



**Tower Hamlets Education  
Partnership**

**Annual Report and  
Financial Statements**

Period from 10 January 2017 to  
31 March 2018

Charity Registration Number  
1173381 (England and Wales)

Company Limited by Guarantee  
Registration Number  
10556338 (England and Wales)

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## Legal and administrative information

<b>Trustees</b>	Robert Crothers (Chair) Shahanaz Begum Aziz Choudhury Sir Kevan Collins Christine Gilbert, CBE Debbie Jones Michael Keating Sir Alasdair Macdonald Stephen Purse
<b>Executive Director</b>	Tracy Smith
<b>Registered office</b>	The Professional Development Centre 229 Bethnal Green Road London E2 6AB
<b>Charity registration Number</b>	1173381 (England and Wales)
<b>Company registration number</b>	10556338 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Principal bankers</b>	National Westminster Bank Stratford Broadway Gratley House 1-11 Broadway Stratford E15 4DX

## **Trustees' report** Period to 31 March 2018

The trustees, who are also the directors for the purposes of company law, present their statutory report together with the financial statements of the Tower Hamlets Education Partnership ("THE Partnership" or the "charitable company") for the period from the date of incorporation, 10 January 2017, to 31 March 2018.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report which has been prepared to meet the requirements of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 16 to 18 and comply with THE Partnership's memorandum and articles of association, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

### **OBJECTIVES AND ACTIVITIES**

#### **Principal aims**

The principal activity of THE Partnership in the period under review was the advancement of education for the public benefit in and through member schools and other educational settings and initiatives in the United Kingdom, with an initial focus on the London borough of Tower Hamlets.

#### **Review of activities**

##### ***Vision***

Our vision is that all children and young people in Tower Hamlets will experience the best possible educational opportunities, outcomes and life chances.

##### ***Objectives***

To realise this vision, we will build on the existing culture of collaborative working between our schools and other educational settings enabling them to deliver the best possible education for the public benefit.

##### ***Review of the year***

We are grateful for the tremendous support that we have received from our target community. We had 94 member schools by 31 March 2018, which includes almost all schools in Tower Hamlets.

Schools in Tower Hamlets have achieved great success: 100% of our Nursery, Primary and Special schools and the vast majority of our Secondary schools are rated 'good' or 'outstanding' by OFSTED. The percentage of schools with a judgement of 'outstanding' continues to increase. An excellent education opens up opportunities to improve social mobility.

## **Trustees' report** Period to 31 March 2018

These achievements reflect the passionate ambition of school leaders who are committed to working collaboratively to improve the outcomes for, and the life chances of, our children and young people.

The real sense of community and belonging to Tower Hamlets is something we are championing. In the changing landscape of education in which we find ourselves, powerful, collaborative leadership is needed more than ever, and we are committed to providing strong, value-led leadership to help drive the agenda with school leaders.

Our aim during the period was to build a learning community to ensure the best outcomes for children and the best professional experience for staff; we are at the beginning of the journey but have achieved much during the period and have exciting plans for our further development.

We continue to work in close partnership with the Local Authority, particularly in relation to those schools that require more intensive support and we have established clear systems and structures to ensure that we are sharing information and working collaboratively to support school improvement.

We have established our core offer of providing challenge and support through our Leadership Consultants. Through working in partnership with schools to broker and lead school-to-school support, our subject networks are providing the space for leaders to share knowledge and expertise, and to drive the improvement agendas in their schools. This includes supporting colleagues through our Headteacher Induction and Middle Leader programmes. We are keen to develop the research focus of our work and have started this with the Primary Grammar Project; in addition, we have been promoting opportunities for schools to engage with a range of projects, from Open City to research relating to citizenship with the Institute of Education.

