

Company Registration Number: 08632527 (England & Wales)

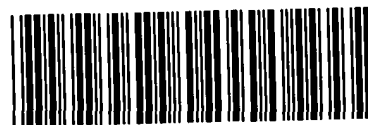
TOWER HAMLETS ENTERPRISE ACADEMY LTD

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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

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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 Dr Muzzammil Hussain Ashraf Khan Peter Mann
Trustees	Joanna Scott, Chair of Trustees Ashid Ali, Principal Peter Mann Shah Muhmud Andrew Dowsett Sam Bower Hafiz Abul Hussain (resigned 9 December 2020) Thomas Edwards (appointed 12 December 2019) Faruk Miah (appointed 15 July 2020) Haengeun Chi (appointed 16 September 2020) Mohammed Maruf Kabir (appointed 9 December 2020) Badsha Alam (appointed 9 December 2020) Moynul Hoque (appointed 9 December 2020) Lauren Harvey (appointed 15 September 2019, resigned 9 December 2020) James Monk (resigned 31 July 2020) Emma Singh (resigned 3 June 2020) Saeed Hassan Ibrahim (resigned 22 October 2020) Dr Muzzammil Hussain (resigned 30 September 2019) Emily De Grove (resigned 30 September 2019)
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 David Malachi, Vice Principal Sufi Miah, Assistant Principal Bola Macarthy, Assistant Principal Vinay Kulkarni, Assistant Principal Foezul Ali, Assistant Principal

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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 serving a catchment area in Whitechapel, East London. It had a roll of 407 in the School census on 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 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 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. 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 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 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
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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 who are 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 a 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; 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 to 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 & engagement in remote learning so that this positively impacts on the quality of teaching and learning and pupil's outcome
- The academy will strengthen its accountability structure through further training and development of leadership and governance to ensure they all carry out the core functions identified in Academies Governance Handbook
- Achieve consistently high standards of teaching and learning
- Review and develop cost effective curriculum design and collaboration which optimises opportunities for pupils and provides added value progress for them
- The accountability of the academy will be strengthened by the development of new policies and procedures and implementation of 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 and contribute to 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
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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 from Ofsted in January 2020 who noted that the "Trust Action Plan is fit for purpose and that safeguarding is effective"

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

The academy like all schools across the country is concerned about the impact of Covid.
The quality of remote education cannot replace face to face teaching in inner city schools.
The significant length of time in lockdown is having negative impact on the mental health of pupils and staff.

The high infection rate amongst young people and school staff is causing anxiety amongst staff. Many of our staff and pupils have been affected by Covid.

The additional 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.

Covid has resulted in the suspension of Ofsted which has prevented the academy from showcasing improvements, from 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.

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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:

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

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

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The 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
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods

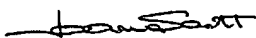
- To ensure that all new staff to the academy are fully inducted with policies and procedures
- To develop whole school priorities and implement the vision for the future of the academy by addressing the areas identified by Ofsted to ensure that we are judged as a 'good' school
- Continue to evaluate 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 pupils 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 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 27 January 2021 and signed on its behalf by:



Joanna Scott
Chair of Trustees

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.

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 described in the trustees' report and in the statement of trustees' responsibilities. The board of trustee 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
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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 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. 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 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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

TOWER HAMLETS ENTERPRISE ACADEMY LTD
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GOVERNANCE STATEMENT (CONTINUED)

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 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 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
- identification and management of risks

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

On 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:

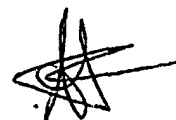
- on discharge of the board of trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the internal auditor
- the work of the external auditors
- the work of the executive managers within the academy who have responsibility for the development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

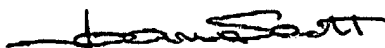
- select suitable accounting policies and then apply them consistently
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards 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 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 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 and
- 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 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

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; 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.

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.

