

Company Registration Number: 08632527 (England & Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



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

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Shahedul Alam Shajahan Alam Somir Ali Emily De Grove Ashraf Khan Peter Mann
Trustees	A Ali, Principal Dr Muzzammil Hussain (appointed 1 September 2018) Peter Mann Joanna Scott Shah Mahmud James Monk Philip Davis Andrew Dowsett (Terminated) Sam Bower (Terminated 1 August 2019) Emma Singh, (Non trustee governor) Emily de Grove, (Non trustee governor) Chloe Tyler (Terminated 1 October 2018) Masud Ahmed, (Non trustee governor) (resigned 1 August 2019) Leanne Gelderd Jake Levy, Chair of Trustees
Company registered number	08632527
Company name	Tower Hamlets Enterprise Academy Limited
Principal and registered office	Aneurin Bevan House 81 Commercial Road London E1 1RD
Chief executive officer	Ashid Ali
Senior management team	Ashid Ali, Principal Ashraf Khan, Vice Principal Emily de Grove, Vice Principal
Independent auditors	Landau Baker Limited Chartered Accountants & Statutory Auditor Mountcliff House 154 Brent Street London NW4 2DR

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

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
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The academy also trades under the name London Enterprise Academy.

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy.

The Trustees of Tower Hamlets Enterprise Academy Ltd are also the directors of the charitable company for the purposes of company law.

The charitable company is known as the Tower Hamlets Enterprise Ltd.

Details of the Trustees who served during the year, and to the date these accounts are 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, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

c. Method of recruitment and appointment or 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 Trust deed.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

d. Policies adopted for the induction and training of Trustees

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

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

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

e. Organisational structure

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

The board of trustees is responsible for ensuring high standards of corporate governance are maintained. During the year, the board of trustees delegated the responsibility of running the school to the Principal and his leadership team which consist of the Principal, Vice Principal and three Assistant Principals and the Business Manager.

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

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

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

The Principal and Senior Leadership Team undertake the day to day management of Tower Hamlets Enterprise Academy at an executive level implementing the policies laid down by Governors and reporting back to them.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

The Principal is the accounting officer and is responsible for the authorisation of spending within agreed budgets.

The Principal is responsible for the appointment of staff and all senior appointments will include a member of the Governing Body to ensure openness and transparency. All other appointments will be made according to the recruitment policy.

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

f. Arrangements for setting pay and remuneration of key management personnel

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

Objectives and activities

a. Objects and aims

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

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

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

b. Objectives, strategies and activities

The key objectives for the charitable company for the year ended 31 August 2019 are summarized below:

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

c. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategic report

Achievements and performance

TOWER HAMLETS ENTERPRISE ACADEMY LTD
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

a. Key performance indicators

- All students are expected to make 4 levels of progress
- All students are expected to reach an attendance target of at least 96%
- 90% of parents regularly attend progress meetings relating to their child
- 50% of students to follow the EBacc curriculum for GCSE
- All pupils take part in and contribute to charitable activities

GCSE Results 2019

	London Enterprise Academy (2019)	National results (2018)
English Grade 4+	78.2%	75.4%
Maths Grade 4+	73.6%	69.5
English and maths Grade 4+	66.4%	64.2%
Progress 8 score	0.00	-0.02 (state schools)
EBacc Entry	87.3%	38.4%
EBacc Score	4.3	4.04
EBacc at Grade 4 and above	26.3%	24.7%
Biology, Chemistry and Physics	100% pass rate	

All students actively took part in a range of enrichment activities three times a week which complemented our broad and balanced curriculum. The school also arranged a wide range of trips and visits including taking a group of pupils to Kingswood Centre for 3 days and another group to Bush craft. Another group of Year 10 pupils completed their Duke of Edinburgh Bronze Award. A group of pupils visited Seville in Spain for RE, History and Spanish language and cultural development.

The school has worked closely with a range of charities including Tower Hamlets Food Bank, Whitechapel Mission, and Roald Dahl's children's charity, Marie Curie Cancer Research, British Heart Foundation, Save the Children, Mind and many others.

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

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

The trust has worked with the ESFA improving staircases, replacing old doors, and will be replacing cladding to the top floor. The Trust is also working on creating additional outdoor space for pupils.

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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 accounting policies.

Suspected Fraud

During the current financial year, it came to light that an agency contractor within the finance department had committed invoice and VAT fraud, by way of issuing fictitious invoices.

