

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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 2017**

Members	Mr J B Cheyne Dr K S Comley Ms M Bakht Mr J L Kemp Mr L May (appointed 31 July 2017)
Trustees	Mrs K Rowsell, Head Teacher (resigned 31 August 2017) Mr J B Cheyne Dr K S Comley, Chair Ms C I Hinojosa Mrs S Parker (resigned 31 March 2017) Mr C Thomas Mr L May (resigned 7 July 2017) Ms L Mills Mr G Nelson, Head Teacher (appointed 30 October 2017)
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	Mrs K Rowsell Ms N Sorba Mr G Nelson
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

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their Annual Report together with the financial statements and Auditor's Report of The Wapping and Shadwell Secondary Education Trust (The Trust, the Academy or the Charitable Company) for the year ended 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Wapping and Shadwell Secondary Education Trust (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 of the Academy Trust. 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.

Trustees 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 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.

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 2016/17 there were 249 children on roll in Year 7 to Year 11. It is envisaged that, in time, this will increase to 420 children across 5 years. There are currently 248 students on role in December 2017.

Method of recruitment and appointment or election of Trustees

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 Headteacher, 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.

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.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

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 Headteacher and reviews them.

All Governors are members of the Full Governing Body. In addition Governors are members of at least one of the two sub-committees and working parties, the terms of reference for which are reviewed annually, and which report to the Full 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 twice a term 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 Headteacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher 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 Headteacher 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 Headteacher and the Governing Body as required for approval. Each member of the Leadership Team has specific responsibilities to assist the Headteacher to manage certain aspects of the Academy.

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.

Wapping High 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.

OBJECTIVES AND ACTIVITIES

Objects and Aims

Wapping High 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 75%.
- The number of students achieving a level 4+ in the English Baccalaureate exceed the national average.
- On leaving the School all students continue their education and no students become classified as "Not in education, employment or training"
- The demographic of students at the School reflect the demographics of Wapping and Shadwell.
- Students' enjoyment of School is reflected by higher than average levels of attendance.
- The School is oversubscribed.
- No student is excluded.
- The School consistently attracts and retains high-quality teachers.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

- Every lesson is judged to be good or better.
- The School is judged to be outstanding by Ofsted.
- Feedback in annual questionnaires from students, parents and other stakeholders is positive.
- Bullying, racism or other forms of harassment, intimidation or violence will never be tolerated and will always be dealt with immediately.
- The School is invited, and partakes, in events in the local and wider community.
- The School delivers its aims and objectives sustainably and within budget.
- All School employees follow a challenging and supportive performance management process and access professional development and training.

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 Trustees 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 Trustees 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.

STRATEGIC REPORT

Achievements and performance

The year represented the School's fifth year of operation. As the School admitted another year group for the year ending 31 August 2017 (and will do so again for the following academic year), the staffing structure was reviewed and, in addition to the directors of core subjects and extended senior leadership team introduced in the previous year, the School appointed two senior pastoral leaders and a new middle leadership team. This has brought additional subject expertise and extra leadership experience thus adding further capacity to deliver the School's vision of 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 year we have achieved the following:

- A new Headteacher, Gary Nelson, was appointed to the School.
- The successful establishment of new GCSE specifications across the full range of the curriculum.
- Excellent GCSE examination performance was achieved particularly in English and Mathematics in which GCSE performance was the best in Tower Hamlets.
- All leavers went onto meaningful career or extended learning opportunities i.e. 100% NEETs.
- Local and national supportive partnerships were strengthened to support the whole School's progress.
- A new rigorous and challenging School Development Plan had immediate effect on its introduction in July 2017.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

The programme of educational visits was extended to include the School's first overseas trip to the battlefields of the Somme, and, by invitation, to Oxford University. Students in year 9 were invited to a residential event at Cambridge University. The School was also accepted into a partnership with the Tate Gallery.

There have since been numerous trips and visits and the School is planning 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.

In July 2017 the school appointed a new Interim Headteacher and Accounting Officer, appointed permanently from 30 October 2017, with a proven track record of taking schools from Requires Improvement or worse to Ofsted Good in short time periods. The School has made significant steps forward under the new leadership.

