Falling due within One Year**

|                                    | 2020<br>£      | 2019<br>£      |
|------------------------------------|----------------|----------------|
| Trade creditors                    | 52,564         | 1,025          |
| Other taxation and social security | 59,100         | 62,286         |
| Other creditors                    | -              | 406            |
| Accruals and deferred income       | 37,288         | 195,784        |
|                                    | <u>148,952</u> | <u>259,501</u> |

**16. Financial Instruments**

|  | 2020<br>£        | 2019<br>£        |
|--|------------------|------------------|
| <b>Financial assets</b>  |                  |                  |
| Financial assets measured at fair value through income and expenditure | <u>1,877,858</u> | <u>1,624,394</u> |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**17. Statement of Funds**

|                                       | Balance at 1<br>September<br>2019<br>£ | Income<br>£ | Expenditure<br>£ | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 August<br>2020<br>£ |
|---------------------------------------|--|-------------|------------------|--------------------------|-------------------------|--------------------------------------|
| <b>Unrestricted funds</b>             |  |             |                  |                          |                         |                                      |
| General Funds - all funds             | 28,684                                 | 777         | -                | -                        | -                       | 29,461                               |
| <b>Restricted general funds</b>       |  |             |                  |                          |                         |                                      |
| Restricted Funds - all funds          | 1,589,949                              | 4,402,770   | (3,836,917)      | (25,706)                 | -                       | 2,130,096                            |
| Pension reserve                       | (252,000)                              | -           | (96,000)         | -                        | 36,000                  | (312,000)                            |
|                                       | 1,337,949                              | 4,402,770   | (3,932,917)      | (25,706)                 | 36,000                  | 1,818,096                            |
| <b>Restricted fixed asset funds</b>   |  |             |                  |                          |                         |                                      |
| Class II Restricted Funds - all funds | 13,856,131                             | 12,134      | (1,010,951)      | 25,706                   | -                       | 12,883,020                           |
| <b>Total Restricted funds</b>         | 15,194,080                             | 4,414,904   | (4,943,868)      | -                        | 36,000                  | 14,701,116                           |
| <b>Total funds</b>                    | 15,222,764                             | 4,415,681   | (4,943,868)      | -                        | 36,000                  | 14,730,577                           |

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

Restricted fixed assets funds have been increased by capital grants provided by DfE and reduced by depreciation charges.

Restricted general fund have been increased by revenue grants provided by DfE and reduced by expenditure incurred in the operation of the academy. The restricted funds can only be used in terms of limitations imposed by the funding agreement with the DfE and the terms of any specific grant. Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**17. Statement of Funds (continued)**

Comparative information in respect of the preceding year is as follows:

|                                       | <i>Balance at<br/>1 September<br/>2018<br/>£</i> | <i>Income<br/>£</i> | <i>Expenditure<br/>£</i> | <i>Transfers<br/>in/out<br/>£</i> | <i>Gains/<br/>(Losses)<br/>£</i> | <i>Balance at<br/>31 August<br/>2019<br/>£</i> |
|---------------------------------------|--|---------------------|--------------------------|-----------------------------------|----------------------------------|--|
| <b>Unrestricted funds</b>             |  |                     |                          |                                   |                                  |  |
| General Funds - all funds             | 12,001   | 16,683              | -                        | -                                 | -                                | 28,684   |
| <b>Restricted general funds</b>       |  |                     |                          |                                   |                                  |  |
| Restricted Funds - all funds          | 1,300,570  | 4,714,897           | (4,336,788)              | (88,730)                          | -                                | 1,589,949                                      |
| Pension reserve                       | (96,000)   | -                   | (56,000)                 | -                                 | (100,000)                        | (252,000)                                      |
|                                       | 1,204,570  | 4,714,897           | (4,392,788)              | (88,730)                          | (100,000)                        | 1,337,949                                      |
| <b>Restricted fixed asset funds</b>   |  |                     |                          |                                   |                                  |  |
| Class II Restricted Funds - all funds | 14,752,789                                       | 28,234              | (1,013,622)              | 88,730                            | -                                | 13,856,131                                     |
| <b>Total Restricted funds</b>         | 15,957,359                                       | 4,743,131           | (5,406,410)              | -                                 | (100,000)                        | 15,194,080                                     |
| <b>Total funds</b>                    | 15,969,360                                       | 4,759,814           | (5,406,410)              | -                                 | (100,000)                        | 15,222,764                                     |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**18. Analysis of Net Assets between Funds**