**Achievements 2017/18**

**Subject Networks**

**Primary**

EAL English Maths  
MFL RE Science

**Secondary**

English Geography History Maths  
Media Studies MFL PE  
Post 16 Forum RE Science

*"I feel much stronger going forward knowing that we are going to collaborate and learn how to get it right together."*

**Teach Tower Hamlets**

Developing a coherent professional learning offer

*"We are moving together with an exciting vision for Teach Tower Hamlets."*

**Leadership Development**

New HT Induction  
LEAD Middle Leaders  
Heads Up  
Leadership Forum

*"Thanks so much for the Leadership Meeting – I feel excited by the potential."*

**THEP Communication**

New Website Design  
Website Members Area  
Monthly Newsletter  
Twitter Handle

**Challenge & Support**

Leadership Consultants  
Peer Review  
Data Packs

*"I have found the support through the leadership consultants invaluable. I appreciate having an honest, supportive and challenging point of view from colleagues with great expertise and experience."*

**Research/Projects**

Creative Grammar  
SSIF: KS4 Maths  
KS2 Maths: reasoning & problem solving  
Workload

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

THE Partnership was incorporated on 10 January 2017 as a company limited by guarantee, company registration number 10556338 (England and Wales), in accordance with the requirements of the School Companies Regulations 2002. It was registered as a charity on 13 June 2017, charity registration number 1173381 (England and Wales). In the event of winding up, each of the members is liable to contribute towards the assets of the charitable company up to the amount of £25.

The trustees approve the strategy and the budget for each financial year. Management of the day-to-day operations is delegated to the Executive Director, subject to appropriate financial limits. The trustees monitor the activities of THE Partnership at board meetings which take place approximately six times per year; the Chair meets more regularly with the Executive Director to review progress. A Finance sub-committee meets on an ad hoc basis to review financial matters.

### **Trustees**

The following trustees were in office throughout the period, and up to the date of signature of the financial statements, except where shown. All trustees were appointed upon incorporation, unless otherwise stated:

<b>Trustees</b>	<b>Appointment/resignation date</b>
Robert Crothers (Chair)	
Shahanaz Begum	Appointed 17 April 2017
Aziz Choudhury	
Sir Kevan Collins	
Christine Gilbert, CBE	
Debbie Jones	Appointed 18 January 2018
Michael Keating	
Sir Alasdair Macdonald	
Stephen Purse	
Catherine Smith	Resigned 31 August 2017

### **Recruitment and appointment**

The initial trustees have been selected to include an appropriate mix of educational and business skills and representation of the local community. The trustees intend to review the board structure during the current financial year and establish a suitable approach for the appointment of future trustees.

### **Induction and training**

The initial trustees have been provided with guidance on their responsibilities as trustees and a briefing on the activities of THE Partnership. The review of the board structure referred to above will include consideration of the future induction and training procedures for trustees.

### **Key management personnel**

The key management personnel of the charitable company comprise the trustees and the Executive Director. The salary of the Executive Director is reviewed on an annual basis, taking into account external benchmarks and the terms of her contract, and is approved by the trustees.

Catherine Smith served as Executive Director and as a trustee from 10 January 2017 to 31 August 2017. The current Executive Director is not a trustee.

No remuneration was paid to any trustee in connection with his or her services as a trustee.

### **Public benefit**

The trustees have noted the Charity Commission guidance on the public benefit requirement under the Charities Act 2011 and are confident that the activities of THE Partnership comply with this requirement

The trustees will ensure that, in administering the charitable company, they will continue to pay due regard to the Charity Commission guidance on public benefit.

### **Trustees' responsibilities**

The trustees (who are also directors of Tower Hamlets Education Partnership for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company 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 in 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 United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.



## **Trustees' report** Period to 31 March 2018

The trustees are responsible for keeping adequate accounting records that 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.

Each of the trustees confirms that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- each trustee has taken all the steps that he or she ought to have taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of 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.

### **FINANCIAL REVIEW**

#### **Financial report**

A summary of the period's results can be found on page 13 of the financial statements.

Total income for the period amounted to £954,681 and expenditure amounted to £541,338, resulting in a surplus for the period of £413,343.

We are grateful to the London Borough of Tower Hamlets for its commitment to provide £900,000 over the first three years of our operation. The first two instalments, totalling £600,000, were received during the period ended 31 March 2018. The final instalment of this initial funding, amounting to £300,000, is expected to be received during the financial year ending 31 March 2019.

Total reserves at 31 March 2018 amounted to £413,343 and our cash balance was £388,898. The trustees consider that this is sufficient to cover the current commitments and continuing activities.