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 Board of Trustees 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 2017 the Trust received £2,883,259 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 £3,366,595 on general running costs and transferred £8,733 to support capital new build and improvement projects on the School site. The Academy brought forward from 15/16, £NIL restricted funds and £21,808 unrestricted funding. The carry forward for 16/17 is £NIL restricted funding and £25,772 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £44,000. 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

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 Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £25,772. This has been built up from locally raised income.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £25,772.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £319,626. 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.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

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 recent Ofsted report 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.

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.

The project based learning approach currently underpinning the teaching of humanities in Year 7 and Year 8 (REAL learning) was extended for 2016/2017 into Year 7 into the teaching of Science, Technology, Engineering/Design, The Arts and Mathematics (STEAM) and continues to be developed.

The new 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.

Funds Held as Custodian Trustee on Behalf of Others

No funds held.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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 _____ and signed on the Board's behalf by:

Dr K S Comley
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, 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 Trustees has delegated the day-to-day responsibility to the Headteacher, 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 Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs K Rowsell	1	4
Mr J B Cheyne	4	4
Dr K S Comley, Chair	4	4
Ms C I Hinojosa	4	4
Mrs S Parker	0	3
Mr C Thomas	3	4
Mr L May	3	4
Ms L Mills	4	4
Mr G Nelson, Head Teacher	0	0

During the year Mrs K Rowsell resigned as Headteacher but remained as a Trustee until the end of the year. Mr G Nelson was appointed as Headteacher during the year but only became a Trustee after the end of the year.

The oversight and review by the Board remains similar to previous years, relying in the main on Headteacher 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
Mrs K Rowsell	2	2
Mr L May	2	4
Mr C Thomas	4	4
Mr J B Cheyne	4	4
Dr K S Comley	3	4
Ms I Hinojosa	4	4
Mr J Kemp	1	1
Mr G Nelson	0	0

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

I accept that as Accounting Officer of The Wapping and Shadwell Secondary Education Trust I am responsible and accountable for ensuring that the Academy delivers good value in the use of public resources. I am aware of the guide to Academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer's resources received.

I set out below how I have ensured that the Trust's use of its resources has provided good value for money during the 2016/2017 academic year. In doing so, I have considered how best I may ensure:

- the economic, efficient and effective use of all resources to improve the overall quality of learning and learner achievement;
- the avoidance of waste and extravagance;
- the prudent and economical administration of the Trust;
- the establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and reporting; and
- value for money in all financial transactions.

Improving educational outcomes:

- Improving the overall quality of Learning and Teaching.
- The School has adopted a new and rigorous focus on developing the overall quality and effectiveness of learning across the curriculum. Clearly line management structures establishing effective accountability pathways have been introduced. Senior Leadership meetings have an improved structure ensuring that all members of the team are held to account. Subject reviews are now in place to challenge and support all areas of the school's curriculum to maximise success and provide value for money.
- Pastoral Support.
- The School implemented a new support staff structure by appointing a full-time Student Support Administrator and a full-time Attendance & Welfare Officer, the latter role having previously been filled by part-time external bought-in services. These roles allow students to more readily access support when necessary. In addition, these roles release time for relevant Senior Leaders within the school who are responsible for Pastoral and SEN matters whereby they can be more effective in ensuring that the educational needs of relevant students are addressed.
- Focus on individual pupils.
- The 'Raising Achievement Plan' methodology ("RAP") which identifies intervention strategies for all students was continued in 2016/2017 across all subjects. Half-termly progress reviews, together with the resultant RAP's, have led to significant improvements in students' progress and holds Middle Leaders to account against departmental and whole school targets.
- Collaboration.
- The School continues to invest resources into a "Project Based Learning" approach to the study of certain subjects. Partnerships with other schools adopting this pedagogy has helped spread this innovative learning initiative across other areas of the School.
- The senior leadership and other staff of the School have benefitted from being part of Networking Groups, including the School's membership of PiXL.
- The School under the leadership of the new Headteacher has formed numerous local partnerships based on sharing best practice.
- Quantifying improvements.
- All improvements are quantified within the School's self-evaluation documentation using suitably accredited benchmarking data.