Upon this being identified, appropriate action was taken, and the ESFA visited the trust to directly review the systems and controls, to understand how this had occurred, and also, how it can be prevented in the future.

An insurance claim has been successful in retrieving a proportion of the defrauded amount.

The school received a poor Ofsted inspection in May despite projecting Good GCSE results for pupils. The outcomes for pupils progress and attainment compares favourably to pupils nationally. The school has a detailed Post Ofsted Action Plan and has taken robust action to make rapid progress since the inspection in May.

Financial review

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

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 governors will keep this level of reserves under review at each Board meeting and aim to build and maintain the reserves level by entering into cost effective agreements as noted in Objectives and Activities above, whilst in keeping with the principal object of the Academy.

Total reserves at the end of the period amounted to £15,222,764. This balance includes unrestricted funds (free reserves) of £28,684, which is considered appropriate for the Academy Trust, and restricted funds of £15,149,080.

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

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

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 Governing Body. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academy to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2019, no investments were held.

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 risks.

Fundraising

The academy does not engage in any specific fundraising activities.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Plans for future periods


- To ensure that all new staff to the Academy are fully inducted with policies and procedures;
- To develop whole school priorities and implement the vision for the future of the Academy by addressing the areas identified by Ofsted and HMI monitoring visit to ensure that we are judged as a good school;
- To ensure that rigorous process of assessment is established to ensure effective tracking and monitoring of pupils progress;
- To attain high standards in reading, writing and math through ongoing staff development and high quality teaching and learning;
- Further develop systems to manage movement of pupils in our limited space as the school grows
- Continue to explore opportunities for creating additional outdoor spaces for pupils
- Further develop CEAIG to ensure all pupils move onto appropriate pathways after leaving the Academy at 16
- To ensure that all children receive appropriate support and challenge in the classroom, through homework and are prepared for external exams; and
- To continue provide training and development to trustees to ensure that they can continue to develop the strategic overview.

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, and
- 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 and signed on its behalf by:



Mr James Monk
Chair of Governors

TOWER HAMLETS ENTERPRISE ACADEMY LTD
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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.

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.

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GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 4 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Curriculum and Standards Committee meetings

	Meetings attended	Out of a possible
Philip Davis	2	3
Hafiz Abu Hussain	1	3
Emily de Grove	2	3
A Ali, Principal	3	3
Shah Mahmud	1	3
Joanna Scott (Chair of Committee)	3	3
Sam Bower	2	3

Full governing body meetings

Trustee	Meetings attended	Out of a possible
Dr Muzzammil Hussain	4	4
James Monk	3	4
Philip Davis	4	4
Hafiz Abu Hussain	4	4
Emily De Grove	4	4
Peter Mann	4	4
Ashid Ali	4	4
Shah Muhmud	0	4
Andrew Dowsett	4	4
Jake Levy	2	4
Joanna Scott	2	4
Sam Bower	4	4
Emma Singh	4	4

Finance Resources and Audit committee (FRAC) meetings

Trustee	Meetings attended	Out of a possible
Dr Muzzammil Hussain	0	0
A Ali, Principal	0	0
James Monk (Chair of Committee)	0	0
Jake Levy	0	0
Emma Singh	0	0
Peter Mann	0	0
Andrew Dowsett	0	0

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GOVERNANCE STATEMENT (CONTINUED)

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 where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy has delivered improved value for money during the year by ensuring:

- Financial Governance and oversight is robust. The members of the Finance, Audit & Resources Committee have financial and business experience. Two members are qualified accountants. The school Business Manager holds appropriate qualifications in school Business Management and therefore is able to make strategic decisions on best value for services and resources.
- The School obtains 3 quotes before incurring any expenditure above £1,000 and full tendering is applied to the local community

Reviewing Controls and Managing Risk

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tower Hamlets Enterprise Academy Ltd for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

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GOVERNANCE STATEMENT (CONTINUED)

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 and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

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

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included payroll, accounting system, income and purchases.

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

The internal auditor has recommended the followings

- Balance sheet accounts are reconciled monthly
- Fixed asset register is maintained and kept up to date
- Cash income banked promptly and reconciled
- Goods received notes are uploaded in the accounting system
- All accounting documents are scanned and uploaded on o the accounting system.

The Academy has taken swift actions and implemented the recommendations from September 2019.

