

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

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THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

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

Members	Mr J B Cheyne Dr K S Comley Mr J L Kemp
Trustees	Mr J B Cheyne Ms H A Choudhury Dr K S Comley, Chair Ms K Cusack Mr J S Dhoot (appointed 25 April 2018) Mr J H S Grant (appointed 25 April 2018) Ms C I Hinojosa Mr J L Kemp Mr C Thomas (resigned 12 July 2018) Ms L Mills Mr G Nelson, Head Teacher (appointed 30 October 2017) Ms M Shah (appointed 25 April 2018)
Company registered number	07412515
Company name	The Wapping and Shadwell Secondary Education Trust
Registered and principal office	153-157 Commercial Road London E1 2DA
Accounting Officer	Mr G Nelson
Senior Leadership Team	Mr G Nelson, Head Teacher Ms N Sorba, Senior Assistant Head Teacher Mr W Overill, Assistant Head Teacher Mr J Palmer, Assistant Head Teacher Mr T Raw, Assistant Head Teacher Ms S Sanders, Assistant Head Teacher Mr T Dean, Assistant Head Teacher
Independent Auditors	Price Bailey LLP Chartered Accountants Dashwood House 69 Old Broad Street London EC2M 1QS
Bankers	Lloyds Bank plc 39 Threadneedle Street London EC2R 8AU

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (Governors) present their Annual Report together with the financial statements and Auditor's Report of The Wapping and Shadwell Secondary Education Trust (WSSET, The Trust, the Academy or the Charitable Company) for the year ended 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

WSSET is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable.

Governance

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details section on page 1.

Member's 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.

Governors and Officers' Indemnities

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and Officers indemnity element from the overall cost of the RPA scheme.

Principal Activity

The principal activity of the Charitable Company is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. This activity is achieved by the running of Wapping High School (the School). The School is an 11-16 secondary school with a priority admissions area of Wapping and Shadwell, Tower Hamlets. In the academic year 2017/18 there were 245 children on roll in Year 7 to Year 11. It is envisaged that, in time, this will increase to 420 children across 5 years.

Method of recruitment and appointment or election of Governors

The Members of the Trust are responsible for the appointment of Governors including staff Governors, except three co-opted Governors and two parent Governors. In the event that these positions are not filled, the Members are able to appoint to these positions. Except for the Head Teacher, Governors are subject to retirement after 4 years of service but are eligible for re-appointment or re-election at the meeting at which they retire.

Induction and training of Governors

All Governors are given the opportunity to attend training sessions. Each year the Governing body are offered updates on relevant issues and changes in legislation etc. The topics covered are regularly reviewed to ensure that Governors are kept up to date as far as possible. All Governors are provided with access to policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. On appointment, Governors receive information relating to the Trust and the responsibilities of Governors. An annual skills audit is undertaken to ensure that Governors experience and expertise is taken into account and used to best effect. Governors regularly have the opportunity to meet staff and pupils and visits to the school to improve their understanding and to offer guidance and support.

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

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

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Governing Body, which meets on at least 4 occasions per year, is responsible for the strategic direction of the Academy. The Governing Body reviews progress towards educational objectives and results. They also approve major expenditure requests, set the budget for the following year, and set the organisational staffing structure, agree the performance objectives of the Head Teacher and reviews them.

All Governors are members of the Governing Body. In addition, Governors are members of at least one of the two subcommittees and working parties, the terms of reference for which are reviewed annually, and which report to the Governing Body.

- Finance and Resources Committee – meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports and drafting the annual budget including setting staffing levels. The Committee also considers matters relating to health and safety, premises, and related issues.
- Learning Committee – meets five times a year to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral matters.

The Head Teacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. The Head Teacher has delegated responsibility for low values of expenditure to specific budget holders who are each responsible for managing their own departments within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

The Head Teacher manages the Academy on a daily basis supported by a Leadership Team. The Leadership Team meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Head Teacher and the Governing Body as required for approval. Each member of the Leadership Team has specific responsibilities to assist the Head Teacher to manage certain aspects of the Academy.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the Academy group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the pay committee and ratified by the Governing Body.