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GOVERNANCE STATEMENT (continued)

Financial governance and oversight:

- Financial governance is overseen by the Finance and Resources Committee, a sub-committee of the Governing Body. This Committee met six times during 2016/2017 and its membership includes three governors and the Headteacher/Accounting Officer. The sub-committee will meet regularly in the future in line with Governor meetings calendars.
- Monthly monitoring reports and forecasts, including detailed commentaries, were presented to Finance and Resources Committee for oversight, scrutiny and questioning both inside and outside the formal meetings.
- The Committee will still be provided with the regular reports and forecasts but feels that the standard of financial control within the School now warrants that the frequency of meetings be reduced to a minimum of three each year.
- Strict levels of authorisation are in place for the approval of orders with purchases above £10,000, but below the tender limit, requiring no less than three competitive quotes.

Better purchasing:

- Fitness for purpose:
- Following a review in 2015/16, it was decided to restructure two of the support staff roles. The previous Facilities Manager was replaced by a Buildings & Maintenance Supervisor. The financial benefit released by this change was invested in the appointment of a full-time IT Analyst to replace both the part-time IT Technician and some of the IT bought-in services. The IT Analyst now reports to the School Business Manager on all matters strategic and otherwise relating to IT at Wapping High. The School Business Manager reports to the Headteacher on the outcome of these meetings.
- Benchmarking and procurement:
- The Trust undertakes a continuous review of its core expenditure categories including the benchmarking of those services where such a procedure is appropriate.
- The ongoing review highlighted a number of opportunities for improvement to enhance the mix of quality, effectiveness and cost of goods and services consumed by the School.
- In particular, a review of the School's cleaning contract resulted in the continuance of the incumbent whereas a review of the School's major telecommunications contract resulted in the School seeking revised arrangements. The revised arrangements for telecommunications were implemented during 2016/2017.
- Enhanced Effectiveness:
- The deployment of additional and replacement Learning Support Assistants to remains under review as the School continues to provide the very best support for all learner groups at the School. The introduction of a HLTA following the October 2017 half term will provide additional capacity at the School to support learning and could provide additional cover support if required given the colleagues modified contract.

Maximising income generation.

The School recognises that its building and facilities offer an opportunity to generate income from hiring out the premises. This remains an area to be explored in more detail during 2016/2017. The specialist Marketing & Fundraising Co-Ordinator remains an important post providing excellent opportunity to raise further funds and, although the School has needed to recruit to replace the original incumbent, the School continues to invest in this role.

Reviewing controls and managing risks.

The timely production of internal management accounts and forecasts has continued to be on a monthly basis. This affords visibility and understanding of the School's financial position by the Finance and Resources Committee (and by the whole Governing Body through the Finance and Resources Committee Minutes and Chair's Reports). As a consequence, financial decisions can be made with greater clarity and certainty.

Lessons learned.

The process of having cost centres managed by leadership staff has continued with such staff having been delegated spending decisions on educational funding for their departments. These delegated budgets have been calculated partly through a capitation formula and partly through a bidding process linked to development priorities. The effectiveness of this has improved with the relevant leadership staff becoming more familiar with the process. The methodology will continue to evolve to meet the needs of both the school and the delegated budget holders. From October 2017 onwards, zero based budgets will be used to tie departmental progress and learning development planning with a bid style approach to ensure cost effectiveness and appropriate accountability.

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- the Finance and Resources Committee reviewing reports which indicate financial performance not only against the initial annual budget but also against monthly forecasts in respect 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 Trustees has considered the need for a process for independent checking of financial controls, systems, and transactions. For previous years this function was carried out by the appointment of Price Bailey LLP as Internal Auditor. For the year ending 31 August 2017 it was decided to defer re-appointment until a new accounting system had been implemented. Price Bailey LLP have now been re-appointed as Internal Auditor for the period commencing 1 September 2017.