Review of effectiveness

As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Trustees on 19 December 2019 and signed on their behalf by:



Mr James Monk
Chair of Governors



Mr Ashid Ali
Accounting Officer

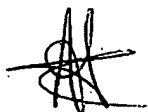
TOWER HAMLETS ENTERPRISE ACADEMY LTD
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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, under the funding agreement in place 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 2018.

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 2018.

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: 19 December 2019

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on and signed on its behalf by:



Mr James Monk
Chair of Trustees

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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 2019 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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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. This description forms part of our Auditors' report.

Use of our report

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

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)**

Michael 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

Date:

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**

In accordance with the terms of our engagement letter dated 10 January 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Tower Hamlets Enterprise Academy 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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, except for the matters listed below nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the current financial year, an agency contractor within the finance department committed invoice and VAT fraud, by way of issuing fictitious invoices, to the approximate value of £86k.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 19 December 2019

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 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	-	-	28,234	28,234	60,532
Charitable activities		-	4,593,751	-	4,593,751	3,880,056
Other trading activities		16,683	121,146	-	137,829	76,292
Total income		16,683	4,714,897	28,234	4,759,814	4,016,880
Expenditure on:						
Charitable activities	7	-	4,392,788	1,013,622	5,406,410	4,497,429
Total expenditure		-	4,392,788	1,013,622	5,406,410	4,497,429
Net income/(expenditure)		16,683	322,109	(985,388)	(646,596)	(480,549)
Transfers between funds	17	-	(88,730)	88,730	-	-
Net movement in funds before other recognised gains/(losses)		16,683	233,379	(896,658)	(646,596)	(480,549)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	21	-	(100,000)	-	(100,000)	56,000
Net movement in funds		16,683	133,379	(896,658)	(746,596)	(424,549)
Reconciliation of funds:						
Total funds brought forward		12,001	1,204,570	14,752,789	15,969,360	16,393,909
Net movement in funds		16,683	133,379	(896,658)	(746,596)	(424,549)
Total funds carried forward		28,684	1,337,949	13,856,131	15,222,764	15,969,360

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

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

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The notes on pages 30 to 50 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 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	13,856,131	14,751,452
		<u>13,856,131</u>	<u>14,751,452</u>
Current assets			
Debtors	14	253,740	115,778
Cash at bank and in hand		1,624,394	1,260,160
		<u>1,878,134</u>	<u>1,375,938</u>
Creditors: amounts falling due within one year	15	(259,501)	(62,030)
Net current assets		<u>1,618,633</u>	<u>1,313,908</u>
Total assets less current liabilities		<u>15,474,764</u>	<u>16,065,360</u>
Net assets excluding pension liability		<u>15,474,764</u>	<u>16,065,360</u>
Defined benefit pension scheme liability	21	(252,000)	(96,000)
Total net assets		<u><u>15,222,764</u></u>	<u><u>15,969,360</u></u>
Funds of the academy			
Restricted funds:			
Fixed asset funds	17	13,856,131	14,752,789
Restricted income funds	17	1,589,949	1,300,570
		<u>15,446,080</u>	<u>16,053,359</u>
Restricted funds excluding pension asset	17	15,446,080	16,053,359
Pension reserve	17	(252,000)	(96,000)
Total restricted funds	17	<u>15,194,080</u>	<u>15,957,359</u>
Unrestricted income funds	17	28,684	12,001
Total funds		<u><u>15,222,764</u></u>	<u><u>15,969,360</u></u>

The financial statements on pages 25 to 50 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019



Mr James Monk
Chair of Trustees

The notes on pages 30 to 50 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 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	19	454,301	469,351
Change in cash and cash equivalents in the year		454,301	469,351
Cash and cash equivalents at the beginning of the year		1,260,160	789,472
Capital income less additions		(90,067)	1,337
Cash and cash equivalents at the end of the year	20	<u>1,624,394</u>	<u>1,260,160</u>

The notes on pages 30 to 50 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 2019

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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate 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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

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

• **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 2019

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.

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 2019**

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 2019**

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 21, 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 2019. 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.

