

Company Registration No. 07742547 (England and Wales)

**UNIVERSITY SCHOOLS TRUST, EAST LONDON**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

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# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Queen Mary University London  
King's College London (Prof I McFadzean)  
London Borough of Tower Hamlets (E Martins-Taylor)  
Poplar Harca (Dr P Brickell)  
XL Catlin (W Carroll)  
Lord A Mawson

### Trustees

Mr R Shroll  
W Carroll  
E Marshall  
G May  
J Milligan (Resigned 12 December 2017)  
G Price (Accounting Officer)  
Prof R Lingwood (Resigned 5 August 2018)  
Prof I McFadzean  
B Conroy  
Dr C Goudy  
Prof P Heathcote (Chair)  
E Martins-Taylor  
K Bryan (Appointed 12 December 2017)  
P Blagburn  
S Hall (Appointed 10 July 2018)

### Senior management team

G Price	- CEO (permanent from 01/05/18)
F Bingham	- Chief Operating Officer (until 30/09/18)
V Green	- Director of Finance and Estates (from 08/10/18)
G Kemp	- Director of Education
L Howard	- Director of Human Resources (from 01/02/18)
J Middleton	- Director of Innovation (from 14/04/18)

### Company registration number

07742547 (England and Wales)

### Registered office

UST House  
Limehouse Causeway  
London  
E14 8QT

### Academies operated

St Paul's Way Trust School

### Location

Tower Hamlets

### Headteacher

P Akerman (Executive Headteacher)

Royal Greenwich Trust School

Greenwich

R Marshall (Headteacher)

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## REFERENCE AND ADMINISTRATIVE DETAILS

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### **Independent auditor**

Wilkins Kennedy Audit Services  
Greytown House  
221-227 High Street  
Orpington  
BR6 ONZ

### **Bankers**

HSBC Bank plc  
15 Wellington Street  
Woolwich  
London  
SE18 6PH

Lloyds Bank  
39 Threadneedle Street  
London  
EC2R 8AU

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

Bank of Scotland Plc  
The Mound  
Edinburgh  
EH1 1YZ

### **Solicitors**

Legal Services Royal Borough of Greenwich  
The Woolwich Centre - 4th Floor  
35 Wellington Street  
Woolwich  
SE18 6HQ

Legal Services, London Borough of Tower Hamlets  
Mulberry Place  
5 Clove Crescent  
London  
E14 2BG

DAC Beachcroft LLP  
100 Fetter Lane  
London  
EC4A 1BN

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2018

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

University Schools Trust, East London (the Trust) operates two member schools located in two London Boroughs. St Paul's Way Trust School is an Outstanding all-through school in Tower Hamlets and Royal Greenwich Trust School is a successful former University Technical College and now a mainstream secondary school in Greenwich.

In 2017/18 the Trust had a total pupil capacity of 2,340. This included the new year group at Royal Greenwich Trust School. This total number of pupils is comprised of 1,664 pupils at St Paul's Way Trust School and 636 pupils at Royal Greenwich Trust School, with 288 pupils in primary, 1,524 pupils in secondary and 488 pupils in the sixth form across the two schools.

#### **Structure, governance and management**

##### Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust.

The trustees of the Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as the University Schools Trust or the UST.

Details of the trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

##### Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

##### Method of recruitment and appointment or election of trustees

The Board of Trustees (Board) comprises nominee trustees from the Trust partners and any persons appointed by the Trust by special resolution. An employee of the Trust cannot be a trustee, with the exception of the Chief Executive Officer.

The Board shall not have less than 3 trustees and there is no stated maximum.

The Board shall have:

- up to ten trustees
- up to two trustees appointed by the foundation/ sponsor body
- the Chief Executive Officer

The Trust has a Local Governing Body for each of its schools, including parent governors, and so there are no parent trustees on the Board.

The Trust may also have any co-opted trustees who, including the Chief Executive Officer, shall not exceed one third of the total number of trustees.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### Policies and procedures adopted for the induction and training of trustees

All new trustees and governors will receive an introduction including tours of all Trust sites, and the opportunity to attend a professionally run new governor induction course 'Governor Training and Development, School Leadership and Management'. Trustees and governors will also be provided with adequate opportunities to undertake and receive suitable training so as to enable them to undertake their role more effectively. To this end the Trust and each Local Governing Body maintains a Service Level Agreement with the Royal Borough of Greenwich Children's Services Department. This Agreement allows for any or all of the members of the Board and Local Governing Bodies to attend any of the training courses provided. All new trustees and governors are actively encouraged to take advantage of this Agreement so as to gain a better understanding of the role and responsibilities of being a trustee or governor. The Trust subscribes to both the National Governance Association and The Key (for School Leaders) and trustees and governors are actively encouraged to utilise this free resource. Additionally, trustees and governors with specific roles within the Board or Local Governing Body are linked to an appropriate member of staff and strongly encouraged to undertake specific training.

#### Organisational structure

The organisational structure of the Trust consists of three levels:

- Members,
- Board (trustees and directors),
- Local Governing Bodies (for the Trust's schools).

The Board has five Committees: Standards; Resources; Communication, Marketing and Strategy; Audit; Remuneration.

The Board is responsible for, and oversees, the management and administration of the Trust and the schools run by the Trust. Whilst legal and strategic decision-making authority rests with the trustees, in order to discharge these responsibilities, the Articles and Master Funding Agreement provide the trustees with the power to delegate decision making as it deems appropriate to: committees; the Chief Executive Officer; Local Governing Bodies; and individual school Principals (Executive Headteachers, Headteachers or equivalent).