In respect of the year ending 31 August 2017, the financial controls and systems employed during the year remained exactly the same as had been utilised in the previous year, these financial controls and systems had been reviewed, tested and reported on previously by the Internal Auditor and the recommendations from the reports had been substantially implemented. Accordingly, it was decided to defer any internal audit until the implementation of a new accounting system following which there would be a different, but similar set of financial controls and systems. As a result of changes in the Leadership Team of the School this implementation was unfortunately delayed and only occurred with effect from 1 September 2017.

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GOVERNANCE STATEMENT (continued)

Following implementation of the new accounting system, including certain enhanced in-built controls, the Governors are confident that this has improved the financial controls and systems and is looking forward to the forthcoming visits of the Internal Auditor.

As previously, the Internal Auditor's role will include giving advice on financial matters and performing a range of checks on the Academy's financial systems. The Internal Auditor will report to the Board of Trustees on the operation of the systems of control and on the discharge of their financial responsibilities

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher 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 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 the Board of Trustees on

and signed on their behalf, by:

Dr K S Comley
Chair of Trustees

Mr G Nelson
Accounting Officer (from 03/07/17)

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy 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 2016.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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 (from 03/07/17)

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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

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 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 Auditor's 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF 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 Auditor's 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 UK, including the FRC'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.

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 Auditor's Report thereon. Our opinion on the financial statements does not cover the 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.

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 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 (incorporating the Strategic Report and the Directors' Report for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

AUDITOR'S 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 Auditor's 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 Auditor's Report.

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

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 FUNDING AGENCY

In accordance with the terms of our engagement letter dated 6 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 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 Trust, 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 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 2016 to 31 August 2017 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

Date:

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 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	370	5,160	7,763	13,293	15,115
Charitable activities	3	50,877	2,809,369	-	2,860,246	2,728,342
Other trading activities	4	9,519	-	-	9,519	5,802
Investments	5	201	-	-	201	384
TOTAL INCOME		<u>60,967</u>	<u>2,814,529</u>	<u>7,763</u>	<u>2,883,259</u>	<u>2,749,643</u>
EXPENDITURE ON:						
Charitable activities		48,270	2,857,529	460,796	3,366,595	3,163,774
TOTAL EXPENDITURE	6	<u>48,270</u>	<u>2,857,529</u>	<u>460,796</u>	<u>3,366,595</u>	<u>3,163,774</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between funds	15	12,697 (8,733)	(43,000) -	(453,033) 8,733	(483,336) -	(414,131) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		3,964	(43,000)	(444,300)	(483,336)	(414,131)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	19,000	-	19,000	(12,000)
NET MOVEMENT IN FUNDS		<u>3,964</u>	<u>(24,000)</u>	<u>(444,300)</u>	<u>(464,336)</u>	<u>(426,131)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		21,808	(20,000)	4,991,701	4,993,509	5,419,640
TOTAL FUNDS CARRIED FORWARD		<u><u>25,772</u></u>	<u><u>(44,000)</u></u>	<u><u>4,547,401</u></u>	<u><u>4,529,173</u></u>	<u><u>4,993,509</u></u>

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

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

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		4,547,401		4,991,701
CURRENT ASSETS					
Debtors	13	221,020		268,159	
Cash at bank and in hand		319,626		326,468	
		<u>540,646</u>		<u>594,627</u>	
CREDITORS: amounts falling due within one year	14	(514,874)		(572,819)	
NET CURRENT ASSETS			25,772		21,808
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,573,173</u>		<u>5,013,509</u>
Defined benefit pension scheme liability	20		(44,000)		(20,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>4,529,173</u>		<u>4,993,509</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds excluding pension liability		4,547,401		4,991,701	
Pension reserve		<u>(44,000)</u>		<u>(20,000)</u>	
Total restricted income funds			4,503,401		4,971,701
Unrestricted income funds	15		<u>25,772</u>		<u>21,808</u>
TOTAL FUNDS			<u>4,529,173</u>		<u>4,993,509</u>