3. Income from donations and capital grants

	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Grants	28,234	28,234	60,532

4. Funding for the academy's educational operations

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
DfE/ESFA grants			
General Annual Grants	4,280,351	4,280,351	3,520,653
Pupil Premium	245,009	245,009	299,511
Other DfE/ESFA Grants	29,260	29,260	42,366
Local Authority Grants	39,131	39,131	17,526
	<u>4,593,751</u>	<u>4,593,751</u>	<u>3,880,056</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Catering	-	38,191	38,191
Letting	16,683	-	16,683
Other Income	-	82,955	82,955
	<u>16,683</u>	<u>121,146</u>	<u>137,829</u>
	<u>16,683</u>	<u>121,146</u>	<u>137,829</u>
	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Total funds 2018 £</i>
Catering	45,193	-	45,193
Letting	7,663	-	7,663
Other Income	-	23,436	23,436
	<u>52,856</u>	<u>23,436</u>	<u>76,292</u>
	<u>52,856</u>	<u>23,436</u>	<u>76,292</u>

6. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Educational Operations:				
Direct costs	2,188,544	-	325,074	2,513,618
Allocated support costs	980,430	235,516	1,676,846	2,892,792
	<u>3,168,974</u>	<u>235,516</u>	<u>2,001,920</u>	<u>5,406,410</u>
	<u>3,168,974</u>	<u>235,516</u>	<u>2,001,920</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 2019**

	<i>Staff Costs</i> 2018 £	<i>Premises</i> 2018 £	<i>Other</i> 2018 £	<i>Total</i> 2018 £
Educational Operations:				
Direct costs	1,758,013	-	205,149	1,963,162
Allocated support costs	735,103	1,007,392	791,772	2,534,267

7. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Educational Operations	5,406,410	5,406,410	4,497,429

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational Operations	2,513,618	2,892,792	5,406,410

	<i>Activities undertaken directly 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Educational Operations	1,963,162	2,534,267	4,497,429

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational Operations 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	2,019,354	2,019,354	1,634,839
Educational supplies	97,291	97,291	79,649
Educational consultancy	46,845	46,845	2,781
Exam fees	45,566	45,566	9,151
Staff development & Training	17,777	17,777	31,630
Technology costs	45,631	45,631	-
Other direct costs	71,964	71,964	78,938
Agency supply costs	169,190	169,190	126,174
	<u>2,513,618</u>	<u>2,513,618</u>	<u>1,963,162</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Operations 2019 £	Total funds 2019 £	Total funds 2018 £
Pension income	3,000	3,000	3,000
Staff costs	802,962	802,962	732,103
Depreciation	1,013,622	1,013,622	1,020,220
Recruitment and support	13,489	13,489	32,225
Technology costs	105,994	105,994	42,514
Maintenance of premises and equipment	87,809	87,809	125,775
Other premises costs	10,406	10,406	36,408
Energy costs	75,677	75,677	62,207
Rent and rates	44,446	44,446	70,927
Cleaning	53,447	53,447	28,688
Professional fees	76,148	76,148	19,276
Agency supply costs	119,165	119,165	-
Insurance	10,110	10,110	8,260
Security & transport	41,821	41,821	7,195
Other support costs	171,912	171,912	144,152
Governance costs	76,172	76,172	60,537
Catering	186,612	186,612	140,780
	<u>2,892,792</u>	<u>2,892,792</u>	<u>2,534,267</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	1,013,622	1,020,220
Fees paid to auditors for:		
- audit	6,500	6,250
- other services	5,752	-
	<u>12,252</u>	<u>6,250</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	2,346,739	1,946,428
Social security costs	229,357	172,428
Pension costs	246,220	248,086
	<u>2,822,316</u>	<u>2,366,942</u>
Agency staff costs	169,190	126,174
Agency support staff	177,468	-
	<u><u>3,168,974</u></u>	<u><u>2,493,116</u></u>

Staff restructuring costs comprise:

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	39	35
Administration and support	43	31
Management	7	7
	<u>89</u>	<u>73</u>

c. Higher paid staff

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

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10. Staff costs (continued)

c. Higher paid staff (continued)

	2019	2018
	No.	No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	2	1
In the band £90,001 - £100,000	1	1

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for the services to the academy trust was £294,040 (2018: £285,245).