The trustees retain overarching responsibility for governance and have the power to direct and make changes where required, as defined in the Trust's Scheme of Delegation. The Board has retained responsibility for all financial and employment matters, again as defined in the Scheme of Delegation, and is responsible for setting Trust policy in these areas. The Board monitors the overall Trust budget and makes major decisions about the direction of the Trust, capital expenditure and senior staff appointments. Governors are responsible for implementing both those policies and the School Development Plan within the resources available at their school.

The trustees are responsible for exercising oversight over the governance and management of the Trust. In exercising their responsibilities, trustees consider the advice given by the Executive, the Principals and the Chairs of the Local Governing Bodies.

The Chief Executive Officer is the Accounting Officer.

During the period 1st September 2017 to 31st August 2018 the Trust Board met four times.

#### Arrangements for setting pay and remuneration of key management personnel

The setting of pay and remuneration of the Trust's key management personnel is the responsibility of the Remuneration Committee. Key management personnel of the Trust comprise its members, trustees, Chief Executive Officer and Executive Team. Neither members nor trustees receive any remuneration for their role beyond the reimbursement of expenses incurred directly in connection with their role.

In setting pay and remuneration for the Chief Executive Officer and Executive Team, the Remuneration Committee consider performance management information and relevant benchmarks within the sector.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Trade union facility time

#### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period	5
Full-time equivalent employee number	5

#### *Percentage of time spent on facility time*

Percentage of time	Number of employees
0%	4
1%-50%	1
51%-99%	-
100%	-

#### *Percentage of pay bill spent on facility time*

Total cost of facility time	£11,627
Total pay bill	£11,431,677
Percentage of the total pay bill spent on facility time	0.1%

#### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	61%
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### Related parties and other connected charities and organisations

The Trust enjoyed an effective partnership with six world-leading university partners (Queen Mary University of London, King's College London, University College London, University of East London, University of Greenwich and the University of Warwick) and five sector-leading bodies (XL Catlin, Wates Construction, NHS, Poplar HARCA and the London Borough of Tower Hamlets). These partners actively worked with the Trust by supporting the delivery of the curriculum, assisting in the development of staff and providing opportunities for students.

### **Objectives and activities**

#### Objects and aims

The principal activity of the Trust 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 schools offering a broad and balanced curriculum.

The Trust provides a high-quality, inclusive and free education for children and young people aged 4 to 19.

The Principal Guiding Aim is to ensure that each student has an equal opportunity to experience a whole curriculum that is balanced, relevant and broadly based and which will promote the intellectual, cultural, moral, spiritual, aesthetic and physical development of the individual to the benefit of his or herself, the school and the wider community.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### Objectives, strategies and activities

The primary aims of UST are to provide:

- World class education for the students within its schools
- A platform for UK educationalists, in schools and universities, to share knowledge and innovate

The current five year strategy (2018/23) will deliver:

- Schools that are 'Outstanding', as world-leading as the Trust Partners
- A School of Education able to develop and promote excellence within the Trust, nationally and internationally
- A sphere of influence to enable system-wide change by working with the Trust Partners, other providers and local and National Government.

#### Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

#### Admission arrangements for Trust schools

In line with its declared vision and ethos each school within the Trust recruited a comprehensive and balanced intake of students across the ability range in each year of entry, during the year in question.

Admission arrangements for the 2018 academic year are available on each constituent school's website.

- St Paul's Way Trust School (<http://www.spwt.net/policies/>)
- Royal Greenwich Trust School (<http://rgts17.rgrtrustschool.net/policies/>)

## **Strategic report**

### **Achievements and performance**

This was a successful year for the Trust, both in the establishment of the central office and Executive team but even more so for the student outcomes achieved by the two Trust schools.

Student outcomes at all key stages continue to be positive and pupil numbers grew in both schools. The Trust continues to benefit from excellent facilities and recently celebrated St Paul's Way Trust Foundation phase (3-11) moving from temporary accommodation to its newly built permanent home. The new school building was made possible through close partnership with our two Trustee organisations London Borough of Tower Hamlets and Poplar Harca.

University access continues to be a key indicator of the Trust's success. This year both schools performed well in this area. Year 13 student outcomes at SPWT were particularly strong and were 'well above' National averages. Value Added remains strong in our schools and this is particularly so for those students in receipt of the Pupil Premium grant.

Our schools continue to provide inclusive education. Most notably the deaf support base at SPWT provides excellent provision with fully trained staff and the Level 2 En/Ma outcomes achieved by students at Royal Greenwich Trust (RGTS) were amongst the highest in London.

Centrally, the Trust central office moved into its temporary offices and has located a permanent location which will be ready for early 2018. Harmonisation of our schools has taken place and central systems established. Our permanent CEO was appointed in the Spring and commenced 1 May 2018.

#### Key performance indicators

The key performance indicators reviewed at Board meetings included income from the Education & Skills Funding Agency (ESFA) in the form of the general annual grant and other funding streams. The levels of depreciation and capital reinvestment together with actual and projected cash flow and reserves had also been monitored. These items were reported in the financial statements.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### Going concern

After making appropriate enquiries, the Board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board 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**

During the year ended 31 August 2018 the total income was £19,468k (2017 restated: £100,767k). The high level of income in 2017 was due to the assets of the school joining the Trust, in 2018 no new schools joined the Trust.

Most of the Trust's income is obtained from the Education & Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £20,328k (2017: £18,303k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £753k (2017: £386k expenditure over income ).