Risk Management

The risks facing the School are regularly reviewed by the Finance and Resources Committee, which has developed a standard risk register tailored to the School's specific circumstances.

Connected Organisations and Related Parties

Owing to the nature of the Academy's operations, its current stage of development and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The School continues to develop strong links with local Primary Schools, which will lead to smooth transition from primary to secondary education for the majority of students and in turn this will contribute to the community ethos upheld by the school and underpinned by its Admissions Policy.

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

The School has a vision of excellence which:

- empowers and inspires students to take responsibility for their own learning;
- celebrates and invests in the individual; and
- embraces and innovates with technologies to inspire and improve.

Our aims and objectives are:

- The number of students achieving a level 4+ in English and Maths exceed 65%.
- The number of students achieving a level 5+ in English and Maths exceed 40%.
- The overall performance should be no less than Progress 8 = 0.
- Each child receives an inspirational and highly personalised curriculum which teaches them to self direct their learning and is underpinned by innovative technologies.
- The environment and demographic of the School is reflective of the vision statement.
- Students leave the School prepared for life in the 21st century as confident, compassionate and global citizens.
- All students excel and achieve all the qualifications for a sound economic future in a multicultural & digital world.
- Students are self-disciplined, enthusiastic, confident and engaged which is reflected by higher than average levels of attendance and the School is oversubscribed.
- There is high participation from students, staff and parents throughout the extended day with positive feedback.
- No student is excluded.
- The School uses its unique geographical position to foster deep and ongoing links between The City, banking sector, media, other schools and universities.
- The School community works in partnership with the local community to develop the school as a local school of choice.
- The School is a pioneer in the use of innovative technology for every aspect of the School, from student management, through educational delivery, to School administration.
- The School consistently attracts, retains and nurtures high-quality staff.

During the year the School has worked towards achieving these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- recruiting highly competent teachers ranging from NQTs to specialist subject leaders;
- improving the effectiveness of the Academy by keeping the curriculum and organisational structures under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements;
- conducting the Academy's business in accordance with the highest standards of integrity; and
- all members of staff working hard together to achieve the aspirational School Development Plan.

Wapping High School is an ambitious community-driven School that brings an inspiring and engaging education to students in East London. Located in an area of significant diversity and challenge, the School aims to deliver better outcomes and broader horizons to young people. The School focuses on personalised learning, tailored to the abilities of every student. The core curriculum sits alongside a diverse enrichment programme, which motivates students and draws out hidden talents.

Equal opportunities policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Public Benefit

The Governors believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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

STRATEGIC REPORT

Achievements and performance

The year represented the School's sixth year of operation. Following the appointment of the new Head Teacher, the staffing structure was reviewed and less emphasis through restructure has been placed on behaviour management and more on the quality of learning. Senior leaders have been split into focus teams e.g. Learning and Curriculum to more effectively hold each other to account. An improved and tighter focus on learning and learner achievement will strengthen the School's effectiveness in raising aspirations, broadening horizons and securing better outcomes for students.

In addition, the support staff team were enhanced by the introduction of new roles aimed at strengthening existing functions and building appropriate areas of business expertise.

In this academic year we have achieved the following:

- A new Head Teacher, Gary Nelson, was permanently appointed to the School in October 2017.
- The School secured Ofsted Good in its formal Section 5 inspection in June 2018.
- New GCSE specifications are now embedded across the full range of the curriculum.
- There were some excellent GCSE examination performance was achieved particularly in English in which GCSE performance was the best in Tower Hamlets.
- All leavers went onto meaningful career or extended learning opportunities i.e. 0% NEETs.
- Local and national supportive partnerships were strengthened to support the whole School's progress.
- The new rigorous and challenging School Development Plan has had immediate effect since its introduction in July 2017.

There have been numerous trips and visits and the School having had its first residential overseas trip to France in Spring 2018.

All subject departments have been encouraged to provide an external visit opportunity for all students to provide a more contextualised approach to learning.

