

Company Registration No. 07742547 (England and Wales)

UNIVERSITY SCHOOL TRUST, EAST LONDON

(A COMPANY LIMITED BY GUARANTEE)

**TRUSTEES' STRATEGIC REPORT AND AUDITED FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2017

UNIVERSITY SCHOOL TRUST, EAST LONDON

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UNIVERSITY SCHOOL TRUST, EAST LONDON

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr R Shroll
W Carroll *
E Marshall
G May
J Milligan
G Price (Accounting Officer) *
Prof R Lingwood
Prof I McFadzean (Appointed 19 October 2016) *
B Conroy (Appointed 19 October 2016)
N Patel (Appointed 19 October 2016 and resigned 31 July 2017)
Dr C Goudy (Appointed 8 February 2017)
Prof P Heathcote (Chair) (Appointed 1 August 2017) *
E Martins- Taylor (Appointed 1 August 2017)
F Bingham (Resigned 30 September 2016)
Prof S Lea (Resigned 30 June 2017)

* members of the Finance and Resources Committee

Members

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

Executive and senior management team

G Price	- CEO and Executive Headteacher (SPWTS)
F Bingham	- Chief Operating Officer
G Kemp	- Director of Learning
R Marshall	- Principle (RGTS)

Company registration number

07742547 (England and Wales)

Registered office

St Pauls Way Trust School
125 St Paul's Way
London
E3 4FT

Academies operated

St Pauls Way Trust
Royal Greenwich Trust School
University School Trust, East London

Location

Tower Hamlets
Greenwich
London

Principal

G Price
R Marshall
G Price

Independent auditor

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

UNIVERSITY SCHOOL TRUST, EAST LONDON

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

HSBC Bank plc
15 Wellingotn Street
Woolwich
London
SE18 6PH

Lloyds bank
39 Threadneedle Street
London
EC2R 8AU

Barclays Bank Plc
1 Churchill Place
London

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 Cresent
London
E14 2BG

DAC Beachcroft LLP
100 Fetter Lane
London
EC4A 1BN

UNIVERSITY SCHOOL TRUST, EAST LONDON

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The University Schools Trust, East London operates two member schools located in two London Boroughs: St Paul's Way Trust School - an Outstanding all-through school in Tower Hamlets - and Royal Greenwich Trust School - a successful former University Technical College and now a mainstream secondary school, admitting the first cohort of Year 7 students in September 2017.

The former has a pupil capacity of 1620 and roll of 1531 in the school census of October 2017, with the latter, a current capacity of 600 and roll of 567 in the October 2017 pupil census.

Structure, governance and management

Constitution

The University Schools Trust, East London (formerly known as The University Technical College, Royal Borough of Greenwich*) 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 multi academy trust.

The trustees of the University Schools Trust, East London (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 are included in the Reference and Administrative Details on page 1.

* University Technical College, Royal Borough of Greenwich was incorporated on 16 August 2011 and obtained UTC status from 9 October 2012. The Royal Greenwich UTC (RGUTC) school changed its name on the 1st September 2016 to the Royal Greenwich Trust School (RGTS). At the same time the school became part of the University Schools Trust, East London (UST EL), a multi academy trust and as such the RGUTC Trust then ceased to exist. The RGUTC Trust changed its registered name with Companies House to University Schools Trust East London retaining its company registration number. St Pauls Way Trust joined UST EL when it converted on 1 September 2016.

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 members of The Universities Schools Trust, East London shall comprise of the foundation/ sponsor body and any persons appointed under Article 15A, provided that at any time the minimum number of members shall not be less than 3. An employee cannot be a member of the academy trust.

The number of trustees shall be not less than 3, but shall not be subject to a maximum. Subject to articles 48-49 and 53, the Academy Trust shall have the following Trustees:

- up to ten trustees, appointed under Articles 50 and 51
- up to two trustees appointed by the foundation/ sponsor body under Article 50A
- the Chief Executive Officer, appointed under Article 57, and
- a minimum of 2 parent trustees elected or appointed under Articles 53-56 in the event that no local governing bodies are established under article 100a or if no provision is made for at least 2 parent local governors on each established local governing body pursuant to Article 101A.