At 31 August 2018 the net book value of fixed assets was £89,282k (2017 restated: £90,156k). Movements in tangible fixed assets are shown in Note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The Local Government Pension Scheme funds, in which the Trust participates, showed a deficit of £983k at 31 August 2018 (2017: £1,302k).

#### Reserves policy

The Board reviews the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of unrestricted reserves should be equivalent to approximately £1,000k (2017: £400k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust has a current level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) of £934k (2017: £500k).

The Board will aim to maintain the level of reserves required in future years.

The Trust held fund balances at 31 August 2018 of £90,135k (2017 restated: £90,208k) comprising £89,201k (2017 restated: £89,708k) of restricted funds and £934k (2017: £500k) of unrestricted general funds. Of the restricted funds £89,282k (2017 restated: £90,156k) is represented by tangible fixed assets, £193k (2017: £854k) of unspent capital grants and £709k (2017: £nil) of unspent GAG.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### Investment policy

Under the Memorandum and Articles of Association, the Trust has the power to invest funds not immediately required for its own purposes, in any way the trustees see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

The investment objectives are to achieve the best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation and to only invest funds surplus to operational need based on all financial commitments being met without the Trust bank account becoming overdrawn.

Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation. The Resources Committee will receive reports on investments held and the performance of those investments against objectives and monitor the cash position and cash flow forecast at appropriate intervals.

#### Principal risks and uncertainties

The principal risks and uncertainties that the Trust faces are mitigated by the risk management process that the Board has in place. The Trust maintains a risk register identifying the major risks, mitigating actions and lead officers. The risk register is reviewed by the Board annually and more often by the Audit Committee. Where significant financial risk still remains the Board have ensured the Trust has adequate insurance cover.

The trustees consider the following to be the main risks:

#### Safeguarding

The Board places as its highest priority the safety of the pupils in its care. Each school has a suite of policies which safeguards the pupils, and these are actively reviewed by trustees and governors annually to ensure they are appropriate to the changing needs and risks.

#### Reputation

The Trust is proud of the achievements of its pupils, and the examination results in 2018 were the highest ever achieved by the Trust's schools. However, parents have a number of choices, and the Trust is determined to ensure that pupils continue to succeed and progress in their chosen academic or employment pathways.

#### Operations

In 2017/18 significant progress was made to establish the operating systems of the Trust, and move away from having systems operating independently in each of its schools. The trustees have commended the work of the support staff based in its schools, and in 2018/19 the Executive will work with them to accelerate the project to create single operating system across all its schools.

#### Financial and risk management objectives and policies

In terms of the financial risks which the Trust is exposed these relate primarily to:

- Change in Government and legislation
- Potential of reduced funding and consequent cash flow
- Reduction in student numbers
- Recruitment and retention of staff

A risk arises in relation to the Local Government Pension Scheme, a defined benefit pension scheme, due to the fact that there is a deficit of £983k (2017: £1,302k).

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Plans for future periods**

The Trust will strive to achieve outstanding outcomes for students at all levels and will continue its efforts to ensure that all students achieve their potential. To this end the trust will continue to comprise of fully inclusive schools and will particularly focus on the needs of young people from disadvantaged homes. A strong emphasis on student destinations, post compulsory education, will be maintained and closely monitored.

Pupil numbers at Royal Greenwich Trust School will continue to grow as each year as an additional year group joins. In September 2019 there will be years 7, 8 and 9 in addition to the 6th form. The Trust is providing these additional school places at Royal Greenwich Trust School by working in close partnership with Royal Borough of Greenwich who are funding a 13m extension programme. These works are scheduled for completion February 2020.

Similarly, the St Paul's Way Trust Foundation School is providing additional capacity in London Borough of Tower Hamlets, and each year an additional year group is added. The curriculum design of the 'Through School' model will be further developed as KS2 becomes fully operational.

Both of our schools are fully subscribed and St Paul's Way Trust heavily so. The Trust will working be with London Borough of Tower Hamlets in order to consider additional provision to meet parental demand. St Paul's Way Trust VI form is performing particularly well but has a limited curriculum offer due to limited accommodation. In 2019, as part off the LA Post 16 review we anticipate that this issue will be resolved.

The Trust's 'School of Education' will formally launch, building its network of affiliate schools and the numbers of teachers it deploys and supports. This work builds on the success of St Paul's Way Trust, a National Teaching School.

The Trust plans to move into permanent offices, Spring 2019.

### **Auditor**

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 11 December 2018 and signed on its behalf by:

G Price  
**Accounting Officer**

Prof P Heathcote  
**Chair**

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that the 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 has delegated the day-to-day responsibility to the Chief Executive Officer, as the 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 Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board 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 has formally met four times during the year. Attendance during the year at meetings of the Board was as follows:

Trustees	Meetings attended	Out of possible
Mr R Shroll	0	4
W Carroll	2	4
E Marshall	2	4
G May	3	4
J Milligan (Resigned 12 December 2017)	1	1
G Price (Accounting Officer)	4	4
Prof R Lingwood (Resigned 5 August 2018)	2	4
Prof I McFadzean	3	4
B Conroy	3	4
Dr C Goudy	3	4
Prof P Heathcote (Chair)	4	4
E Martins-Taylor	4	4
K Bryan (Appointed 12 December 2017)	3	3
P Blagburn	3	4
S Hall (Appointed 10 July 2018)	0	0

Although Mr R Shroll was unable to attend meetings in person, he was represented by a proxy.