Since the current Head Teacher and Accounting Officer was permanently appointed in October 2017, the School has made significant steps forward under the new leadership and the new Ofsted grade Good achieved in June 2018 is a significantly positive step forward for the School.

The School continues to deliver an enhanced and ever improving curriculum focused on developing learners independent learning skill with a tone of discovery through curiosity.

Science, Technology, Engineering, Arts and Maths (STEAM) learning accessed through digital access techniques continues to form a core of all learning at the School particularly at Key Stage 3. An underlying emphasis on STEAM, having digital technology skill and understanding and developing learners with enhanced inter and intra personal confidence is a distinct identity of the School.

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the 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

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2018 the Trust received £3,076,957 of GAG and other income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £2,899,832 on general running costs (excluding capital and depreciation). The Academy brought forward from 16/17 NIL restricted funds (excluding pension reserve) and £25,773 unrestricted funds. The carry forward for 17/18 is £239,197 restricted funding (excluding pension reserve) and NIL unrestricted funds.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £64,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves policy

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

The Governors are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Governors have targeted a 1.0% budget surplus each year to build up a contingency fund to meet unexpected expenditure.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £189,701. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure.

Investment policy

At present the Trust has insufficient funds to warrant a formal investment policy.

Principal risks and uncertainties

The Governors assess the principal risks and uncertainties facing the Trust as follows:

- Financial – in part because of the still-new nature of the School, the Ofsted history and the lack of external examination results until August 2017, the School remains undersubscribed. This means that ongoing fixed costs remain high and challenging as a proportion of overall costs. The Governors and the School must therefore manage and control all expenditure with a view to the medium term impact, balancing the need to invest with the need for flexibility.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.
- Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.
- Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds - The Governors carried out a significant review of financial procedures that were in place during the accounting year and have appointed an Internal Auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook for future years.

Fundraising

The Academy Trust only held small fundraising events during the year including: non-uniform days, film nights, fetes, cake sales and discos. The Academy Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year, no complaints or issues have arisen as a result of the fundraising events.

Plans for Future Periods

Wapping High School continues to strive to improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether into further and higher education or employment.

The curriculum, the quality of teaching and learning and informed interventions are kept constantly under close review to help every child achieve their full potential.

The Academy retains its belief that developing the whole child is critical to improving levels of achievement and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their overall quality of life through a love of learning and research. To this extent, the Academy strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of enrichment activities which form part of the core curriculum. The Academy will continue to raise standards for all students and the school improvement foci and strategies remain targeted on ensuring that all students are supported to make progress towards their aspirational targets.

Historically, project based learning approach currently underpinning the teaching of humanities in Year 7 and Year 8 (REAL learning) was extended into 2017/2018 into Year 7 into the teaching of Science, Technology, Engineering/Design, The Arts and Mathematics (STEAM) and continues to be developed.

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

The Key Stage 3 curriculum working group is focused on ensuring that REAL and STEAM priorities and foci become a mainstay of the learning experience at Wapping High School. The roll-out of leased individual Chromebooks for Year 7 students will continue with the vision that all students at the School enhance their learning using digital technologies. Year groups 7, 8 and 9 have all had the opportunity to purchase a Chromebook as the Chromebook rollout programme has been running for 3 years. Additional Chromebooks, and higher powered Chromebooks for specialist subject use, are held on site for students to sign out to further support their learning.

Funds Held as Custodian Trustee on Behalf of Others

No funds held.

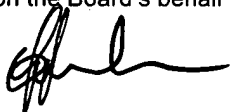
Auditor

Insofar as the Governors are aware:

- there is no relevant audit information of which the Charitable Company's Auditors are unaware, and the Governors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the relevant meeting.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 13/12/18 and signed on the Board's behalf by:



Dr K S Comley
Chair of Trustees

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that The Wapping and Shadwell Secondary Education Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors has delegated the day-to-day responsibility to the Head Teacher, 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 The Wapping and Shadwell Secondary Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Governors has formally met 4 times during the year. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr J B Cheyne	2	4
Ms H A Choudhury	0	4
Dr K S Comley, Chair	4	4
Ms K Cusack	3	4
Ms C I Hinojosa	4	4
Mr J L Kemp	4	4
Mr C Thomas	3	4
Ms L Mills	4	4
Mr G Nelson, Head Teacher	4	4

Mr J S Dhoot, Mr J H S Grant and Ms M Shah attended meetings as observers to see if they were suitable for Wapping High School but did not formally act as Trustees in the year.