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:

		2019	2018
		£	£
Ashid Ali (Principal)	Remuneration	90,000 -	90,000 -
		95,000	95,000
	Pension contributions paid	15,000 -	15,000 -
Emily De Grove (vice principal)		20,000	20,000
	Remuneration	70,000 -	70,000 -
		75,000	75,000
Philip Davis	Pension contributions paid	10,000 -	10,000 -
		15,000	15,000
	Remuneration	45,000 -	45,000 -
Peter Mann		50,000	50,000
	Pension contributions paid	5,000 -	5,000 -
		10,000	10,000
	Remuneration	10,000 -	10,000 -
		15,000	15,000

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

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12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The academy is with the Risk Protection Agreement with ESFA. The costs of this insurance is £25 per pupil which can not be divided into to cover sections. The costs of this insurance totaled £10,100 (2018: £8,257) is included in the total insurance costs.

13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	16,908,902	304,945	529,285	17,743,132
Additions	36,021	11,557	70,723	118,301
At 31 August 2019	16,944,923	316,502	600,008	17,861,433
Depreciation				
At 1 September 2018	2,412,713	146,252	432,715	2,991,680
Charge for the year	889,579	60,989	63,054	1,013,622
At 31 August 2019	3,302,292	207,241	495,769	4,005,302
Net book value				
At 31 August 2019	13,642,631	109,261	104,239	13,856,131
At 31 August 2018	14,496,189	158,693	96,570	14,751,452

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14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	1,960	5,300
Other debtors	209,627	71,191
Prepayments and accrued income	42,153	39,287
	<u>253,740</u>	<u>115,778</u>

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,025	968
Other taxation and social security	62,286	55,562
Other creditors	406	-
Accruals and deferred income	195,784	5,500
	<u>259,501</u>	<u>62,030</u>

16. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through income and expenditure	1,624,394	1,260,160
Financial assets that are debt instruments measured at amortised cost	44,226	44,587
	<u>1,668,620</u>	<u>1,304,747</u>
	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(197,215)</u>	<u>(6,468)</u>

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17. Statement of funds

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

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 2019.

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17. Statement of funds (continued)

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

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

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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

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

Analysis of net assets between funds - prior year

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

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19. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of financial activities)	(646,596)	(480,549)
Adjustments for:		
Depreciation	1,013,622	1,020,220
Capital grants from DfE and other capital income	(28,234)	(60,532)
Defined benefit pension scheme cost less contributions payable	53,000	62,000
Defined benefit pension scheme finance cost	3,000	3,000
(Increase)/decrease in debtors	(137,962)	135,882
Increase/(decrease) in creditors	197,471	(210,670)
Net cash provided by operating activities	454,301	469,351

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,624,394	1,260,160
Total cash and cash equivalents	1,624,394	1,260,160

21. Pension commitments

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

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

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

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21. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website- <https://www.teacherspensions.co.uk/public/login.aspx>.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

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21. Pension commitments (continued)

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

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 2019 was £72,000 (2018 - £64,000), of which employer's contributions totalled £54,000 (2018 - £47,000) and employees' contributions totalled £ 18,000 (2018 - £17,000). The agreed contribution rates for future years are 17.6% per cent for employers and 5.5%-12.5% per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.1	2.1
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.2	24.1
<i>Retiring in 20 years</i>		
Males	22.2	23.9
Females	24.4	25.8

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21. Pension commitments (continued)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	228,000	197,000
Corporate bonds	103,000	46,000
Property	33,000	27,000
Cash and other liquid assets	3,000	3,000
Total market value of assets	367,000	273,000

The actual return on scheme assets was £22000 (2018 - £16000).

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

	2019 £	2018 £
Current service cost	(107,000)	(109,000)
Interest income	9,000	6,000
Interest cost	(12,000)	(9,000)
Total amount recognised in the Statement of financial activities	(110,000)	(112,000)

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

	2019 £	2018 £
At 1 September	369,000	280,000
Transferred out on existing academies leaving the trust	107,000	109,000
Interest cost	12,000	9,000
Employee contributions	18,000	17,000
Actuarial losses/(gains)	113,000	(46,000)
At 31 August	619,000	369,000

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21. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	273,000	193,000
Interest income	9,000	6,000
Actuarial gains	13,000	10,000
Employer contributions	54,000	47,000
Employee contributions	18,000	17,000
At 31 August	367,000	273,000

22. Operating lease commitments

At 31 August 2019 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	5,820	5,820
Later than 1 year and not later than 5 years	14,550	17,670
	20,370	23,490

23. 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.

24. Related party transactions

Owing to the nature of the academy's operations 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 a trustees has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.