The Board's composition reflects the Trust's partnership structure described within the Trustee Report. In August 2017 a Trustee Skills Audit and Review was undertaken to ensure the knowledge, experience, skills and behaviours of Trustees enable them to deliver their function effectively.

An independent Governance Review commenced in October 2018. This review will focus on:

- How Trustees set the strategic direction of the Trust and the schools
- The Trust Board/ Local Governing Body effectiveness in monitoring teaching and learning; measuring progress; safeguarding; finance and HR.
- The effectiveness of governance structures and roles and responsibilities at each level.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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The Trust's Resources Committee is a sub-committee of the main Board. Its purpose is to:

- ensure oversight of all of the financial and resource affairs of the Trust, including advising the Board on setting the budget
- examine the longer term financial sustainability of the Trust and its academies
- monitor performance against budget
- ensure an appropriate set of policies and procedures are in place to provide assurance that public funds are being used correctly and good value for money is being achieved.
- maintain oversight of the Trust's central support services and the accounting and reporting systems and policies.

Attendance at meetings in the year was as follows (W Carroll is chair of this committee):

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
W Carroll	4	4
G Price (Accounting Officer)	2	4
Prof I McFadzean	4	4
Prof P Heathcote (Chair)	4	4

The Trusts' Audit Committee is a sub-committee of the main Board. Its purpose is to:

- provide assurance over the suitability of, and compliance with, the financial and operational controls taking into account the differing risks, complexity of operations and risk management arrangements
- verify the 'self-determination' assessments of the UST schools according to their academic performance, Ofsted readiness, financial probity and policy compliance.

Attendance at meetings in the year was as follows (E Marshall is the Chair of this committee):

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
E Marshall	5	5
B Conroy	5	5

#### **Review of value for money**

As Accounting Officer the Chief Executive Officer has responsibility for ensuring that the Trust 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 Trust's use of its resources has provided good value for money during each academic year, and reports to the Board where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Reviewing the curriculum offer and required staffing levels
- Reducing the dependency on agency staff
- Reviewing the insurance
- Developing curriculum support staff to support teaching and learning
- Supporting School's cooperation on procurement and utilising economies of scale.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in University Schools Trust, East London for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

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

### **The risk and control framework**

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

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

The Board have considered the need for a specific internal audit function and decided to appoint Wilkins Kennedy as internal auditor until 31 August 2018 and Mazars from 1 September 2018. Wilkins Kennedy's role included giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period include:

- Testing of control systems
- Testing of control account/ bank reconciliation
- Review of policies and procedures and adherence thereon
- Review of governance and training of Governors

Wilkins Kennedy reported to the Trust on the operation of the systems of control and on the discharge of the Trust's financial responsibilities. The role was carried out by a separate office at Wilkins Kennedy with no connection to the audit team, this is to ensure the reviews are carried out independently.

The trustees confirm the internal auditor and reviewer have delivered their schedule of work as planned, and no material control issues arose as a result of their work.

### **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 internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## GOVERNANCE STATEMENT (CONTINUED)

***FOR THE YEAR ENDED 31 AUGUST 2018***

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

Approved by order of the Board on 11 December 2018 and signed on its behalf by:

G Price  
**Accounting Officer**

Prof P Heathcote  
**Chair**

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

***FOR THE YEAR ENDED 31 AUGUST 2018***

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

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

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

G Price

**Accounting Officer**

11 December 2018

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The trustees (who are also the directors of The Trust 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 ESFA, 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 in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the Department for Education (DfE) or ESFA have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the Board on 11 December 2018 and signed on its behalf by:

G Price  
**Accounting Officer**

Prof P Heathcote  
**Chair**

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY SCHOOLS TRUST, EAST LONDON

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Opinion**

We have audited the financial statements of University Schools Trust, East London for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

### **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 Trust 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 Trust'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY SCHOOLS TRUST, EAST LONDON (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **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 including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

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

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

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

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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, 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 Trust'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 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY SCHOOLS TRUST, EAST LONDON (CONTINUED)

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Use of our report**

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.

**Michelle Wilkes (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy Audit Services**

18 December 2018

**Statutory Auditor**

Greytown House  
221-227 High Street  
Orpington  
BR6 ONZ

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UNIVERSITY SCHOOLS TRUST, EAST LONDON AND THE EDUCATION & SKILLS FUNDING AGENCY

**FOR THE YEAR ENDED 31 AUGUST 2018**

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In accordance with the terms of our engagement letter dated 24 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by University Schools Trust, East London during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of University Schools Trust, East London's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of University Schools Trust, East London's funding agreement with the Secretary of State for Education dated 9 October 2012 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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 Trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UNIVERSITY SCHOOLS TRUST, EAST LONDON AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Reporting Accountant**

Wilkins Kennedy Audit Services  
Greytown House  
221-227 High Street  
Orpington  
BR6 ONZ

Dated: 18 December 2018

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted funds:		Total 2018	Total 2017 as restated
	Notes	£'000	General	Fixed asset	£'000	£'000
			£'000	£'000		
<b>Income and endowments from:</b>						
Donations and capital grants	3	16	-	81	97	1,460
Donations - transfer from local authority on conversion		-	-	-	-	83,276
Charitable activities:						
- Funding for educational operations	4	-	18,652	-	18,652	15,820
Other trading activities	5	714	-	-	714	198
Investments	6	5	-	-	5	13
<b>Total</b>		735	18,652	81	19,468	100,767
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	9	122	18,512	1,694	20,328	18,303
<b>Total</b>	7	122	18,512	1,694	20,328	18,303
<b>Net income/(expenditure)</b>		613	140	(1,613)	(860)	82,464
Transfers between funds	17	(179)	100	79	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains on defined benefit pension schemes	19	-	787	-	787	724
<b>Net movement in funds</b>		434	1,027	(1,534)	(73)	83,188
<b>Reconciliation of funds</b>						
Total funds brought forward		500	(1,302)	91,010	90,208	7,020
Total funds carried forward		934	(275)	89,476	90,135	90,208