 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 funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
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
Total income		777	4,402,770	12,134	4,415,681	4,759,814
Expenditure on:						
Charitable activities	7	-	3,932,917	1,010,951	4,943,868	5,406,410
Total expenditure		-	3,932,917	1,010,951	4,943,868	5,406,410
Net income/(expenditure)		777	469,853	(998,817)	(528,187)	(646,596)
Transfers between funds	17	-	(25,706)	25,706	-	-
Net movement in funds before other recognised gains/(losses)		777	444,147	(973,111)	(528,187)	(646,596)
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	36,000	-	36,000	(100,000)
Net movement in funds		777	480,147	(973,111)	(492,187)	(746,596)
Reconciliation of funds:						
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)
Total funds carried forward		29,461	1,818,096	12,883,020	14,730,577	15,222,764

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 £	2019 £
Fixed assets			
Tangible assets	13	12,883,020	13,856,131
		<u>12,883,020</u>	<u>13,856,131</u>
Current assets			
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)
Net current assets		<u>2,159,557</u>	<u>1,618,633</u>
Total assets less current liabilities		<u>15,042,577</u>	<u>15,474,764</u>
Net assets excluding pension liability		<u>15,042,577</u>	<u>15,474,764</u>
Defined benefit pension scheme liability	22	(312,000)	(252,000)
Total net assets		<u><u>14,730,577</u></u>	<u><u>15,222,764</u></u>
Funds of the academy			
Restricted funds:			
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)
Total restricted funds	17	<u>14,701,116</u>	<u>15,194,080</u>
Unrestricted income funds	17	<u>29,461</u>	<u>28,684</u>
Total funds		<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 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	19	279,170	454,301
Change in cash and cash equivalents in the year		279,170	454,301
Cash and cash equivalents at the beginning of the year		1,624,394	1,260,160
Capital income less additions		(25,706)	(90,067)
Cash and cash equivalents at the end of the year	20, 21	<u><u>1,877,858</u></u>	<u><u>1,624,394</u></u>

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

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

	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Grants	12,134	12,134	28,234
<i>Total 2019</i>	28,234	28,234	

4. Funding for the academy's educational operations

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

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 funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Catering	-	41,320	41,320	38,191
Letting	585	-	585	16,683
Other Income	192	10,747	10,939	82,955
Teacher Training Income	-	41,500	41,500	-
	<u>777</u>	<u>93,567</u>	<u>94,344</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 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Educational Operations:					
Direct costs	2,098,559	-	214,369	2,312,928	2,513,618
Allocated support costs	906,181	284,860	1,439,899	2,630,940	2,892,792
	<u>3,004,740</u>	<u>284,860</u>	<u>1,654,268</u>	<u>4,943,868</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

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

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Educational Operations	2,312,928	2,630,940	4,943,868	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

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

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

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

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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
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>11,772</u>	<u>12,252</u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

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

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10. Staff (continued)

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	4	3
In the band £70,001 - £80,000	1	2
In the band £90,001 - £100,000	1	1

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:

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

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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 leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
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
Depreciation				
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
Net book value				
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

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14. Debtors

	2020 £	2019 £
Due within one year		
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 £	2019 £
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 £	2019 £
Financial assets		
Financial assets measured at fair value through income and expenditure	<u>1,877,858</u>	<u>1,624,394</u>

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17. Statement of funds

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

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**NOTES TO THE FINANCIAL STATEMENTS
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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 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
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>

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18. Analysis of net assets between funds

Analysis of net assets between funds - current period

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

Analysis of net assets between funds - prior period

	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

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

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

20. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	1,877,858	1,624,394
Total cash and cash equivalents	1,877,858	1,624,394

21. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	1,624,394	253,464	1,877,858
	1,624,394	253,464	1,877,858

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NOTES TO THE FINANCIAL STATEMENTS
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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.

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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

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

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

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

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22. Pension commitments (continued)

Share of scheme assets

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

	2020 £	2019 £
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
Total market value of assets	522,110	367,000

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 £	2019 £
Current service cost	(150,000)	(107,000)
Interest income	8,000	9,000
Interest cost	(13,000)	(12,000)
Total amount recognised in the statement of financial activities	(155,000)	(110,000)

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

	2020 £	2019 £
At 1 September	619,000	369,000
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
At 31 August	791,000	619,000

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22. Pension commitments (continued)

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

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

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 £	2019 £
Not later than 1 year	5,820	5,820
Later than 1 year and not later than 5 years	8,730	14,550
	14,550	20,370

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.