The academy trust may also have any co-opted trustee appointed under Article 58. The total number of trustees including the Chief Executive Officer who are employees of the academy trust shall not exceed one third of the total number of trustees under Article 508.

UNIVERSITY SCHOOL TRUST, EAST LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 Multi Academy Trustee or School Governor. The Trust subscribes to both the National Governance Association and The Key (for School Leaders) and trustees / governors are actively encouraged to utilise this free resource. Additionally trustees and governors with specific roles within the Trust 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: the members of the Trust, the Trust Board (directors and trustees), including committees for: Standards; Resources; Communication, Marketing and Strategy; Audit; Remuneration and Local Governing Bodies.

The Board of Trustees are responsible for, and oversee, the management and administration of the Trust and the academies 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 (CEO); Local Governing Bodies (Local GB); and individual academy 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 Trust Board has retained responsibility for all financial and employment matters, again as defined in the Scheme of Delegation and are 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 those policies and the School Development Plan within the resources available.

The Trustees are responsible for exercising oversight over the governance and management the Trust. In exercising their responsibilities, Trustees consider the advice given by the Executive Headteacher / Headteacher, other executive officers and the Chairs of Local Governing Bodies (Local GB), as appropriate.

The Trustees are responsible for setting general policy, including all financial and employment related policy, adopting an annual plan and budget, monitoring the Trust by the use of results and budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Scheme of Delegation gives full details of all delegated responsibilities. The Chief Executive Officer is the Accounting Officer.

During the period 1st September 2016 to 31st August 2017 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 Senior Management of the Trust. 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 Senior Management of the Trust, the Remuneration Committee consider performance management information and relevant benchmarks within the sector.

UNIVERSITY SCHOOL TRUST, EAST LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Related parties and other connected charities and organisations

The Trust enjoyed an effective partnership with six university partners Queen Mary University of London, Kings College London, University College London, University of East London, University of Greenwich and the University of Warwick; corporate partners XL Catlin and Wates Construction alongside the NHS, Poplar HARCA (Housing Association) and the London Borough of Tower Hamlets. The partners actively supported the Trust in the delivery of the curriculum with staff and resources as well as providing opportunities for work experience.

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 quality, 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.

Objectives, strategies and activities

The primary aims of UST, going forward, are as follows:

1. To provide a world class education for the students within its schools.
2. To provide a platform for UK educationalists, in schools and universities, to share knowledge and to innovate

A developing five year strategy reflects these aims:

- To create and maintain 'Outstanding' schools that are as 'world leading' as the Universities found within the Trust
- To create and maintain a UST 'School of Education' which will draw upon the skills and expertise of our leaders and practitioners, within our schools and within our member universities, in order to develop and promote educational excellence.

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 the school

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 academies websites.

- St Paul's Way Trust School @ <http://www.spwt.net/policies/>; and
- Royal Greenwich Trust School @ <http://rgts17.rgtrustschool.net/policies/>

Strategic report

Achievements and performance

The Trust has the highest aspirations for all its students. The schools' analysis of examination/test performance are compared with national and local outcomes to ensure challenge for all schools within the Trust, as data becomes available. Data is derived from the Inspection Data Summary Report (replaces Raiseonline), EYFS, Phonics, KS1, KS2, KS4 and KS5 data sets. National Data (NA) for a number of qualifications is not yet available.

UNIVERSITY SCHOOL TRUST, EAST LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key performance indicators

The key performance indicators reviewed at Board meetings included income from the Education and 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.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the Trust's income is obtained from the Education and 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 2017 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 2017, total expenditure of £17,141k (2016: £3,777k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £386k (2016: £973k income over expenditure).

At 31 August 2017 the net book value of fixed assets was £8,188k (2016: £7,504k). Movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The Royal Borough of Greenwich Local Government Pension Fund, in which the Trust participates, showed a deficit of £198k at 31 August 2017 (2016: £465k).