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017 As restated	Notes	Unrestricted	Restricted funds:		Total
		Funds £'000	General £'000	Fixed asset £'000	2017 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	3	24	-	1,436	1,460
Donations - transfer from local authority on conversion		1,277	(1,131)	83,130	83,276
Charitable activities:					
- Funding for educational operations	4	-	15,820	-	15,820
Other trading activities	5	198	-	-	198
Investments	6	13	-	-	13
<b>Total</b>		<u>1,512</u>	<u>14,689</u>	<u>84,566</u>	<u>100,767</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	9	54	16,533	1,716	18,303
<b>Total</b>	7	<u>54</u>	<u>16,533</u>	<u>1,716</u>	<u>18,303</u>
<b>Net income/(expenditure)</b>		1,458	(1,844)	82,850	82,464
Transfers between funds	17	(965)	283	682	-
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	19	-	724	-	724
<b>Net movement in funds</b>		493	(837)	83,532	83,188
<b>Reconciliation of funds</b>					
Total funds brought forward		7	(465)	7,478	7,020
Total funds carried forward		<u>500</u>	<u>(1,302)</u>	<u>91,010</u>	<u>90,208</u>

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017 as restated	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	13		89,282		90,156
<b>Current assets</b>					
Debtors	14	1,400		1,208	
Cash at bank and in hand		3,078		2,672	
		<u>4,478</u>		<u>3,880</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(2,642)		(2,526)	
<b>Net current assets</b>			1,836		1,354
<b>Net assets excluding pension liability</b>			91,118		91,510
Defined benefit pension scheme liability	19		(983)		(1,302)
<b>Net assets</b>			<u>90,135</u>		<u>90,208</u>
<b>Funds of the Trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			89,476		91,010
- Restricted income funds			708		-
- Pension reserve			(983)		(1,302)
<b>Total restricted funds</b>			<u>89,201</u>		<u>89,708</u>
<b>Unrestricted income funds</b>	17		934		500
<b>Total funds</b>			<u>90,135</u>		<u>90,208</u>

The financial statements on pages 21 to 45 were approved by the trustees and authorised for issue on 11 December 2018 and are signed on their behalf by:

G Price  
**Accounting Officer**

Prof P Heathcote  
**Chair**

Company Number 07742547

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

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		2018		2017 as restated	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	20		1,140		685
Cash funds transferred on conversion			-		1,277
			<u>1,140</u>		<u>1,962</u>
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		5		13	
Capital grants from DfE Group		33		36	
Capital funding received from sponsors and others		48		1,400	
Purchase of tangible fixed assets		(820)		(1,238)	
		<u></u>		<u></u>	
<b>Net cash (used in)/provided by investing activities</b>			(734)		211
			<u></u>		<u></u>
<b>Net increase in cash and cash equivalents in the reporting period</b>			406		2,173
Cash and cash equivalents at beginning of the year			2,672		499
			<u></u>		<u></u>
<b>Cash and cash equivalents at end of the year</b>			<u>3,078</u>		<u>2,672</u>

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies

The Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' Report.

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

##### 1.1 Basis of preparation

The financial statements of the Trust, 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Trust meets the definition of a public benefit entity under FRS 102.

##### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any 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 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

###### Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

###### Sponsorship income

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

#### Donations

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

#### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust has provided the goods or services.

#### Donated goods, facilities and services

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's policies.

#### Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### Charitable activities

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

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies

(Continued)

##### 1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

The property used by Royal Greenwich Trust School is included in the accounts at cost and has a 125 year lease with the Local Authority.

The properties used by St Paul's Way Trust School have been included at a desktop valuation provided by the Local Authority. The secondary school building is freehold and the primary school building is held on lease with Poplar HARCA, a local housing association.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land & Buildings	2% (land is not depreciated)
Plant and machinery	20%
Computer equipment	33.3%
Fixtures and fittings	20%
Assets under construction	not depreciated

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

##### 1.6 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

##### 1.7 Leasing commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

##### 1.8 Financial instruments

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

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies

(Continued)

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.9 Taxation

The Trust 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 Trust 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 Pensions benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust 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 projected unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate..

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 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.

#### 1.11 Fund accounting

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

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

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies

(Continued)

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

##### 1.12 Agency Arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 27.

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2016. 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.

