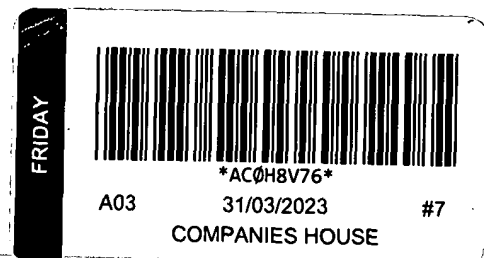


Company Registration Number: 08632527 (England & Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022



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

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mohammed Shahedul Alam Somir Ali Ashraf Khan Peter Mann Shajahan Alam Dr. Muzzammil Hussain (resigned 3 September 2022)
Trustees	Andrew Dowsett, Chair of Trustees Ashid Ali, Principal Peter Mann Moynul Hoque Shah Muhmud Nazim Ahmed (appointed 6 February 2022) Peter Gergely (appointed 29 June 2022) Patrick Robinson (appointed 13 July 2022) John McKelvey (appointed 28 September 2022) Tanveer Chowdhury (appointed 28 September 2022) Joanna Scott (resigned 1 February 2022) Sam Bower (resigned 1 February 2022) Thomas Edwards (resigned 1 February 2022) Faruk Miah (resigned 1 February 2022) Haengeun Chi (resigned 28 September 2022) Badsha Alam (resigned 1 December 2021) Maruf Kabir (resigned 13 July 2022) Dr. Muzzammil Hussain (appointed 6 February 2022, resigned 3 September 2022)
Company registered number	08632527
Company name	Tower Hamlets Enterprise Academy Ltd
Principal and registered office	Aneurin Bevan House 81 Commercial Road London E1 1RD
Finance Officer	Mohammed Abdullah
Chief executive officer	Ashid Ali
Senior management team	Ashid Ali, Principal Abdul Moquith, Vice Principal Bola Macarthy, Vice Principal Warren Hinds, Assistant Principal Vinay Kulkarni, Assistant Principal (resigned August 2022) Sufi Miah, Assistant Principal (resigned August 2022)

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

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

Bankers Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

Solicitors Browne Jacobson LLP
Mowbury House
Castle Meadow Road
Nottingham
NG2 1BJ

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year / period 1st September 2021 to 31 August 2022. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 16 and had a roll of 454 in the school census on 20th January 2022.

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 (The Trust) are also the directors of the charitable company for the purposes of company law. The charitable company operates 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 the preceding pages of this document.

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 as follows:

- The Principal
- Up to 12 appointed trustees (including no more than 1 staff trustee)
- At least 2 parent trustees (elected by parent)
- One staff trustee (elected by staff)
- Up to 3 co-opted trustees
- Any governors appointed by the Secretary of State for Education

The term of office for any trustee is 4 years. The Principal's term of office runs parallel with their 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 2022

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 governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

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 executives who are the Senior Leadership Group.

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 a scheme of delegation 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 Group.

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 expenditure and senior staff appointments.

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. Objects 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 Trust will be at the heart of the community promoting community cohesion and sharing facilities; the basis for admitting students to the Trust, that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEND; the basis for charging pupils.

TOWER HAMLETS ENTERPRISE ACADEMY LTD
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Objectives and activities (continued)

b. Objectives, strategies and activities

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

- To undertake an effective marketing campaign to develop relationships between all stakeholders and ensure that the academy can recruit 120 pupils; an effort hampered last year by the pandemic and poor Ofsted grading. Next year it will be challenging because of a new school opening very close by.
- Strengthen its accountability structure through further training and development of leadership and governance to ensure that all core functions are addressed as identified in the Academies Governance Handbook.
- Achieve consistently high standards of teaching and learning addressing areas identified by Ofsted in July 2022
- Review and develop cost effective curriculum design implementation which adds value and optimises pupil outcomes.
- Enhance accountability through the development of new policies and procedures as well as the implementation of a self-evaluation framework.
- Build on the good GCSE results of 2019, 2020, 2021 and 2022.
- Ensure all pupils have access to ICT facilities to engage effectively in remote learning and become independent learners.
- To work towards a positive Ofsted visit during the next Section 5 Inspection.

c. Public benefit

In setting our objectives and planning our activities the trustees have carefully considered the Charity Commission's general guidance on public benefit.