#### **Reserves policy and financial position**

##### ***Reserves policy***

The trustees have considered the need for free reserves, being those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed. Such reserves are necessary to cover any temporary shortfalls in income due to timing differences between income and expenditure and to allow for unforeseen emergencies until specific action plans are implemented. This is the first accounting period and the trustees

will aim to retain free reserves over time to cover a minimum of three months' average expenditure on core expenditure. At 31 March 2018 the free reserves amounted to £413,343, which exceeds the target when compared to the expenditure in the period then ended. The trustees consider this appropriate in light of the planned expansion of activities. In assessing the current position, the trustees have considered the seed funding commitment from the London Borough of Tower Hamlets.

***Financial position***

The balance sheet shows total net assets of £413,343, all of which relates to unrestricted funds. The trustees consider that this is sufficient to cover commitments and to finance the continued running of activities in accordance with the reserves policy set out above.

***Risk management***

The trustees have assessed the major risks to which the charitable company is exposed. The trustees believe that they have established effective systems to mitigate those risks by monitoring reserve levels, by ensuring that there are adequate controls over key financial systems and by periodically reassessing the operational and business risks.

The trustees have identified the key risks as set out below.

***Reputational risk***

This includes the effect of failure to meet financial obligations, loss of charity status, failure to deliver services which have been promised, failure to deliver services of an adequate quality, poor complaint handling, poor communications and negative comments by third parties.

The actions to mitigate these risks include regular monitoring reviews and frequent contact with those to whom we provide services.

***Engagement risk***

This includes lack of support from our members and lack of knowledge or recognition by our members and the public of the positive effects of the work that we do.

The actions to mitigate these risks include regular consultations with our members and others who benefit from our work.

***Financial risk***

This includes failure to meet the budget approved by the trustees, failure to deliver services within the expected costs, failure to sell services and the loss of key staff.

The actions to mitigate these risks include regular monitoring of the budget by the trustees, having a flexible cost base which can be adjusted in line with demand, structured feedback to staff and benchmarking of remuneration.

***Future plans***

We will continue to support Peer Review into a second year as we believe that this provides the structure for schools to move theory into practice in relation to the self-improving school-led system, developing social and professional capital, challenge and support.

**Trustees' report** Period to 31 March 2018

We will also be offering a comprehensive leadership suite of professional learning opportunities which will support and challenge at all stages of a teacher's development. Our focus on exceptional leadership development programmes will help us grow the next generation of Tower Hamlets' leaders.

Approved by the trustees and signed on their behalf by:

Robert Crothers  
Trustee

Approved by the trustees on:

**Independent auditor's report to the members of Tower Hamlets Education Partnership**

**Opinion**

We have audited the financial statements of Tower Hamlets Education Partnership (the 'charitable company') for the period from 10 January 2017 to 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's 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 charitable company's affairs as at 31 March 2018 and of its income and expenditure for the period 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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

## **Independent auditor's report** Period to 31 March 2018

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take the small companies' exemptions from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees 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 charitable company'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 charitable company 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Hugh Swainson, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

**Statement of financial activities** Period to 31 March 2018

	Notes	2018 Total funds £
<b>Income from:</b>		
Charitable activities	1	<u>954,681</u>
<b>Total income</b>		<u>954,681</u>
<b>Expenditure on:</b>		
Charitable activities	2	<u>541,338</u>
<b>Total expenditure</b>		<u>541,338</u>
<b>Net income and net movement in funds</b>		<b>413,343</b>
<b>Reconciliation of funds</b>		
Fund balances at 10 January 2017		<u>—</u>
Fund balances at 31 March 2018		<u><b>413,343</b></u>

All of the charitable company's activities derived from continuing operations.

All income and expenditure related to unrestricted funds for the above financial period.

There is no difference between the net movement in funds above and the historical cost equivalent.