The London Borough of Tower Hamlets Local Government Pension Fund, in which the Trust participates, showed a deficit of £1,104k at 31 August 2017).

Reserves policy

The Trustees review 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 £400k (2016: £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 current level of free reserves of £500k (2016: £7) (total funds less the amount held in fixed assets and restricted funds).

The Trustees review the reserves policy annually and are aiming to increase their general reserves over the coming years.

The Trust held fund balances at 31 August 2017 of £8,240k (2016: £7,020k) comprising £7,740k (2016: £7,013k) of restricted funds and £500k (2016: £7) of unrestricted general funds. Of the restricted funds £9,042k (2016: £7,478k) is represented by tangible fixed assets, which includes a negative fund balance of £Nil (2016: £26) of grants due from the local authority.

UNIVERSITY SCHOOL TRUST, EAST LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Investment policy and powers

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 UST EL faces are mitigated by the risk management process that the academy trust has in place. The Governors consider the following to be the main risks:

Reduction in Roll

The main risk to the Trust is not attracting sufficient pupils and so insufficient funding. This has been mitigated by RGTS moving to an 11-19 intake from September 2017. The 11-15 intake at RGTS was through the common admissions system and the Royal Borough of Greenwich already has identified a shortfall of places in the borough. RGTS has recruited 174 for a maximum number of Year 7 places of 180 and projects a full five forms of entry (150) intake in all years and will staff accordingly. SPWTS has a full intake at all year groups in secondary.

With regard to 16-19 places – with borough wide marketing RGTS has attracted 393 sixth form students to join or stay on at the academy and continues to encourage new pupils, a small shortfall on the numbers projected. SPWTS continues to attract and grow their sixth form.

Over staffing

The main expenditure is on staffing and the RGTS policy of recruiting permanent staff based on projected numbers ceased in 2015. The schools operate a cautious approach to recruitment, so that if roll numbers do not match expectations then staff can be released prior to the academic year and so matching spend to income from the October census date.

Examination Results

This is linked with the quality of teaching and learning throughout the school and can impact negatively across the school, especially attracting students and high-quality staff.

SPWTS has been an outstanding school for many years with results reflective of that status. The proportion of pupils who achieved the good level of development at the end of the early years' foundation stage was in line with the national average with strong progress evident. Year 11 students secured an outstanding set of results despite being the first cohort to undertake the new reformed GCSEs, placing SPWTS amongst the top 12% of schools in the country. Sixth Formers secured the best A level results in the school's history, with 98% moving on to university pathways with the remaining 2% accessing high-quality school leaver programmes.

RGTS sixth form improved their attainment overall, compared to the previous year group, with the average grade in BTEC level 3 courses increased to D* for the first time and students on Level 2 courses maintaining an excellent record of 100% pass rate again, ensuring a breadth of academic opportunity.

The Trust is developing KPIs to ensure strenuous internal scrutiny of the performance of the schools to continue improving results.

UNIVERSITY SCHOOL TRUST, EAST LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Risk Management

The Governors have assessed the major risks to which the UST EL is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the UST EL, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Governors are introducing systems, including operational procedures internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Financial and risk management objectives and policies

The financial risks which the University Technical College, Royal Borough of Greenwich is exposed to relate primarily to:

- Change in government and legislation
- Potential of reduced funding and cash flow
- Reduction in student numbers

A risk arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £1,302k (2016: £465k)

Plans for future periods

The Trust will continue striving to improve the levels of performance of the students at all levels and will continue its efforts to ensure all students achieve their potential. Trustees and governors worked to ensure that the financial viability of RGTS was sustainable and that it is a going concern. The current demand for secondary places in both locations of the Trust's academies increases the potential for full classes in years to come.

Consequently, plans are in place for the expansion of RGTS to accommodate the full pupil intake of years 7 – 11 and at SPWTS for 6th form.

The Trust's family of schools will increase in size in order to include more 'Outstanding or nearly Outstanding schools' - schools that embrace our aims and can add capacity toward meeting these aims.