As an academy we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, national and international charities.
- Ensuring the building/site is available for hire to the wider community for events and sports.
- Entertaining local groups/organisations.
- Delivering food for needy and books to homeless people.
- Acting as a hub for other community organisations, for the benefit of our families and beyond.
- Networking with local schools and across the country.
- Offering wellbeing and practical support through the links we have built.
- Increasing the use of video conferencing technology for meetings, to reduce the need for travel between organisations (supporting the local environment) and being more time efficient.

TOWER HAMLETS ENTERPRISE ACADEMY LTD
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Strategic report

Achievements and performance

a. Key performance indicators

The key performance indicators are as follows:

- 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.
- 60% 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.

GCSE Results 2022 with National Comparison

Indicator	LEA (2022)	LEA (2021)	LEA (2020)	LEA (2019)	National (2019)
Progress 8 score	-0.46	+0.09	+0.56	+0.02	-0.03
English grade 4+	83.6%	76.7%	90.6%	76.0%	76.0%
Maths grade 4+	69.9%	84.9%	78.1%	74.0%	70.0%
English and Maths grade 4+	68.5%	73.3%	72.9%	66.4%	64.2%
English grade 5+	57.5%	60.5%	68.8%	57.9%	44.4%
Maths grade 5+	54.8%	58.1%	51.0%	45.6%	39.7%
English and Maths grade 5+	47.9%	50.0%	43.8%	38.6%	42.8%
EBacc entry	43.0%	64.0%	87.5%	85.0%	40.0%
EBacc score	3.93	5.45	4.86	4.04	4.07
Pupils achieving at least 1 qualification	99.1%	96.5%	97.9%	100%	97%

The academy had 2 positive Section 8 monitoring visits in September 2021 & January 2022 and a Section 5 in July 2022 from Ofsted, who noted that "In accordance with section 13(4) of the Education Act 2005, Her Majesty's Chief Inspector is of the opinion that the school no longer requires special measures". Ofsted reported the following in July 2022

- Respect for all sums up London Enterprise Academy nicely. Pupils have pride in themselves and their school. They are polite, courteous and welcoming. They, too, are welcomed into school, regardless of their background or previous experiences.
- Pupils' well-being and social development are taken seriously by all staff. Pupils not only feel safe, they are safe because of the attention the school gives to ensuring good behaviour.
- Pupils are taught about how to be responsible citizens and the importance of giving to others.
- Senior and middle leaders' work to improve the curriculum and how it is taught is paying dividends.
- Pupils have positive attitudes towards their lessons. Their behaviour nearly always ensures that teachers can teach what they have planned.
- Leaders ensure that pupils' well-being is given a high priority.
- There are a wide range of high-quality opportunities designed to promote pupils' personal development.
- The citizenship programme, assemblies, and the curriculum for careers help to prepare pupils effectively for the world after school.
- Leaders consider staff workload carefully, for example by reducing the amount of information about pupils' progress collected each year. Staff appreciate this, including leaders' actions to provide professional

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Strategic report (continued)

Achievements and performance (continued)

- development.
- Staff feel well supported and are proud to work at the school.
- Safeguarding procedures and records are well organised and detailed.
- Pupils get the right support when they need it. Leaders work closely with external agencies, such as social services and community health experts, and this helps to ensure that expert help is on hand for pupils who are at risk of harm.
- Leaders react promptly when safeguarding issues in the school are raised.
- Behaviour is managed effectively. The incidents of poor behaviour and fixed-term exclusions have fallen considerably. Attendance is strong.

All students actively took part in a range of enrichment activities every week which complements our broad and balanced curriculum. The school also arranged a wide range of trips and visits including taking two groups of pupils to Kingswood Centre for 3 days and one group to Isle of Wight for 4 days. A group of Year 10 pupils completed their Duke of Edinburgh Bronze Award.

Year group reward trips were offered to all five year groups to offer pupils outdoor learning opportunities supporting their mental health and well-being.

The school ran 4-week Summer School funded by the school with an average daily attendance of between 70-90 pupils providing a range up catch-up activities, sporting enrichment and outdoor education opportunities.