The oversight and review by the Board remains similar to previous years, relying in the main on Head Teacher Reports and specific reports by the Chairs of its sub committees (following meetings of those sub committees), challenging those reports as and where necessary and seeking further information and clarification to enable it to discharge its duties in a satisfactory manner. Documents produced for meetings of the sub committees are made available to all Trustees to facilitate direct interrogation by individual Trustees should they so wish.

The Board is satisfied that this process is sufficiently robust for it to conclude that it has properly fulfilled its Governance duties.

The Finance and Resources Committee is a sub committee of the main Board of Trustees. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr J B Cheyne	3	3
Mr G Nelson	3	3
Mr C Thomas	3	3
Ms I Hinojosa	3	3
Mr J Kemp	3	3

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer has delivered improved value for money during the year by:

- During the financial year Wapping High School carried out a review of its catering contract and held discussions with the catering company which has resulted in significant improvements in the quality of food and service being served in the School.
- Wapping High School has recently reviewed its utilities bills and claimed a refund in excess of £35,000 from its utility providers. The School will have also have reduced utility bills going forward due to it not being required to pay a climate charge levy.
- During the year Wapping High School has held discussions with its Lettings Management company (Schools Plus) with a view to increasing the amount of income earned by letting out the School buildings in the evenings and at weekends.
- Following this meeting Schools Plus have significantly improved their performance and Wapping High expects to earn in the region of £30,000+ in 2018/19. The equivalent figure for 2017/18 was less than £5,000 and most of that was earned following our meeting.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Wapping and Shadwell Secondary Education Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Governors has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Governors.

THE RISK AND CONTROL FRAMEWORK

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided to appoint Price Bailey LLP as Internal Auditor.

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GOVERNANCE STATEMENT (continued)

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- Risk Management
- Asset Management
- Cash handling, Banking
- Payroll

On a semi-annual basis, the Internal Auditor reports to the Board of Governors through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

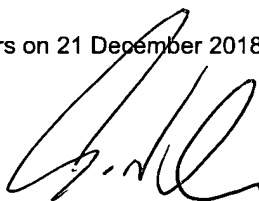
- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Governors on 21 December 2018 and signed on their behalf, by:



Dr K S Comley
Chair of Trustees



Mr G Nelson
Accounting Officer

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

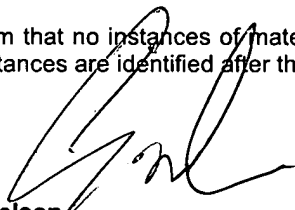
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Wapping and Shadwell Secondary Education Trust I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2017.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



Mr G Nelson
Accounting Officer

Date: 21 December 2018

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

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

The Trustees (who act as Governors of Wapping High School and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

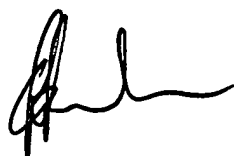
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 the Board of Trustees on 21 December 2018 and signed on its behalf by:



Dr K S Comley
Chair of Trustees

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

OPINION

We have audited the financial statements of The Wapping and Shadwell Secondary Education Trust (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report. .

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company 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.