**Balance sheet** As at 31 March 2018

	Notes	2018 £	2018 £
<b>Current assets</b>			
Debtors	8	388,904	
Cash at bank and in hand		<u>388,898</u>	
		777,802	
<b>Creditors: amounts falling due within one year</b>	9	<u>(364,459)</u>	
<b>Net current assets</b>			413,343
<b>Total net assets</b>			<u>413,343</u>
<b>The funds of the charity:</b>			
Unrestricted funds			
. General fund			<u>413,343</u>
			<u>413,343</u>

Approved by the trustees of Tower Hamlets Education Partnership, Company Registration No. 10556338 (England and Wales) and signed on their behalf by:

Trustee

Approved on:



**Statement of cash flows** Period to 31 March 2018

	Notes	2018 £
<b>Cash flows from operating activities:</b>		
Net cash provided by operating activities	A	<b>388,898</b>
<b>Change in cash and cash equivalents in the year</b>		<b>388,898</b>
<b>Cash and cash equivalents at 10 January 2017</b>	B	—
<b>Cash and cash equivalents at 31 March 2018</b>	B	<b>388,398</b>

**Notes to the statement of cash flows for the period to 31 March 2018**

**A Reconciliation of net movement in funds to net cash provided by operating activities**

	2018 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>413,343</b>
<b>Adjustments for:</b>	
Increase in debtors	<b>(388,904)</b>
Increase in creditors	<b>364,459</b>
<b>Net cash provided by operating activities</b>	<b>388,898</b>

**B Analysis of cash and cash equivalents**

	2018 £
<b>Total cash and cash equivalents: Cash at bank and in hand</b>	<b>388,898</b>

## **Principal accounting policies** Period to 31 March 2018

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### **Basis of preparation**

These financial statements have been prepared for the period to 31 March 2018.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charitable company constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating accrued expenditure; and
- ◆ determining the apportionment of expenditure between governance and other support costs and between support costs and the various categories of expenditure.

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charitable company have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees are of the opinion that the charitable company will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above.

### **Income recognition**

Income is recognised in the year in which the charitable company is entitled to receipt, it is probable the charitable company will receive the income, and the amount can be measured with reasonable certainty. Income is deferred only when the charitable company has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises seed funding, membership fees, fees for work commissioned by third parties and income from training and events.

Seed funding is receivable annually and is recognised in the financial year to which it relates.

The membership period is coterminous with the year end. Any membership fees relating to the following year received in advance of the year end are deferred to the following year.

Fees from work commissioned by third parties and income from training and events are recognised to the extent that it is probable that the economic benefits will flow to the charitable company and the revenue can be reliably measured.

Income relating to the Primary Education and Partnerships team and the related cost of that team are not recognised within these financial statements. The charitable company manages this activity, but the risks and rewards of carrying out the activity, including the employment of the relevant staff, were retained within The London Borough of Tower Hamlets during the period.

### **Expenditure and the basis of apportioning costs**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charitable company to make a payment 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.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on charitable activities includes expenditure associated with the primary charitable purposes as described in the trustees' report. Such costs include staff costs; office costs and an allocation of support costs.
- ◆ Start up costs include expenditure associated with the set up and formation of the charitable company. This also includes costs initially incurred by Bow School prior to the incorporation of the charitable company which have subsequently been recharged.

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charitable company it is necessary to provide support in the form of financial procedures, IT, provision of office services and equipment and a suitable working environment. They include governance costs which are the costs associated with the governance of the charitable company and the costs associated with the strategic, as

## **Principal accounting policies** Period to 31 March 2018

opposed to day to day, management of the charitable company's activities. Support costs are allocated to expenditure on charitable activities.

### **Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

### **Creditors**

Creditors 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. Creditors are recognised at the amount the charitable company anticipates it will pay to settle the debt.

### **Pension costs**

The pension costs represents payments in respect of individuals seconded to the charitable company. These costs are charged to the Statement of Financial Activities in the period to which they relate. The charitable company has no obligations other than to pay the pension contributions applicable to the periods during which the relevant individuals are seconded to it.

### **Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

### **Fund structure**

The general fund comprises those monies which are freely available for application towards meeting the charitable objectives of the charitable company at the discretion of the trustees.