The academy has continued to work with a range of charities including Tower Hamlets Food Bank, Whitechapel Mission, Marie Curie Cancer Research, British Heart Foundation, Walk with Dabir Chacha (103 year-old local who was awarded an OBE for service to charity), Mountaineer Akke Rahman who summited Everest in May 2022 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 plans on creating additional outdoor space is nearing completion (January 2023) which will further improve behaviour during social time, giving pupils increased access to outdoor space. This will also make the inside of the school calmer during break and lunch; a quality not currently facilitated by the architecture of the building, as acknowledged in three Ofsted inspections.

The Trust has managed its financial resources well and has maintained a positive cash flow throughout the Year. The ESFA acknowledged the 'strong financial position' of the Trust. Going forward, maintaining the features of a small school and the school's vision of an extended day with smaller class size; a vision which necessitates additional staffing will stretch the Trust's finances in these difficult times ahead with soaring energy prices.

The Trust has a strong governing body with the correct skills set. We have hired the services of qualified accountants and senior serving school leaders to further strengthen governance.

The School hosted a historic visit by Reverend Jesse Jackson, Global Civil Rights Icon in December 2021

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

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.

Financial review

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 period ended 31 August 2022 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

a. Reserves policy

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

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

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

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

Total reserves at the end of the period amounted to £13,487,072. This balance includes unrestricted funds (free reserves) of £62,432, which are considered appropriate for the Academy Trust, and restricted funds of £2,255,046 and a pension deficit of £Nil.

The amount of designations made in relation to the restricted reserves totals to £2,255k, relating to the following specific areas:

- £850k for outdoor platform, 2 floors, to increase play facilities for pupils. The outdoor platform construction work started in September 2022 and due to be completed in January 2023.
- £100k to install air conditioning for sports hall, which also used as an exam hall.
- £500k is exploring a roof top playground and solar paneling to improve energy efficiency and reduce costs on energy in the future with its reserves.
- £150k for IT upgrades.
- £100k for school improvement.
- £55k for summer school.
- £500k - equivalent of 2 months payroll costs.

The unrestricted reserves totals to £62,432 is earmarked for staff wellbeing and providing financial support to pupils' families.

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Trust recognised a significant pension fund deficit in the prior year totalling to £Nil (2021: £653,000). This deficit was included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund and is therefore not recognised given the Trust's Accounting policies.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Trust's budgeted annual income, whilst the deficit might not be

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Trust due to the recognition of the deficit.

b. Investment policy

Investment policies are determined by the Trust Board. This ensures the level of funds the Trust holds can cover any immediate expenditure, without exposing the Trust to additional risk. Should any potential investment opportunity arise this would be escalated to the Trust Board for consideration.

As of 31 August 2022, 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 Trust is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Trust'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 Trust'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 Trust 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 Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The trustees have implemented a number of systems to assess risks that Academies face, 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 Trust has an effective system of internal financial control which 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.

Please refer to the Reserves Policy above for a description of the defined pension benefit scheme, in which there was a deficit at 31 August 2022. 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.

Fundraising

The Trust does not engage in any formal fund raising.

TOWER HAMLETS ENTERPRISE ACADEMY LTD
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Plans for future periods

- Ensure that all new staff to the academy are fully inducted with policies and procedures.
- Develop whole school priorities and implement the vision for the future of the academy by addressing the areas identified by Ofsted to ensure the academy has an overall judgment of 'good'.
- Further strengthen 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 on the roof top.
- Ensure that all children are prepared for external exams and receive appropriate support and challenge in the classroom, 'as well as through their homework', having missed so much learning.
- Continue to provide training and development to trustees to ensure that they can keep developing the strategic overview of the school.

Disclosure of information to auditors

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, 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 14 December 2022 and signed on its behalf by:



Andrew Dowsett
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.

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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 9 times during the year.