The financial statements on pages 19 to 36 were approved by the Trustees, and authorised for issue, on 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 2017

	Note	2017 £	2016 £
Net cash inflow from operating activities			
Net cash provided by operating activities	17	9,453	157,294
		<hr/>	<hr/>
Returns on investments and servicing of finance			
Interest received		201	384
Capital expenditure - purchase of tangible fixed assets		(16,496)	(41,472)
		<hr/>	<hr/>
Net cash used in investing activities		(16,295)	(41,088)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(6,842)	116,206
Cash and cash equivalents brought forward		326,468	210,262
		<hr/>	<hr/>
Cash and cash equivalents carried forward		319,626	326,468
		<hr/> <hr/>	<hr/> <hr/>

THE WAPPING AND SHADWELL SECONDARY EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

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 2016 to 2017 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 the Education and Skills Funding Agency 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 and include grants from the Education and Skills Funding Agency.

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 2017

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
Fixtures and fittings	-	20% and 10% straight line
Computer equipment	-	25% straight line
Other fixed assets	-	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 2017

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 2017**

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust 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 2017. 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 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	370	5,160	-	5,530	8,280
Capital grants	-	-	7,763	7,763	6,835
	<u>370</u>	<u>5,160</u>	<u>7,763</u>	<u>13,293</u>	<u>15,115</u>
<i>Total 2016</i>	<u><u>3,270</u></u>	<u><u>5,010</u></u>	<u><u>6,835</u></u>	<u><u>15,115</u></u>	

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,447,623	2,447,623	2,303,507
Other DfE / ESFA grants	-	209,450	209,450	194,439
	-	2,657,073	2,657,073	2,497,946
Other government grants				
Local authority grants	-	152,296	152,296	185,437
	-	152,296	152,296	185,437
Other funding				
Catering income	50,877	-	50,877	44,959
	50,877	-	50,877	44,959
	50,877	2,809,369	2,860,246	2,728,342
<i>Total 2016</i>	44,959	2,683,383	2,728,342	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Other activities	9,519	9,519	5,802
<i>Total 2016</i>	5,802	5,802	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	201	201	384
<i>Total 2016</i>	384	384	

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6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Provision of education:					
Direct costs	1,477,442	-	163,233	1,640,675	1,432,239
Support costs	275,654	1,055,624	394,642	1,725,920	1,731,535
	<u>1,753,096</u>	<u>1,055,624</u>	<u>557,875</u>	<u>3,366,595</u>	<u>3,163,774</u>
<i>Total 2016</i>	<u>1,507,796</u>	<u>1,098,291</u>	<u>557,687</u>	<u>3,163,774</u>	

7. CHARITABLE ACTIVITIES

	2017 £	2016 £
Direct costs - educational operations	1,638,729	1,432,239
Support costs - educational operations	1,730,501	1,731,535
	<u>3,369,230</u>	<u>3,163,774</u>
Total	<u>3,369,230</u>	<u>3,163,774</u>

Analysis of support costs

	2017 £	2016 £
Support staff costs	275,654	178,527
Depreciation	460,796	456,190
Technology costs	25,383	26,044
Premises costs	594,828	642,101
Other support costs	314,646	348,361
Governance costs	59,194	80,312
	<u>1,730,501</u>	<u>1,731,535</u>
Total	<u>1,730,501</u>	<u>1,731,535</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2014 £
Depreciation of tangible fixed assets:		
- owned or leased by the Academy	460,796	456,189
Auditors' remuneration - audit	8,250	7,950
Auditors' remuneration - other services	4,300	6,320
Operating lease rentals	396,000	396,000
Legal and professional	20,110	47,692
	<u>1,285,356</u>	<u>1,364,151</u>

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9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,380,569	1,211,942
Social security costs	134,722	113,251
Pension costs	239,751	144,159
	<hr/>	<hr/>
Supply teacher costs	1,755,042	1,469,352
	47,782	38,444
	<hr/>	<hr/>
	1,802,824	1,507,796
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 No.	2016 No.
Teachers	24	22
Administration and support	16	15
Management	0	1
	<hr/>	<hr/>
	40	38
	<hr/> <hr/>	<hr/> <hr/>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	23	22
Administration and support	16	15
Management	0	1
	<hr/>	<hr/>
	39	38
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	0	1
In the band £ 70,001 - £ 80,000	2	0
In the band £100,001 - £110,000	0	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for these members of staff amounted to £23,928 (2016 - £27,284).