**Analysis of net assets between funds - current period**

|  | <b>Unrestricted<br/>funds<br/>2020<br/>£</b> | <b>Restricted<br/>funds<br/>2020<br/>£</b> | <b>Restricted<br/>fixed asset<br/>funds<br/>2020<br/>£</b> | <b>Total<br/>funds<br/>2020<br/>£</b> |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets                  | -  | -  | 12,883,020   | <b>12,883,020</b>                     |
| Current assets                         | 29,461                                       | 2,279,048                                  | -  | <b>2,308,509</b>                      |
| Creditors due within one year          | -  | (148,952)                                  | -  | <b>(148,952)</b>                      |
| Provisions for liabilities and charges | -  | (312,000)                                  | -  | <b>(312,000)</b>                      |
| <b>Total</b>                           | <b>29,461</b>                                | <b>1,818,096</b>                           | <b>12,883,020</b>  | <b>14,730,577</b>                     |

**Analysis of net assets between funds - prior period**

|  | <i>Unrestricted<br/>funds<br/>2019<br/>£</i> | <i>Restricted<br/>funds<br/>2019<br/>£</i> | <i>Restricted<br/>fixed asset<br/>funds<br/>2019<br/>£</i> | <i>Total<br/>funds<br/>2019<br/>£</i> |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets                  | -  | -  | 13,856,131   | <b>13,856,131</b>                     |
| Current assets                         | 28,684                                       | 1,849,450                                  | -  | <b>1,878,134</b>                      |
| Creditors due within one year          | -  | (259,501)                                  | -  | <b>(259,501)</b>                      |
| Provisions for liabilities and charges | -  | (252,000)                                  | -  | <b>(252,000)</b>                      |
| <b>Total</b>                           | <b>28,684</b>                                | <b>1,337,949</b>                           | <b>13,856,131</b>  | <b>15,222,764</b>                     |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**19. Reconciliation of Net Expenditure to Net Cash Flow from Operating Activities**

|   | 2020<br>£        | 2019<br>£ |
|---|------------------|-----------|
| Net expenditure for the period (as per Statement of financial activities) | <b>(528,187)</b> | (646,596) |
| <b>Adjustments for:</b>   |                  |           |
| Depreciation  | <b>1,010,951</b> | 1,013,622 |
| Capital grants from DfE and other capital income                          | <b>(12,134)</b>  | (28,234)  |
| Defined benefit pension scheme cost less contributions payable            | <b>91,000</b>    | 53,000    |
| Defined benefit pension scheme finance cost                               | <b>5,000</b>     | 3,000     |
| Increase in debtors   | <b>(176,911)</b> | (137,962) |
| (Decrease)/increase in creditors  | <b>(110,549)</b> | 197,471   |
| <b>Net cash provided by operating activities</b>                          | <b>279,170</b>   | 454,301   |

**20. Analysis of Cash and Cash Equivalents**

|  | 2020<br>£        | 2019<br>£ |
|--|------------------|-----------|
| Cash in hand                           | <b>1,877,858</b> | 1,624,394 |
| <b>Total cash and cash equivalents</b> | <b>1,877,858</b> | 1,624,394 |

**21. Analysis of Changes in Net Debt**

|                          | At 1<br>September<br>2019<br>£ | Cash flows<br>£ | At 31<br>August 2020<br>£ |
|--------------------------|--------------------------------|-----------------|---------------------------|
| Cash at bank and in hand | <b>1,624,394</b>               | <b>253,464</b>  | <b>1,877,858</b>          |
|                          | <b>1,624,394</b>               | <b>253,464</b>  | <b>1,877,858</b>          |

---

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

---

**22. Pension commitments**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 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**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**22. Pension Commitments (continued)**

The employer's pension costs paid to TPS in the year amounted to £290,383 (2019 - £140,694).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £80,000 (2019 - £72,000), of which employer's contributions totalled £59,000 (2019 - £57,000) and employees' contributions totalled £ 21,000 (2019 - £18,000). The agreed contribution rates for future years are 17.6% per cent for employers and 5.5%-12.5% per cent for employees.