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

Trustee	Meetings attended	Out of a possible
Andrew Dowsett, Chair of Trustees	9	9
Ashid Ali, Principal	9	9
Peter Mann	6	9
Moynul Hoque	2	9
Shah Muhmud	6	9
Nazim Ahmed	3	3
Peter Gergely	1	1
Patrick Robinson	1	1
Joanna Scott	5	5
Sam Bower	5	5
Thomas Edwards	4	5
Faruk Miah	4	5
Haengeun Chi	7	9
Badsha Alam	0	3
Maruf Kabir	7	9
Dr. Muzzammil Hussain	3	3

The Finance, Resources and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to make sure that the Academy is following the ESFA's financial regulations.

The audit committee is also part of the Finance, Resources and Audit Committee. Its purpose is to:

- Monitor the integrity of the financial statements; review internal financial controls and review the Academy's internal control and risk management systems;
- Make recommendations to the Governing Body in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor, and review the auditor's independence and objectivity.

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

Finance, Resources and Audit Committee attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Haengeun Chi (Chair)	5	6
Andrew Dowsett	4	6
Peter Mann	3	6
Ashid Ali (Principal)	6	6
Peter Gergely	1	1

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Curriculum and Standards Committee attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Nazim Ahmed (Chair)	2	2
Sam Bower	1	1
Joanna Scott	1	1
Shah Muhmund	1	3
Ashid Ali (Principal)	3	3
Maruf Kabir	3	3

Review of value for money

As Accounting Officer, the principal has responsibility for ensuring that the academy trust's 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 trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data or by using a framework where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Financial governance and oversight is robust; the members of the Finance, Audit & Resources Committee have financial and business experience including three Finance Professionals, two of whom are 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 Group and the Trust Board for consideration and challenge.

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GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tower Hamlets Enterprise Academy Trust for the period 1st September 2021 to 31 August 2022 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 trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st September 2021 to 31 August 2022 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 trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance 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.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period included:

- Governance.
- Internal control.

The auditor reports to the board of trustees, through the Finance, Resource and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The agreed schedule of work has been delivered as planned. No material control issues were identified as a result of the work undertaken.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

Review of effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process or;
- the school resource management self-assessment tool;
- the work of the executive managers within the academy trust's 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 Finance, Resources and Audit Committee and a plan to address weaknesses [if relevant] and ensure continuous improvement of the system is in place. of the system is in place.

Approved by order of the members of the Board of Trustees on 14 December 2022 and signed on their behalf by:



Andrew Dowsett
Chair of Trustees



Ashid Ali
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Tower Hamlets Enterprise Academy Ltd I have considered my responsibility to notify the Academy Board of Trustees and the Education and 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 2021.

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 2021.

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.



Ashid Ali
Accounting Officer
Date: 14 December 2022

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022

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 2021 to 2022;
- 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 14 December 2022 and signed on its behalf by:



Andrew Dowsett
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 2022 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 2021 to 2022 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 2022 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 2021 to 2022 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this 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)**

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Statement of trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the industry and its control environment, and reviewed the academy's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities. We obtained an understanding of the legal and regulatory framework that the academy's operates in, and identified the key laws and regulations that:

- reading minutes of meetings of those charged with governance.
- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty.
- We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

Carly Pinkus (Senior statutory auditor)

for and on behalf of
Landau Baker Limited

Chartered Accountants
Statutory Auditor

Mountcliff House

154 Brent Street

London

NW4 2DR

14 December 2022

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 2021 to 2022, 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 2021 to 31 August 2022 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 Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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)**

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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.

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees/Governors meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions by staff or related parties.
- adherence to tendering policies.

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 2021 to 31 August 2022 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

Date: 14 December 2022

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 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:						
Donations and capital grants	3	-	-	11,459	11,459	38,428
Other trading activities		31,181	42,534	-	73,715	49,492
Charitable activities		-	4,346,064	-	4,346,064	4,396,346
Total income		31,181	4,388,598	11,459	4,431,238	4,484,266
Expenditure on:						
Charitable activities	7	-	4,562,798	1,010,466	5,573,264	5,193,745
Total expenditure		-	4,562,798	1,010,466	5,573,264	5,193,745
Net income/(expenditure)		31,181	(174,200)	(999,007)	(1,142,026)	(709,479)
Transfers between funds	16	-	(59,035)	59,035	-	-
Net movement in funds before other recognised gains/(losses)		31,181	(233,235)	(939,972)	(1,142,026)	(709,479)
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	824,000	-	824,000	(216,000)
Net movement in funds		31,181	590,765	(939,972)	(318,026)	(925,479)
Reconciliation of funds:						
Total funds brought forward		31,251	1,664,281	12,109,566	13,805,098	14,730,577
Net movement in funds		31,181	590,765	(939,972)	(318,026)	(925,479)
Total funds carried forward		62,432	2,255,046	11,169,594	13,487,072	13,805,098