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Dashwood House
69 Old Broad Street
London
EC2M 1QS
21 December 2018

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 December 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Wapping and Shadwell Secondary Education Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of The Wapping and Shadwell Secondary Education Trust's funding agreement with the Secretary of State for Education dated 6 July 2012, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers' statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Academy, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
WAPPING AND SHADWELL SECONDARY EDUCATION TRUST AND THE EDUCATION & SKILLS
FUNDING AGENCY (continued)**

CONCLUSION

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

Reporting Accountant

Price Bailey LLP

Chartered Accountants

21 December 2018

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	5,900	17,704	2,266	25,870	13,293
Charitable activities	3	78,767	2,953,119	-	3,031,886	2,860,246
Other trading activities	4	19,107	-	-	19,107	9,519
Investments	5	94	-	-	94	201
TOTAL INCOME		103,868	2,970,823	2,266	3,076,957	2,883,259
EXPENDITURE ON:						
Charitable activities		129,641	2,770,191	388,186	3,288,018	3,366,595
TOTAL EXPENDITURE	6	129,641	2,770,191	388,186	3,288,018	3,366,595
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(25,773)	200,632	(385,920)	(211,061)	(483,336)
Transfers between funds	15	-	(12,435)	12,435	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(25,773)	188,197	(373,485)	(211,061)	(483,336)
Actuarial gains on defined benefit pension schemes	20	-	31,000	-	31,000	19,000
NET MOVEMENT IN FUNDS		(25,773)	219,197	(373,485)	(180,061)	(464,336)
RECONCILIATION OF FUNDS:						
Total funds brought forward		25,773	(44,000)	4,547,401	4,529,174	4,993,510
TOTAL FUNDS CARRIED FORWARD		-	175,197	4,173,916	4,349,113	4,529,174

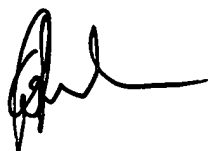
THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

**(A Company Limited by Guarantee)
REGISTERED NUMBER: 07412515**

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		4,173,916		4,547,401
CURRENT ASSETS					
Debtors	13	203,449		221,021	
Cash at bank and in hand		189,701		319,626	
		<u>393,150</u>		<u>540,647</u>	
CREDITORS: amounts falling due within one year	14	(153,953)		(514,874)	
NET CURRENT ASSETS			239,197		25,773
TOTAL ASSETS LESS CURRENT LIABILITIES			4,413,113		4,573,174
Defined benefit pension scheme liability	20		(64,000)		(44,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>4,349,113</u>		<u>4,529,174</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	239,197		-	
Restricted fixed asset funds	15	4,173,916		4,547,401	
		<u></u>		<u></u>	
Restricted income funds excluding pension liability		4,413,113		4,547,401	
Pension reserve		(64,000)		(44,000)	
		<u></u>		<u></u>	
Total restricted income funds			4,349,113		4,503,401
Unrestricted income funds	15		-		25,773
TOTAL FUNDS			<u>4,349,113</u>		<u>4,529,174</u>

The financial statements on pages 18 to 37 were approved by the Trustees, and authorised for issue, on 21 December 2018 and are signed on their behalf, by:



Dr K S Comley
Chair of Trustees

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
Net cash inflow from operating activities			
Net cash (used in)/provided by operating activities	17	(115,318)	9,453
Returns on investments and servicing of finance			
Interest received		94	201
Capital expenditure - purchase of tangible fixed assets		(14,701)	(16,496)
Net cash used in investing activities		(14,607)	(16,295)
Change in cash and cash equivalents in the year		(129,925)	(6,842)
Cash and cash equivalents brought forward		319,626	326,468
Cash and cash equivalents carried forward		189,701	319,626

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The Wapping and Shadwell Secondary Education Trust constitutes a public benefit entity as defined by FRS 102.

The Academy's functional and presentational currency is Pounds Sterling.

1.2 Company status

The Academy is a company limited by guarantee. The Members are named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member. The Academy's registered office is The Wapping and Shadwell Secondary Education Trust, 153-157 Commercial Road, London, E1 2DA.

1.3 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

1.4 Income

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

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

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

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

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

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

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.6 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.

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold improvements	-	Over the lease term of 20 years
Furniture and fixtures	-	20% and 10% straight line
Computer equipment	-	25% straight line
Assets under construction	-	20% straight line

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

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

1.10 Debtors

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

1.11 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.