The key management personnel of the Academy comprise the Trustees and the Senior Leadership Team 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 £169,213 (2016: £193,090).

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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 Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher 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:

		2017 £	2016 £
Mrs K Rowsell	Remuneration	70,000-75,000	100,000-105,000
	Pension contributions paid	10,000-15,000	15,000-20,000

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £245 to 1 Trustee).

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 Improvement £	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
Cost					
At 1 September 2016	5,462,066	448,335	350,085	74,775	6,335,261
Additions	-	-	16,496	-	16,496
Disposals	-	-	(5,744)	-	(5,744)
At 31 August 2017	<u>5,462,066</u>	<u>448,335</u>	<u>360,837</u>	<u>74,775</u>	<u>6,346,013</u>
Depreciation					
At 1 September 2016	818,592	240,929	243,186	40,853	1,343,560
Charge for the year	273,145	84,519	88,177	14,955	460,796
On disposals	-	-	(5,744)	-	(5,744)
At 31 August 2017	<u>1,091,737</u>	<u>325,448</u>	<u>325,619</u>	<u>55,808</u>	<u>1,798,612</u>
Net book value					
At 31 August 2017	<u><u>4,370,329</u></u>	<u><u>122,887</u></u>	<u><u>35,218</u></u>	<u><u>18,967</u></u>	<u><u>4,547,401</u></u>
At 31 August 2016	<u><u>4,643,474</u></u>	<u><u>207,406</u></u>	<u><u>106,899</u></u>	<u><u>33,922</u></u>	<u><u>4,991,701</u></u>

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13. DEBTORS

	2017 £	2016 £
VAT recoverable	8,186	36,883
Other debtors	1,366	4,046
Prepayments and accrued income	211,468	227,230
	<u>221,020</u>	<u>268,159</u>

14. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	38,920	212,945
Other taxation and social security	44,359	35,783
Other creditors	403,956	228,265
Accruals and deferred income	27,639	95,826
	<u>514,874</u>	<u>572,819</u>

15. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	21,808	60,967	(48,270)	(8,733)	-	25,772
	<u>21,808</u>	<u>60,967</u>	<u>(48,270)</u>	<u>(8,733)</u>	<u>-</u>	<u>25,772</u>
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>4,993,509</u>	<u>2,883,259</u>	<u>(3,366,595)</u>	<u>-</u>	<u>19,000</u>	<u>4,529,173</u>

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15. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Unrestricted funds	13,222	54,415	(4,193)	(41,636)	-	21,808
	<u>13,222</u>	<u>54,415</u>	<u>(4,193)</u>	<u>(41,636)</u>	<u>-</u>	<u>21,808</u>
Restricted funds						
General Annual Grant (GAG)	-	1,922,408	(1,929,406)	6,998	-	-
Pupil Premium	-	137,748	(137,748)	-	-	-
Educational trips	-	5,010	(5,010)	-	-	-
EAG (Free school rent)	-	396,000	(396,000)	-	-	-
Local Authority grants	-	185,437	(185,437)	-	-	-
Other Government grants	-	41,790	(41,790)	-	-	-
Pension reserve	-	-	(8,000)	-	(12,000)	(20,000)
	<u>-</u>	<u>2,688,393</u>	<u>(2,703,391)</u>	<u>6,998</u>	<u>(12,000)</u>	<u>(20,000)</u>
Restricted fixed asset funds						
Restricted fixed assets	5,406,418	-	(449,355)	34,638	-	4,991,701
Devolved Formula Capital (DFC)	-	6,835	(6,835)	-	-	-
	<u>5,406,418</u>	<u>6,835</u>	<u>(456,190)</u>	<u>34,638</u>	<u>-</u>	<u>4,991,701</u>
Total restricted funds	<u>5,406,418</u>	<u>2,695,228</u>	<u>(3,159,581)</u>	<u>41,636</u>	<u>(12,000)</u>	<u>4,971,701</u>
Total of funds	<u><u>5,419,640</u></u>	<u><u>2,749,643</u></u>	<u><u>(3,163,774)</u></u>	<u><u>-</u></u>	<u><u>(12,000)</u></u>	<u><u>4,993,509</u></u>

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.