The Statement of financial activities includes all gains and losses recognised in the year.
The notes on pages 29 to 51 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 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	11,169,594	12,109,566
		<u>11,169,594</u>	<u>12,109,566</u>
Current assets			
Debtors	14	316,122	319,598
Cash at bank and in hand		2,139,540	2,283,703
		<u>2,455,662</u>	<u>2,603,301</u>
Creditors: amounts falling due within one year	15	(138,184)	(254,769)
Net current assets		<u>2,317,478</u>	<u>2,348,532</u>
Total assets less current liabilities		<u>13,487,072</u>	<u>14,458,098</u>
Net assets excluding pension asset / liability		<u>13,487,072</u>	<u>14,458,098</u>
Defined benefit pension scheme asset / liability	22	-	(653,000)
Total net assets		<u><u>13,487,072</u></u>	<u><u>13,805,098</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	16	11,169,594	12,109,566
Restricted income funds	16	2,255,046	2,317,281
		<u>13,424,640</u>	<u>14,426,847</u>
Restricted funds excluding pension asset	16	13,424,640	14,426,847
Pension reserve	16	-	(653,000)
Total restricted funds	16	<u>13,424,640</u>	<u>13,773,847</u>
Unrestricted income funds	16	<u>62,432</u>	<u>31,251</u>
Total funds		<u><u>13,487,072</u></u>	<u><u>13,805,098</u></u>

The financial statements on pages 26 to 51 were approved by the Trustees, and authorised for issue on 14 December 2022 and are signed on their behalf, by:

Andrew Dowsett
Chair of Trustees



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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(85,128)	570,463
Cash flows from investing activities	19	(59,035)	(164,618)
Change in cash and cash equivalents in the year		(144,163)	405,845
Cash and cash equivalents at the beginning of the year		2,283,703	1,877,858
Cash and cash equivalents at the end of the year	20, 21	<u>2,139,540</u>	<u>2,283,703</u>

The notes on pages 29 to 51 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 2022**

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 2021 to 2022 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.

• **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

1.4 Expenditure

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

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-term leasehold property	- 50 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 2022

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 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. Accounting policies (continued)

1.10 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.

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 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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.

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3. Income from donations and capital grants (continued)

	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	-	-	27,248
Grants	11,459	11,459	11,180
	<u>11,459</u>	<u>11,459</u>	<u>38,428</u>
Total 2021	<u>38,428</u>	<u>38,428</u>	

4. Funding for the Academy's charitable activities

	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Educational Operations			
DfE/ESFA grants			
General Annual Grants	3,729,912	3,729,912	3,694,984
Other DfE/ESFA grants			
Pupil Premium	202,952	202,952	209,941
Other Edf/ESFA Grants	244,491	244,491	402,729
Other Funding	-	-	11,000
	<u>4,177,355</u>	<u>4,177,355</u>	<u>4,318,654</u>
Other Government grants			
Local Authority Grants	136,998	136,998	11,922
	<u>136,998</u>	<u>136,998</u>	<u>11,922</u>
COVID-19 additional funding (DfE/ESFA)			
Catch-up Premium	30,287	30,287	32,560
Mass testing	1,424	1,424	33,210
	<u>31,711</u>	<u>31,711</u>	<u>65,770</u>
	<u>4,346,064</u>	<u>4,346,064</u>	<u>4,396,346</u>

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4. Funding for the Academy's charitable activities (continued)

	4,311,064	4,311,064	4,396,346
	<u>4,311,064</u>	<u>4,311,064</u>	<u>4,396,346</u>
Total 2021	<u>4,396,346</u>	<u>4,396,346</u>	