1.12 Liabilities and provisions

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

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement as already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	5,900	17,704	-	23,604	5,530
Capital grants	-	-	2,266	2,266	7,763
	<u>5,900</u>	<u>17,704</u>	<u>2,266</u>	<u>25,870</u>	<u>13,293</u>
Total 2017	<u>370</u>	<u>5,160</u>	<u>7,763</u>	<u>13,293</u>	

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,526,508	2,526,508	2,447,623
Other DfE / ESFA grants	-	364,505	364,505	209,450
Local authority grants	-	62,106	62,106	152,296
Catering income	78,767	-	78,767	50,877
	<u>78,767</u>	<u>2,953,119</u>	<u>3,031,886</u>	<u>2,860,246</u>
Total 2017	<u>50,877</u>	<u>2,809,369</u>	<u>2,860,246</u>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Other activities	19,107	19,107	9,519
	<u>19,107</u>	<u>19,107</u>	<u>9,519</u>
Total 2017	<u>9,519</u>	<u>9,519</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	94	94	201
	<u>94</u>	<u>94</u>	<u>201</u>
Total 2017	<u>201</u>	<u>201</u>	

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

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

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Provision of education:					
Direct costs	1,330,554	-	188,565	1,519,119	1,640,675
Support costs	338,751	989,326	440,822	1,768,899	1,725,920
	<u>1,669,305</u>	<u>989,326</u>	<u>629,387</u>	<u>3,288,018</u>	<u>3,366,595</u>
Total 2017	<u>1,755,042</u>	<u>1,055,624</u>	<u>555,929</u>	<u>3,366,595</u>	

In 2017, of total expenditure, £48,270 was to unrestricted funds, £2,857,529 was to restricted funds and £460,796 was to restricted fixed asset funds.

7. CHARITABLE ACTIVITIES

	2018 £	2017 £
Direct costs - educational operations	1,519,119	1,640,675
Support costs - educational operations	1,768,899	1,725,920
	<u>3,288,018</u>	<u>3,366,595</u>
Total	<u>3,288,018</u>	<u>3,366,595</u>

Analysis of support costs

	2018 £	2017 £
Support staff costs	338,751	275,654
Depreciation	388,186	460,796
Technology costs	39,351	23,810
Premises costs	601,140	594,828
Other support costs	341,166	314,646
Governance costs	60,305	56,186
	<u>1,768,899</u>	<u>1,725,920</u>
Total	<u>1,768,899</u>	<u>1,725,920</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2014 £
Depreciation of tangible fixed assets:		
- owned or leased by the Academy	388,186	460,796
Auditors' remuneration - audit	8,500	8,250
Auditors' remuneration - other services	4,435	4,300
Operating lease rentals	408,372	396,000
Legal and professional	-	20,110
	<u>809,493</u>	<u>889,456</u>

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,292,905	1,332,787
Social security costs	137,033	134,722
Pension costs	239,367	239,751
	<hr/>	<hr/>
	1,669,305	1,707,260
Agency staff costs	-	47,782
	<hr/>	<hr/>
	1,669,305	1,755,042
	<hr/>	<hr/>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	24	24
Administration and support	15	16
	<hr/>	<hr/>
	39	40
	<hr/>	<hr/>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	23	23
Administration and support	11	16
	<hr/>	<hr/>
	34	39
	<hr/>	<hr/>

c. Higher paid staff

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

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

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 pension contributions for these members of staff amounted to £22,542 (2017 - £23,928).

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the Senior Assistant Head Teacher as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £181,317 (2017: £169,213).

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

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018 £	2017 £
Mrs K Rowsell	Remuneration		70,000-75,000
	Pension contributions paid		10,000-15,000
Mr G Nelson	Remuneration	85,000-90,000	
	Pension contributions paid	10,000-15,000	

During the year ended 31 August 2018, G Nelson received £14 (2017 - £NIL) reimbursement of expenses. No other Trustees received any reimbursement of expenses (2017 - £NIL).

11. TRUSTEES' AND OFFICERS' INSURANCE

The Academy has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme.

12. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Furniture and fixtures £	Plant and equipment £	Total £
Cost				
At 1 September 2017	5,462,066	448,335	435,612	6,346,013
Additions	-	-	14,701	14,701
At 31 August 2018	5,462,066	448,335	450,313	6,360,714
Depreciation				
At 1 September 2017	1,091,737	325,448	381,427	1,798,612
Charge for the year	273,146	84,240	30,800	388,186
At 31 August 2018	1,364,883	409,688	412,227	2,186,798
Net book value				
At 31 August 2018	4,097,183	38,647	38,086	4,173,916
At 31 August 2017	4,370,329	122,887	54,185	4,547,401

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FOR THE YEAR ENDED 31 AUGUST 2018**

13. DEBTORS

	2018	2017
	£	£
VAT recoverable	76,030	8,186
Other debtors	39,515	1,367
Prepayments and accrued income	87,904	211,468
	<u>203,449</u>	<u>221,021</u>

14. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	42,160	38,920
Other taxation and social security	39,989	44,359
Other creditors	26,208	403,956
Accruals and deferred income	45,596	27,639
	<u>153,953</u>	<u>514,874</u>

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

15. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	25,773	103,868	(129,641)	-	-	-
Restricted funds						
General Annual Grant (GAG)	-	2,130,508	(1,878,876)	(12,435)	-	239,197
Other DFE/EFA Grants	-	62,106	(62,106)	-	-	-
Other Government grants	-	219,526	(219,526)	-	-	-
EAG (Free School Rent)	-	396,000	(396,000)	-	-	-
Pupil Premium	-	144,979	(144,979)	-	-	-
Restricted trip donations	-	17,704	(17,704)	-	-	-
Pension reserve	(44,000)	-	(51,000)	-	31,000	(64,000)
	(44,000)	2,970,823	(2,770,191)	(12,435)	31,000	175,197
Restricted fixed asset funds						
Restricted fixed assets	4,547,401	-	(388,186)	14,701	-	4,173,916
Devolved Formula Capital (DFC)	-	2,266	-	(2,266)	-	-
	4,547,401	2,266	(388,186)	12,435	-	4,173,916
Total restricted funds	4,503,401	2,973,089	(3,158,377)	-	31,000	4,349,113
Total of funds	4,529,174	3,076,957	(3,288,018)	-	31,000	4,349,113

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

15. STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Pupil Premium

This funding is to be used to raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Educational Trips

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the trips.

EAG (Free School Rent)

This is an ear-marked grant from the ESFA to cover the costs of renting the premises used by the Academy.

Other DfE/ESFA grants

This represents funding received from the DfE/ESFA that is restricted in nature.

Other Government grants

This relates to funding for the Summer School, rates and insurance income.

Restricted fixed assets

Restricted fixed assets funds are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a specific purpose.

Devolved Formula Capital (DFC)

This represents funding received from the ESFA specifically for the maintenance and improvement of the Academy's buildings and facilities.

Transfers

This transfer represents the amount of capital expenditure that was made from general funds as there was no specific capital or other grant available.

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

15. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds	21,808	60,967	(48,270)	(8,733)	-	25,772
Restricted funds						
General Annual Grant (GAG)	-	2,068,685	(2,068,685)	-	-	-
Pupil Premium	-	151,162	(151,162)	-	-	-
Educational trips	-	3,538	(3,538)	-	-	-
EAG (Free school rent)	-	396,000	(396,000)	-	-	-
Local Authority grants	-	152,296	(152,296)	-	-	-
Other Government grants	-	42,848	(42,848)	-	-	-
Pension reserve	(20,000)	-	(43,000)	-	19,000	(44,000)
	<u>(20,000)</u>	<u>2,814,529</u>	<u>(2,857,529)</u>	<u>-</u>	<u>19,000</u>	<u>(44,000)</u>
Restricted fixed asset funds						
Restricted fixed assets	4,991,701	7,763	(460,796)	8,733	-	4,547,401
Total restricted funds	<u>4,971,701</u>	<u>2,822,292</u>	<u>(3,318,325)</u>	<u>8,733</u>	<u>19,000</u>	<u>4,503,401</u>
Total of funds	<u><u>4,993,509</u></u>	<u><u>2,883,259</u></u>	<u><u>(3,366,595)</u></u>	<u><u>-</u></u>	<u><u>19,000</u></u>	<u><u>4,529,173</u></u>