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.

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15. STATEMENT OF FUNDS (continued)

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 year a material transfer has occurred from unrestricted funds to restricted fixed asset funds. This transfer represents the amount of capital expenditure that was made from general funds as there was no specific capital or other grant available.

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 2017.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	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>4,529,173</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	4,991,701	4,991,701
Current assets	21,808	572,819	-	594,627
Creditors due within one year	-	(572,819)	-	(572,819)
Provisions for liabilities and charges	-	(20,000)	-	(20,000)
	<u>21,808</u>	<u>(20,000)</u>	<u>4,991,701</u>	<u>4,993,509</u>

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(483,336)	(414,131)
Adjustment for:		
Depreciation charges	460,796	456,189
Dividends, interest and rents from investments	(201)	(384)
Decrease/(increase) in debtors	45,594	(95,716)
(Decrease)/increase in creditors	(56,400)	203,336
Pension adjustments	43,000	8,000
Net cash provided by operating activities	9,453	157,294

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	319,626	326,468
Total	319,626	326,468

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.

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 £29,610 were payable to the schemes at 31 August 2017 (2016 - 20,259) 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.

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20. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 (currently 14.1%);
- 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%.

During the previous year the employer contribution rate was 14.1%. 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 £160,359 (2016 - £120,081).

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 a multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £51,000 (2016 - £23,000), of which employer's contributions totalled £39,000 (2016 - £17,000) and employees' contributions totalled £12,000 (2016 - £6,000). 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.20 %	1.90 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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20. PENSION COMMITMENTS (continued)

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

	2017	2016
Retiring today		
Males	22.1	22.2
Females	24.1	24.2
Retiring in 20 years		
Males	23.9	24.3
Females	25.8	26.4

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	124,614	43,200
Discount rate -0.1%	133,386	46,800
Mortality assumption -1 year increase	127,452	44,730
Mortality assumption -1 year decrease	130,548	45,270
CPI rate +0.1%	133,386	46,800
CPI rate -0.1%	124,614	43,200

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	59,000	18,000
Corporate bonds	14,000	3,000
Property	8,000	3,000
Cash and other liquid assets	4,000	1,000
Total market value of assets	<u>85,000</u>	<u>25,000</u>

The actual return on scheme assets was £9,000 (2016 - £2,000).

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

	2017 £	2016 £
Current service cost	(81,000)	(24,000)
Interest income	(1,000)	(1,000)
Total	<u>(82,000)</u>	<u>(25,000)</u>
Actual return on scheme assets	<u>9,000</u>	<u>2,000</u>

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20. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	45,000	-
Current service cost	81,000	24,000
Interest cost	2,000	1,000
Employee contributions	12,000	6,000
Actuarial (gains)/losses	(11,000)	14,000
	129,000	45,000
	129,000	45,000

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

	2017 £	2016 £
Opening fair value of scheme assets	25,000	-
Interest income	1,000	-
Actuarial losses	8,000	2,000
Employer contributions	39,000	17,000
Employee contributions	12,000	6,000
	85,000	25,000
	85,000	25,000

21. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	408,372	397,611
Between 1 and 5 years	1,787,087	1,720,125
After more than 5 years	5,436,492	5,881,992
	7,631,951	7,999,728
	7,631,951	7,999,728

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee may have 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.

During the year the Academy paid Stonerock Analytics LLP, of which Dr K S Comley is a director, event management fees and expenses of £NIL (2016 - £985) in respect of the Festival of Code.