5. Income from other trading activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Catering	-	40,006	40,006	29,541
Letting	30,930	-	30,930	1,515
Other income	251	2,528	2,779	835
Teacher training	-	-	-	17,601
	<u>31,181</u>	<u>42,534</u>	<u>73,715</u>	<u>49,492</u>
Total 2021	<u>1,790</u>	<u>47,702</u>	<u>49,492</u>	

6. Expenditure

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £	Total 2021 £
Educational Operations:					
Direct costs	2,270,926	-	410,625	2,681,551	2,430,421
Allocated support costs	974,221	337,253	1,545,239	2,856,713	2,763,324
	<u>3,245,147</u>	<u>337,253</u>	<u>1,955,864</u>	<u>5,538,264</u>	<u>5,193,745</u>
Total 2021	<u>3,065,840</u>	<u>410,796</u>	<u>1,717,109</u>	<u>5,193,745</u>	

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7. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2022 £	Total 2022 £	Total 2021 £
Educational Operations	5,538,264	5,538,264	5,193,745
	<u>5,193,745</u>	<u>5,193,745</u>	
Total 2021	<u>5,193,745</u>	<u>5,193,745</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Educational Operations	2,681,551	2,856,713	5,538,264	5,193,745
	<u>2,430,421</u>	<u>2,763,324</u>	<u>5,193,745</u>	
Total 2021	<u>2,430,421</u>	<u>2,763,324</u>	<u>5,193,745</u>	

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8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational Operations 2022 £	Total funds 2022 £	Total funds 2021 £
Staff costs	2,213,825	2,213,825	1,964,635
Educational supplies	66,666	66,666	52,878
Educational consultancy	161,460	161,460	105,047
Exam fees	68,638	68,638	36,040
Staff development & training	21,705	21,705	21,650
Restructuring costs	-	-	30,000
Technology costs	2,365	2,365	22,922
Other direct costs	89,791	89,791	82,102
Agency supply costs	57,101	57,101	115,147
	<u>2,681,551</u>	<u>2,681,551</u>	<u>2,430,421</u>
Total 2021	<u>2,430,421</u>	<u>2,430,421</u>	

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Operations 2022 £	Total funds 2022 £	Total funds 2021 £
Pension finance costs	12,000	12,000	6,000
Staff costs	756,518	756,518	750,744
Depreciation	1,010,466	1,010,466	976,500
Recruitment and support	44,177	44,177	40,275
Technology costs	84,735	84,735	75,003
Maintenance of premises and equipment	70,985	70,985	99,657
Non-cash pension costs	159,000	159,000	119,000
Other premises costs	16,180	16,180	39,359
Energy costs	165,946	165,946	70,021
Rent and rates	75,414	75,414	74,860
Cleaning	43,728	43,728	50,865
Professional fees	53,308	53,308	76,034
Agency supply costs	58,703	58,703	86,314
Insurance	7,733	7,733	7,758
Security & transport	12,138	12,138	4,494
Other support costs	136,285	136,285	125,050
Governance costs	24,563	24,563	26,458
Catering	159,834	159,834	134,932
	<u>2,891,713</u>	<u>2,891,713</u>	<u>2,763,324</u>
Total 2021	<u>2,763,324</u>	<u>2,763,324</u>	

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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2022 £	2021 £
Depreciation of tangible fixed assets	1,010,466	946,500
Fees paid to auditors for:		
- audit	5,500	5,250
- other services	3,000	2,945
	<u> </u>	<u> </u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	2,442,979	2,224,382
Social security costs	225,952	228,123
Pension costs	301,412	262,874
	<u> </u>	<u> </u>
	2,970,343	2,715,379
Agency staff costs	57,101	115,147
Non cash pension & structuring cost	159,000	149,000
Agency support costs	58,703	86,314
	<u> </u>	<u> </u>
	3,245,147	3,065,840

Staff restructuring costs comprise:

	2022 £	2021 £
Other restructuring costs	-	30,000
	<u> </u>	<u> </u>
	-	30,000

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10. Staff (continued)

b. Staff numbers

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

	2022 No.	2021 No.
Teachers	34	33
Administration and support	32	29
Management	5	6
	<u>71</u>	<u>68</u>

c. Higher paid staff

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

	2022 No.	2021 No.
In the band £60,001 - £70,000	1	3
In the band £70,001 - £80,000	2	2
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	1	-
	<u>1</u>	<u>-</u>

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 £526,984 (2021 - £557,474).