##### Critical areas of judgement

###### Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

###### Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	33	33	1,436
Other donations	16	48	64	24
	<u>16</u>	<u>81</u>	<u>97</u>	<u>1,460</u>

### 4 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	15,720	15,720	12,696
Other DfE group grants	-	1,060	1,060	1,346
	<u>-</u>	<u>16,780</u>	<u>16,780</u>	<u>14,042</u>
<b>Other government grants</b>				
Local authority grants	-	1,872	1,872	1,758
Special educational projects	-	-	-	20
	<u>-</u>	<u>1,872</u>	<u>1,872</u>	<u>1,778</u>
<b>Total funding</b>	<u>-</u>	<u>18,652</u>	<u>18,652</u>	<u>15,820</u>

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	92	-	92	49
Catering income	58	-	58	22
Other income	564	-	564	127
	<u>714</u>	<u>-</u>	<u>714</u>	<u>198</u>

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	5	-	5	13
	<u>5</u>	<u>-</u>	<u>5</u>	<u>13</u>

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Academies educational operations					
- Direct costs	12,367	1,315	1,438	15,120	14,159
- Allocated support costs	1,835	1,843	1,530	5,208	4,144
	<u>14,202</u>	<u>3,158</u>	<u>2,968</u>	<u>20,328</u>	<u>18,303</u>

#### Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	12	10
- Other services	5	1
Operating lease rentals	37	105
Depreciation of tangible fixed assets	1,694	1,716
Net interest on defined benefit pension liability	36	37
	<u>1,784</u>	<u>1,869</u>

### 8 Central services

The Trust provided elements of the following services to its academies during the year:

- human resources;
- financial services;
- educational support services; and
- marketing ICT support

The Trust charges for these services on the following basis:

- 5% of GAG

The amounts charged during the year were as follows:

	2018 £'000	2017 £'000
St Paul's Way Trust School	560	546
Royal Greenwich Trust School	219	98
	<u>779</u>	<u>644</u>

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
<b>Direct costs</b>				
Educational operations	-	15,120	15,120	14,159
<b>Support costs</b>				
Educational operations	122	5,086	5,208	4,144
	<u>122</u>	<u>20,206</u>	<u>20,328</u>	<u>18,303</u>
			<b>2018</b>	<b>2017</b>
			<b>£'000</b>	<b>£'000</b>
<b>Analysis of support costs</b>				
Support staff costs			1,835	1,689
Depreciation			379	389
Technology costs			131	57
Premises costs			1,464	862
Other support costs			1,375	1,084
Governance costs			24	63
			<u>5,208</u>	<u>4,144</u>

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	9,414	9,008
Social security costs	1,038	940
Pension costs	1,707	1,585
Staff costs	<u>12,159</u>	<u>11,533</u>
Agency staff costs	1,904	1,900
Staff restructuring costs	36	-
Staff development and other staff costs	103	50
Total staff expenditure	<u>14,202</u>	<u>13,483</u>
Staff restructuring costs comprise:		
Redundancy payments	<u>36</u>	<u>-</u>

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 10 Staff

(Continued)

#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £35,500 (2017: £nil). Individually, the payments were £22,500 and £13,000.

#### Staff numbers

The average number of persons, by headcount, employed by the Trust during the year was as follows:

	2018 Number	2017 Number
Teachers	141	128
Administration and support	116	120
Management	24	13
	<u>281</u>	<u>261</u>

#### Higher paid staff

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

	2018 Number	2017 Number
£60,001-£70,000	14	6
£70,001-£80,000	4	2
£80,001-£90,000	-	1
£90,001-£100,000	3	1
£100,001-£110,000	1	1
£110,001-£120,000	1	1
£160,001-£170,000	1	-
	<u>25</u>	<u>13</u>

#### Key management personnel

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the Trust was £495k (2017: £432k).

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 11 Trustees' remuneration and expenses

The Chief Executive Officer only received remuneration in respect of services he provided undertaking the role of Chief Executive Officer and not in respect of his services as a trustee. Other trustees did not receive any payments from the Trust in respect of their role as Trustees. His remuneration, including pension is:

G Price Executive Headteacher :

- Remuneration £60,420 (2017: £70,000 - £80,000)

G Price CEO:

- Remuneration £100,107 (2017: £70,000 - £80,000)

G Price Pension:

- Employers pension contributions £26,455 (2017: £20,000 - £25,000)

#### Trustees' expenses

During the year to 31 August 2018, there was no reimbursed expenditure paid to trustees (2017: £968 to two trustees for travel).

Other related party transactions involving the trustees are set out in Note 24.

#### 12 Trustees and officers insurance

The Trust has opted into the DfE'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 Trust 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.

#### 13 Tangible fixed assets

	Land & Buildings £'000	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
<b>Cost</b>						
At 1 September 2017	90,805	808	712	765	595	93,685
Additions	-	3	108	-	709	820
At 31 August 2018	90,805	811	820	765	1,304	94,505
<b>Depreciation</b>						
At 1 September 2017	1,762	689	550	528	-	3,529
Charge for the year	1,315	117	109	153	-	1,694
At 31 August 2018	3,077	806	659	681	-	5,223
<b>Net book value</b>						
At 31 August 2018	87,728	5	161	84	1,304	89,282
At 31 August 2017	89,043	119	162	237	595	90,156

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 13 Tangible fixed assets (Continued)

Included in the cost of land and buildings is land valued at £25,030k (2017 restated: £25,030k) which is not depreciated.

14 Debtors	2018 £'000	2017 £'000
Trade debtors	183	145
VAT recoverable	523	451
Other debtors	6	291
Prepayments and accrued income	688	321
	<u>1,400</u>	<u>1,208</u>
	<u><u>1,400</u></u>	<u><u>1,208</u></u>
15 Creditors: amounts falling due within one year	2018 £'000	2017 £'000
Trade creditors	551	305
Other taxation and social security	208	244
Other creditors	1,534	1,431
Accruals and deferred income	349	546
	<u>2,642</u>	<u>2,526</u>
	<u><u>2,642</u></u>	<u><u>2,526</u></u>
16 Deferred income	2018 £'000	2017 £'000
Deferred income is included within:		
Creditors due within one year	31	121
	<u>31</u>	<u>121</u>
	<u><u>31</u></u>	<u><u>121</u></u>
Deferred income at 1 September 2017	121	-
Released from previous years	(121)	-
Resources deferred in the year	31	121
	<u>31</u>	<u>121</u>
<b>Deferred income at 31 August 2018</b>	<u><u>31</u></u>	<u><u>121</u></u>