**1 Income from charitable activities: School improvements**

	2018 £
Seed funding from London Borough of Tower Hamlets	600,000
Membership fees	194,200
Training and events	14,881
Commission for school improvement from London Borough of Tower Hamlets	145,600
	<b>954,681</b>

**2 Expenditure on charitable activities: School improvements**

	Direct £	Support £	2018 £
<b>Recurring costs</b>			
Educational consultants	58,030	—	58,030
Educational materials and data	75,933	—	75,933
Staff and related costs	170,023	58,276	228,299
Other support costs	—	56,337	56,337
<b>Total recurring costs</b>	<b>303,986</b>	<b>114,613</b>	<b>418,599</b>
<b>Start up costs</b>			
Staff and related costs	49,484	—	49,484
Educational consultants	73,255	—	73,255
<b>Total start up costs</b>	<b>122,739</b>	<b>—</b>	<b>122,739</b>
<b>Total expenditure</b>	<b>426,725</b>	<b>114,613</b>	<b>541,338</b>

**3 Support costs**

	2018 £
Premises costs	10,280
Staff and related costs	58,276
IT costs	18,159
Other expenses	20,148
Governance	
. Audit and accountancy fees	7,750
	<b>114,613</b>

**4 Net income**

This is stated after charging:

	2018 £
Staff costs (note 5)	275,720
Auditor's remuneration:	
. Statutory audit	6,500
. Other services: Accounts preparation	1,250

**5 Staff costs**

No individuals were directly employed by the charitable company during the period. Staff costs below represents the costs of individuals seconded to the charitable company during the period:

	<b>2018</b>
	<b>£</b>
Wages and salaries	<b>206,132</b>
Social security costs	<b>31,480</b>
Pension costs	<b>38,108</b>
	<b>275,720</b>

The average number of staff during the period, calculated on a headcount and full time equivalent basis was as follows:

	<b>2018</b>	2018
	<b>FTE</b>	Headcount
Seconded staff	<b>2.0</b>	2.5

The number of staff who earned £60,000 or more during the period (including taxable benefits but excluding employer pension contributions) during the period was as follows:

	<b>2018</b>
	<b>Number</b>
£70,001 - £80,000	<b>2</b>

Employer pension contributions in respect of the above higher earners during the period amounted to £34,207.

The key management personnel of the charitable company in charge of directing and controlling, running and operating the charitable company on a day to day basis comprise the trustees and the Executive Directors. The total remuneration (including taxable benefits, employer's national insurance contributions and employers pension contributions) of the key management personnel for the period was £207,567.

**6 Transactions with trustees**

The previous Executive Director was also a trustee of the charitable company for the period from 10 January 2017 to 31 August 2017. During the period ended 31 March 2018, she received remuneration of £79,416 in her capacity as Executive Director. This includes costs incurred before the incorporation of the charitable company that were subsequently recharged.

No trustees were remunerated for services provided as trustees.

During the period no trustees were reimbursed expenses.

**6 Transactions with trustees (continued)**

Owing to the nature of the charitable company'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. Membership subscriptions and services paid by member schools in which a member of the board of trustees has an interest are on an arm's length basis.

One trustee is also the Director of Children's Services of the London Borough of Tower Hamlets. She was appointed as a trustee of the charitable company on 18 January 2018. In her role with the London Borough of Tower Hamlets she has the ability to influence transactions between the London Borough of Tower Hamlets and the charitable company, subject to such further review and approval as the London Borough of Tower Hamlets may require. In view of the potential conflict of interest (which has been considered and authorised by the other trustees in accordance with the Companies Act 2006), the other trustees of the charitable company review and approve transactions with the London Borough of Tower Hamlets. Transactions with the London Borough of Tower Hamlets during the period were as follows:

	2018 £
<b>Income:</b>	
Seed funding	600,000
Commission for school improvement	145,600
<b>Expenditure:</b>	
Staff and related costs	277,783
Educational consultants	73,255
Premises and other expenses	11,840
Accounting support	10,000
<b>Amount receivable at 31 March 2018</b>	<b>174,720</b>

**7 Taxation**

The charitable company is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

**8 Debtors**

	2018 £
Membership fees in advance	214,184
Other debtors: Local authority commission funding	174,720
	<b>388,904</b>

**Notes to the financial statements** Period to 31 March 2018

**9 Creditors: amounts falling due within one year**

	2018 £
Trade creditors	96,631
Accruals	20,000
Deferred income	199,445
VAT payable	48,383
	<u>364,459</u>

Deferred income consists of membership fees invoiced in advance for the 2018/19 financial year.

**10 Lease commitments**

At 31 March 2018 the charitable company had total commitments under non-cancellable operating leases as follows:

	Land and buildings £
Amounts due:	
. within one year	12,600
. between one and five years	5,250
	<u>17,850</u>