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:

		2022 £	2021 £
Ashid Ali (Principal)	Remuneration	100,000 - 105,000	95,000 - 100,000
	Pension contributions paid	20,000 - 25,000	20,000 - 25,000

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11. Trustees' remuneration and expenses (continued)

			35,000 -
			40,000
Maruf Kabir	Remuneration	55,000 -	35,000 -
		60,000	40,000
Lauren Harvey	Remuneration		10,000 -
			15,000

During the year ended 31 August 2022, Trustees expenses incurred in total £368 (2021 - £NIL).

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 insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2022 was £7,733 (2021 - £8,568). The cost of this insurance is included in the total insurance cost.

13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2021	16,944,923	323,097	834,300	18,102,320
Additions	50,916	3,940	15,638	70,494
At 31 August 2022	16,995,839	327,037	849,938	18,172,814
Depreciation				
At 1 September 2021	5,089,847	301,602	601,305	5,992,754
Charge for the year	893,778	12,497	104,191	1,010,466
At 31 August 2022	5,983,625	314,099	705,496	7,003,220
Net book value				
At 31 August 2022	11,012,214	12,938	144,442	11,169,594
At 31 August 2021	11,855,076	21,495	232,995	12,109,566

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14. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	75,815	9,228
Other debtors	181,913	238,588
Prepayments and accrued income	58,394	71,782
	<u>316,122</u>	<u>319,598</u>

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	59,594	67,433
Other taxation and social security	66,810	85,672
Accruals and deferred income	11,780	101,664
	<u>138,184</u>	<u>254,769</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
General Funds - all funds	31,251	31,181	-	-	-	62,432
Restricted general funds						
GAG	2,317,281	3,694,912	(3,972,108)	(59,035)	-	1,981,050
Pupil Premium	-	202,952	(202,952)	-	-	-
Other ESFA funding	-	244,492	(244,492)	-	-	-
Recovery premium	-	30,287	(30,287)	-	-	-
SEN funding	-	136,998	136,998	-	-	273,996
Other income	-	42,533	(42,533)	-	-	-
DFE/ESFA Covid-19 funding	-	1,424	(1,424)	-	-	-
Pension reserve	(653,000)	-	(171,000)	-	824,000	-
	1,664,281	4,353,598	(4,527,798)	(59,035)	824,000	2,255,046
Restricted fixed asset funds						
Class II Restricted Funds - all funds	12,109,566	11,459	(1,010,466)	59,035	-	11,169,594
Total Restricted funds	13,773,847	4,365,057	(5,538,264)	-	824,000	13,424,640
Total funds	13,805,098	4,396,238	(5,538,264)	-	824,000	13,487,072

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

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16. Statement of funds (continued)

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 2022.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds (continued)

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General Funds - all funds	29,461	1,790	-	-	-	31,251
Restricted general funds						
GAG	2,130,096	3,694,984	(3,343,181)	(164,618)	-	2,317,281
Pupil Premium	-	209,941	(209,941)	-	-	-
Other ESFA funding	-	402,729	(402,729)	-	-	-
PE grants	-	47,702	(47,702)	-	-	-
SEN funding	-	11,922	(11,922)	-	-	-
Other LA funding	-	11,000	(11,000)	-	-	-
Catch up premium	-	32,560	(32,560)	-	-	-
DFE/ESFA Covid-19 funding	-	33,210	(33,210)	-	-	-
Pension reserve	(312,000)	-	(125,000)	-	(216,000)	(653,000)
	<u>1,818,096</u>	<u>4,444,048</u>	<u>(4,217,245)</u>	<u>(164,618)</u>	<u>(216,000)</u>	<u>1,664,281</u>
Restricted fixed asset funds						
Class II Restricted Funds - all funds	12,883,020	38,428	(976,500)	164,618	-	12,109,566
Total Restricted funds	<u>14,701,116</u>	<u>4,482,476</u>	<u>(5,193,745)</u>	<u>-</u>	<u>(216,000)</u>	<u>13,773,847</u>
Total funds	<u><u>14,730,577</u></u>	<u><u>4,484,266</u></u>	<u><u>(5,193,745)</u></u>	<u><u>-</u></u>	<u><u>(216,000)</u></u>	<u><u>13,805,098</u></u>