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

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

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	4,173,916	4,173,916
Current assets	28,166	364,984	-	393,150
Creditors due within one year	-	(153,953)	-	(153,953)
Provisions for liabilities and charges	-	(64,000)	-	(64,000)
	<u>-</u>	<u>175,197</u>	<u>4,173,916</u>	<u>4,349,113</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	4,547,401	4,547,401
Current assets	-	540,646	-	540,646
Creditors due within one year	25,772	(540,646)	-	(514,874)
Provisions for liabilities and charges	-	(44,000)	-	(44,000)
	<u>25,772</u>	<u>(44,000)</u>	<u>4,547,401</u>	<u>4,529,174</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(211,061)	(483,336)
Adjustment for:		
Depreciation charges	388,186	460,796
Dividends, interest and rents from investments	(94)	(201)
Decrease in debtors	17,572	45,594
Decrease in creditors	(360,921)	(56,400)
Pension adjustments	51,000	43,000
Net cash (used in)/provided by operating activities	<u>(115,318)</u>	<u>9,453</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	189,701	319,626
Total	<u>189,701</u>	<u>319,626</u>

19. MEMBERS' LIABILITY

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

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

20. PENSION COMMITMENTS

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

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

Contributions amounting to £25,475 were payable to the schemes at 31 August 2018 (2017 - £29,610) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge;
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £243,502 (2017 - £160,359).

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

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.

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

20. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £64,000 (2017 - £51,000), of which employer's contributions totalled £31,000 (2017 - £39,000) and employees' contributions totalled £12,000 (2017 - £12,000). The agreed contribution rates for future years are 20.6% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

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

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

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

As at the 31 August 2018 the Trust had a pension liability of £64,000 (2017 - £44,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way:

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	(7,000)	(4,000)
Discount rate -0.1%	7,000	4,000
Mortality assumption -1 year increase	4,000	2,000
Mortality assumption -1 year decrease	(4,000)	(2,000)
CPI rate +0.1%	7,000	4,000
CPI rate -0.1%	(7,000)	(4,000)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	97,000	59,000
Corporate bonds	23,000	14,000
Property	14,000	8,000
Cash and other liquid assets	1,000	4,000
Total market value of assets	135,000	85,000

The actual return on scheme assets was £7,000 (2017 - £9,000).

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

20. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £	2017 £
Current service cost	(81,000)	(81,000)
Interest income	(1,000)	(1,000)
Total	(82,000)	(82,000)
Actual return on scheme assets	7,000	9,000

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

	2018 £	2017 £
Opening defined benefit obligation	129,000	45,000
Current service cost	81,000	81,000
Interest cost	4,000	2,000
Employee contributions	12,000	12,000
Actuarial gains	(27,000)	(11,000)
Closing defined benefit obligation	199,000	129,000

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

	2018 £	2017 £
Opening fair value of scheme assets	85,000	25,000
Interest income	3,000	1,000
Actuarial losses	4,000	8,000
Employer contributions	31,000	39,000
Employee contributions	12,000	12,000
Closing fair value of scheme assets	135,000	85,000

21. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	444,881	408,372
Between 1 and 5 years	1,787,706	1,787,087
After more than 5 years	5,436,492	5,436,492
Total	7,669,079	7,631,951

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GOVERNANCE STATEMENT (continued)

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- Risk Management
- Asset Management
- Cash handling, Banking
- Payroll

On a semi-annual basis, the Internal Auditor reports to the Board of Governors through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

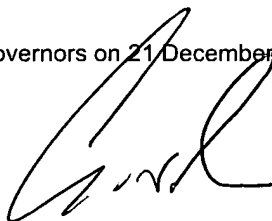
- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Governors on 21 December 2018 and signed on their behalf, by:



Dr K S Comley
Chair of Trustees



Mr G Nelson
Accounting Officer