As described in note the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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

**Principal actuarial assumptions**

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>%</b>    | <b>%</b>    |
| Rate of increase in salaries                       | <b>2.4</b>  | <b>2.1</b>  |
| Rate of increase for pensions in payment/inflation | <b>2.2</b>  | <b>2.3</b>  |
| Discount rate for scheme liabilities               | <b>1.7</b>  | <b>1.9</b>  |

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

|                             | <b>2020</b>  | <b>2019</b>  |
|-----------------------------|--------------|--------------|
|                             | <b>Years</b> | <b>Years</b> |
| <i>Retiring today</i>       |              |              |
| Males                       | <b>21.5</b>  | <b>21.2</b>  |
| Females                     | <b>23.5</b>  | <b>23.2</b>  |
| <i>Retiring in 20 years</i> |              |              |
| Males                       | <b>22.6</b>  | <b>22.2</b>  |
| Females                     | <b>25.0</b>  | <b>24.4</b>  |

**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**22. Pension Commitments (continued)**

**Share of scheme assets**

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

|                                     | 2020<br>£      | 2019<br>£      |
|-------------------------------------|----------------|----------------|
| Equities                            | 383,200        | 228,000        |
| Corporate bonds                     | 52,690         | 103,000        |
| Property                            | 38,320         | 33,000         |
| Cash and other liquid assets        | 47,900         | 3,000          |
| <b>Total market value of assets</b> | <b>522,110</b> | <b>367,000</b> |

The actual return on scheme assets was £32,000 (2019 - £22,000).

The amounts recognised in the statement of financial activities are as follows:

|   | 2020<br>£        | 2019<br>£        |
|---|------------------|------------------|
| Current service cost  | (150,000)        | (107,000)        |
| Interest income   | 8,000            | 9,000            |
| Interest cost   | (13,000)         | (12,000)         |
| <b>Total amount recognised in the statement of financial activities</b> | <b>(155,000)</b> | <b>(110,000)</b> |

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

|                          | 2020<br>£      | 2019<br>£      |
|--------------------------|----------------|----------------|
| <b>At 1 September</b>    | <b>619,000</b> | <b>369,000</b> |
| Current service costs    | 150,000        | 107,000        |
| Interest cost            | 13,000         | 12,000         |
| Employee contributions   | 21,000         | 18,000         |
| Actuarial (gains)/losses | (12,000)       | 113,000        |
| <b>At 31 August</b>      | <b>791,000</b> | <b>619,000</b> |



**TOWER HAMLETS ENTERPRISE ACADEMY LTD**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**22. Pension Commitments (continued)**

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

|                        | 2020<br>£      | 2019<br>£      |
|------------------------|----------------|----------------|
| <b>At 1 September</b>  | <b>367,000</b> | <b>273,000</b> |
| Interest income        | 8,000          | 9,000          |
| Actuarial gains        | 24,000         | 13,000         |
| Employer contributions | 59,000         | 54,000         |
| Employee contributions | 21,000         | 18,000         |
| <b>At 31 August</b>    | <b>479,000</b> | <b>367,000</b> |

**23. Operating Lease Commitments**

At 31 August 2020 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

|  | 2020<br>£     | 2019<br>£     |
|--|---------------|---------------|
| Not later than 1 year                        | 5,820         | 5,820         |
| Later than 1 year and not later than 5 years | 8,730         | 14,550        |
|  | <b>14,550</b> | <b>20,370</b> |

**24. Members' Liability**

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

**25. Related Party Transactions**

Owing to the nature of the academy and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