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17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	11,169,594	11,169,594
Current assets	62,432	2,393,230	-	2,455,662
Creditors due within one year	-	(138,184)	-	(138,184)
Total	62,432	2,255,046	11,169,594	13,487,072

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	12,109,566	12,109,566
Current assets	31,251	2,572,050	-	2,603,301
Creditors due within one year	-	(254,769)	-	(254,769)
Provisions for liabilities and charges	-	(653,000)	-	(653,000)
Total	31,251	1,664,281	12,109,566	13,805,098

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

	2022 £	2021 £
Net expenditure for the year (as per Statement of financial activities)	(1,142,026)	(709,479)
Adjustments for:		
Depreciation	1,010,466	976,500
Capital grants from DfE and other capital income	(11,459)	(38,428)
Defined benefit pension scheme cost less contributions payable	159,000	119,000
Defined benefit pension scheme finance cost	12,000	6,000
Decrease in debtors	3,476	111,053
(Decrease)/increase in creditors	(116,585)	105,817
Net cash (used in)/provided by operating activities	(85,128)	570,463

19. Cash flows from investing activities

	2022 £	2021 £
Purchase of tangible fixed assets	(70,494)	(203,046)
Capital grants from DfE Group	11,459	38,428
Net cash used in investing activities	(59,035)	(164,618)

20. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand and at bank	2,139,540	2,283,703
Total cash and cash equivalents	2,139,540	2,283,703

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of changes in net debt

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	2,283,703	(144,163)	2,139,540
	<u>2,283,703</u>	<u>(144,163)</u>	<u>2,139,540</u>

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 2019.

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.

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22. Pension commitments (continued)

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.

The employer's pension costs paid to TPS in the year amounted to £238,829 - (2021 - £194,598).

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 2022 was £83,000 (2021 - £91,000), of which employer's contributions totalled £63,000 (2021: £63,000) and employees' contributions totalled £ 20,000 (2021 - £23,000). 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.

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22. Pension commitments (continued)

Principal actuarial assumptions

London Borough of Tower Hamlets Pension Fund

	2022 %	2021 %
Rate of increase in salaries	3.25	3.1
Rate of increase for pensions in payment/inflation	3.05	2.9
Discount rate for scheme liabilities	4.25	1.65

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

	2022 Years	2021 Years
Retiring today		
Males	21.5	21.7
Females	23.7	23.9
Retiring in 20 years		
Males	22.7	23.0
Females	25.5	25.7

Sensitivity analysis

Share of scheme assets

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

	At 31 August 2022 £	At 31 August 2021 £
Equities	586,500	520,000
Corporate bonds	27,600	71,000
Property	69,000	52,000
Cash and other liquid assets	6,900	6,500
Total market value of assets	690,000	649,500

The actual return on scheme assets was £(43,000) (2021 - £80,000).

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22. Pension commitments (continued)

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

	2022 £	2021 £
Current service cost	(222,000)	(187,000)
Interest income	11,000	9,000
Interest cost	(23,000)	(15,000)
Total amount recognised in the Statement of financial activities	(234,000)	(193,000)

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

	2022 £	2021 £
At 1 September	1,303,000	791,000
Current service cost	222,000	187,000
Interest cost	23,000	15,000
Employee contributions	20,000	23,000
Actuarial (gains)/losses	(878,000)	287,000
At 31 August	690,000	1,303,000

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

	2022 £	2021 £
At 1 September	650,000	479,000
Interest income	11,000	9,000
Actuarial (losses)/gains	(54,000)	71,000
Employer contributions	63,000	68,000
Employee contributions	20,000	23,000
At 31 August	690,000	650,000

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 £NIL for the debts and liabilities contracted before he/she ceases to be a member.

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

NOTES TO THE FINANCIAL STATEMENTS
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24. 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 Academy Trust 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.