Deferred income relates to Universal Infant Free School Meals, High Needs and Devolved Formula Capital funding for 2018/19.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	15,720	(15,112)	100	708
Other DfE / ESFA grants	-	1,060	(1,060)	-	-
Other government grants	-	1,872	(1,872)	-	-
Pension reserve	(1,302)	-	(468)	787	(983)
	<u>(1,302)</u>	<u>18,652</u>	<u>(18,512)</u>	<u>887</u>	<u>(275)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	854	33	-	(694)	193
General fixed assets	90,156	48	(1,694)	773	89,283
	<u>91,010</u>	<u>81</u>	<u>(1,694)</u>	<u>79</u>	<u>89,476</u>
<b>Total restricted funds</b>	<u>89,708</u>	<u>18,733</u>	<u>(20,206)</u>	<u>966</u>	<u>89,201</u>
<b>Unrestricted funds</b>					
General funds	500	735	(122)	(179)	934
<b>Total funds</b>	<u>90,208</u>	<u>19,468</u>	<u>(20,328)</u>	<u>787</u>	<u>90,135</u>

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

General Annual Grant (GAG): income received from the ESFA to cover the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/ESFA grants: includes pupil premium grant, rates relief, Universal Infant Free School Meals funding and pupil number adjustment.

Other Government grants: includes high needs funding, rates relief and other grants received from the Local Authority.

DfE Group capital grants; includes grants received from the Local Authorities for capital works and Devolved Formula Capital grant.

Transfer of funds relate to the purchase of fixed assets.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Funds

(Continued)

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	12,696	(12,979)	283	-
Other DfE / ESFA grants	-	1,346	(1,346)	-	-
Other government grants	-	1,778	(1,778)	-	-
Pension reserve	(465)	(1,131)	(430)	724	(1,302)
	<u>(465)</u>	<u>14,689</u>	<u>(16,533)</u>	<u>1,007</u>	<u>(1,302)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	-	83,130	-	(83,130)	-
DfE group capital grants	(26)	1,436	-	(556)	854
General fixed assets	7,504	-	(1,716)	84,368	90,156
	<u>7,478</u>	<u>84,566</u>	<u>(1,716)</u>	<u>682</u>	<u>91,010</u>
<b>Total restricted funds</b>	<u>7,013</u>	<u>99,255</u>	<u>(18,249)</u>	<u>1,689</u>	<u>89,708</u>
<b>Unrestricted funds</b>					
General funds	7	1,512	(54)	(965)	500
<b>Total funds</b>	<u>7,020</u>	<u>100,767</u>	<u>(18,303)</u>	<u>724</u>	<u>90,208</u>

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	28,416	(28,091)	383	708
Other DfE / ESFA grants	-	2,406	(2,406)	-	-
Other government grants	-	3,650	(3,650)	-	-
Pension reserve	(465)	(1,131)	(898)	1,511	(983)
	<u>(465)</u>	<u>33,341</u>	<u>(35,045)</u>	<u>1,894</u>	<u>(275)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	-	83,130	-	(83,130)	-
DfE group capital grants	(26)	1,469	-	(1,250)	193
General fixed assets	7,504	48	(3,410)	85,141	89,283
	<u>7,478</u>	<u>84,647</u>	<u>(3,410)</u>	<u>761</u>	<u>89,476</u>
<b>Total restricted funds</b>	<u>7,013</u>	<u>117,988</u>	<u>(38,455)</u>	<u>2,655</u>	<u>89,201</u>
<b>Unrestricted funds</b>					
General funds	7	2,247	(176)	(1,144)	934
	<u>7</u>	<u>2,247</u>	<u>(176)</u>	<u>(1,144)</u>	<u>934</u>
<b>Total funds</b>	<u>7,020</u>	<u>120,235</u>	<u>(38,631)</u>	<u>1,511</u>	<u>90,135</u>

#### Total funds analysis by academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were allocated as follows:		
St Paul's Way Trust School	788	462
Royal Greenwich Trust School	352	(245)
University Schools Trust, East London	502	283
	<u>1,642</u>	<u>500</u>
Total before fixed assets fund and pension reserve	1,642	500
Restricted fixed asset fund	89,476	91,010
Pension reserve	(983)	(1,302)
	<u>90,135</u>	<u>90,208</u>
Total funds	90,135	90,208

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Funds

(Continued)

#### Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
St Paul's Way Trust School	9,412	1,204	118	3,076	13,810
Royal Greenwich Trust School	2,851	176	81	1,082	4,190
University Schools Trust, East London	-	455	-	179	634
	<u>12,263</u>	<u>1,835</u>	<u>199</u>	<u>4,337</u>	<u>18,634</u>

### 18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	89,282	89,282
Current assets	934	3,350	194	4,478
Creditors falling due within one year	-	(2,642)	-	(2,642)
Defined benefit pension liability	-	(983)	-	(983)
<b>Total net assets</b>	<u>934</u>	<u>(275)</u>	<u>89,476</u>	<u>90,135</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	90,156	90,156
Current assets	500	2,526	854	3,880
Creditors falling due within one year	-	(2,526)	-	(2,526)
Defined benefit pension liability	-	(1,302)	-	(1,302)
<b>Total net assets</b>	<u>500</u>	<u>(1,302)</u>	<u>91,010</u>	<u>90,208</u>

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 19 Pensions and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Royal Borough of Greenwich and the London Borough of Tower Hamlets. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. 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 £117k (2017: £110k) were payable to the schemes at 31 August 2018 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

##### Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 16.4%))
- 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
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The employer's pension costs paid to the TPS in the period amounted to £965k (2017: £890k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Pensions and similar obligations

(Continued)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2018 are as noted below. The agreed contribution rates for future years are 18.9 to 23% for employers and 5.5 to 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 the Trusts' closure, outstanding LGPS liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

<b>Total contributions made</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Employer's contributions	310	302
Employees' contributions	114	110
	<u>          </u>	<u>          </u>
Total contributions	424	412
	<u>          </u>	<u>          </u>
<b>Principal actuarial assumptions</b>	<b>2018</b>	<b>2017</b>
	<b>%</b>	<b>%</b>
Rate of increases in salaries	2.9	3.2
Rate of increase for pensions in payment	2.3	2.5
Discount rate	2.7	2.5
	<u>          </u>	<u>          </u>

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

	<b>2018</b>	<b>2017</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.4	22.4
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.4	24.4
- Females	26.4	26.4
	<u>          </u>	<u>          </u>

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Pensions and similar obligations

(Continued)

Scheme liabilities would have been affected by changes in assumptions as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Discount rate +0.5%	778	720
Salary rate +0.5%	83	90
Pension rate +0.5%	691	625
	<u>          </u>	<u>          </u>
<b>The Trust's share of the assets in the scheme</b>	<b>2018</b>	<b>2017</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£'000</b>	<b>£'000</b>
Equities	2,516	2,031
Bonds	692	563
Cash	40	149
Unitised Insurance Policies	235	255
Property	408	343
Other assets	164	96
	<u>          </u>	<u>          </u>
Total market value of assets	4,055	3,437
	<u>          </u>	<u>          </u>
Actual return on scheme assets - gain/(loss)	228	363
	<u>          </u>	<u>          </u>
<b>Amounts recognised in the statement of financial activities</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	693	695
Past service cost	49	-
Interest income	-	(61)
Interest cost	36	98
	<u>          </u>	<u>          </u>
Total operating charge	778	732
	<u>          </u>	<u>          </u>

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

<b>19 Pensions and similar obligations</b>	<b>(Continued)</b>	
<b>Changes in the present value of defined benefit obligations</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Obligations at 1 September 2017	4,739	954
Obligations acquired on conversion	-	3,343
Current service cost	693	695
Interest cost	128	98
Employee contributions	114	110
Actuarial gain	(651)	(422)
Benefits paid	(34)	(39)
Past service cost	49	-
	<hr/>	<hr/>
At 31 August 2018	5,038	4,739
	<hr/> <hr/>	<hr/> <hr/>
<b>Changes in the fair value of the Trust's share of scheme assets</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Assets at 1 September 2017	3,437	489
Assets acquired on conversion	-	2,212
Interest income	92	61
Actuarial gain	136	302
Employer contributions	310	302
Employee contributions	114	110
Benefits paid	(34)	(39)
	<hr/>	<hr/>
At 31 August 2018	4,055	3,437
	<hr/> <hr/>	<hr/> <hr/>
<b>20 Reconciliation of net (expenditure)/income to net cash flow from operating activities</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(860)	82,464
Adjusted for:		
Net surplus on conversion to academy	-	(83,276)
Capital grants from DfE/ESFA and other capital income	(81)	(1,436)
Investment income receivable	(5)	(13)
Defined benefit pension costs less contributions payable	432	393
Defined benefit pension net finance cost	36	37
Depreciation of tangible fixed assets	1,694	1,716
(Increase) in debtors	(192)	(1,024)
Increase in creditors	116	1,824
	<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	<b>1,140</b>	<b>685</b>
	<hr/> <hr/>	<hr/> <hr/>

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 21 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the ESFA the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

### 22 Commitments under operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	14	10
Amounts due in two and five years	25	1
	<u>39</u>	<u>11</u>

### 23 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the financial statements	-	1,380
	<u>-</u>	<u>1,380</u>

### 24 Related party transactions

Owing to the nature of the Trust and the composition of the Board being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and in accordance with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

There were no related party transactions in the period.

### 25 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

# UNIVERSITY SCHOOLS TRUST, EAST LONDON

## NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 26 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the Trust received £58k (2017: £37k) and disbursed £58k (2017:£37k) from the fund. There are no amounts relating to undistributed funds repayable to ESFA.

### 27 Prior period adjustment

	1 September 2016 £'000	31 August 2017 £'000
<b>Reconciliation of funds</b>		
Funds as previously reported	7,020	8,240
Adjustments arising:		
Land and buildings	-	83,130
Building depreciation	-	(1,162)
Funds as restated	<u>7,020</u>	<u>90,208</u>
		<b>2017</b>
<b>Reconciliation of net income for the previous financial period</b>		<b>£'000</b>
Net income as previously reported		496
Adjustments arising:		
Land and buildings		83,130
Building depreciation		(1,162)
Net income as restated		<u>82,464</u>

#### Notes to restatement

In the previous period no evidence was available to the Trust on the value of the land and buildings at St Pauls Way Trust School transferred on conversion and consequently no value was attributed to those assets in the financial statements.

During the year ended 31 August 2018 the Trust received a desk top valuation from the Local Authority for £83m and the property and associated depreciation has been included in these financial statements by way of a prior period adjustment.