The Trust's School of Education (SoE) will be developed showing how the SoE will draw on its unique talent pool from both its schools, associated schools and university partners. Building on the SPWT Teaching School model the SoE will provide bespoke 'School to School' support and build special relationships with strategic partners such as London Borough of Tower Hamlets (LBTH) and The Royal Borough of Greenwich (RBG).

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.

A resolution proposing that Wilkins Kennedy LLP be reappointed as auditor of the charitable company will be put to the members.

The governors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2017 and signed on its behalf by:

G Price
Accounting Officer

Prof P Heathcote
Chair

UNIVERSITY SCHOOL TRUST, EAST LONDON

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between University School Trust, East London and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

During the year in question the Governing Body met four times. Throughout the year the Governors undertook their duties in the strategic management and monitoring of UST EL activities. The Principal provided comprehensive reports on all facets of the UST EL's work. The Governors exercised the necessary degree of challenge and support required in their capacity as 'critical friends'.

The Trustees established a Resources Committee who monitored expenditure in line with the agreed budget plan for the year to ensure the Trust operated within the resources available. The Audit Committee appointed a Responsible Officer over both schools and Wilkins Kennedy to periodically undertake audit reviews of various aspects of the day-to-day financial activities.

Trustees	Meetings attended	Out of possible
Mr R Shroll	0	4
W Carroll	4	4
E Marshall	3	4
G May	3	4
J Milligan	3	4
G Price (Accounting Officer)	3	4
Prof R Lingwood	4	4
Prof I McFadzean (Appointed 19 October 2016)	3	4
B Conroy (Appointed 19 October 2016)	1	4
N Patel (Appointed 19 October 2016 and resigned 31 July 2017)	1	4
Dr C Goudy (Appointed 8 February 2017)	2	3
Prof P Heathcote (Chair) (Appointed 1 August 2017)	0	0
E Martins- Taylor (Appointed 1 August 2017)	0	0
F Bingham (Resigned 30 September 2016)	0	0
Prof S Lea (Resigned 30 June 2017)	1	3

The trustees recognise they should regularly evaluate their own effectiveness and the chair has a particular responsibility for ensuring the effective functioning of the board. Utilising the National Governance Association resources, it is intended that this evaluation, including a chairs' 360 appraisal tool should take place and be reported to the next Board meeting in March 2018.

UNIVERSITY SCHOOL TRUST, EAST LONDON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

In addition, the trustees have carried out an initial audit of the skills they possess in the light of the skills and competencies they need, taking into account the Department of Education's Competency Framework for Governance and National Governance Association guidance. The outcomes of this exercise will be reported simultaneously with the self-evaluation, including:

- Completion and approval of
 - UST Trustee's Handbook;
 - UST Financial Handbook;
- Training Needs Analysis, supplemented by
 - Specific training provided to all Trustees based on the two handbooks above;
 - Safeguarding
 - Education policy
 - National funding formula
- Access to online resources provided by
 - National Governor's Association
 - The Key for School Leaders

In the first twelve months of the Trust's operation, a Steering Group was convened to oversee, advise on, and contribute to, the operation of the Trust; to ensure that the Trust operated with integrity, accountability, openness, effectiveness and optimum efficiency; to do this by directing resources cost-efficiently to meet the requirements of the Trust and its policies.

The objective of the Steering Group, in the first phase of operations (up to July 2017), was to seek to establish, stabilise and develop Trust operations so that the Trust was in a position to fulfil its objectives; to review the operation as at the end of July 2017 and to formulate processes, delegation, and responsibilities for the Steering Group and the Administration for the future.

The Steering Group carried out its duties as delegated by the Trust, reporting back to, making recommendations or referrals to the Trust as required and acted as an Audit Committee for the purposes of overseeing the 2016/17 audit.

The Steering Group met seven times from November 2016, with a final meeting on 14/09/17 and the membership (ex-officio) as follows:

Elizabeth Marshall
Professor Peter Heathcote
Chris Philpott
Dr Richard Marshall
John Carroll
Grahame Price (UST)
Christine Whatford (UST)
David Cross (UST)
Hania Franek (UST)

UNIVERSITY SCHOOL TRUST, EAST LONDON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

In addition, the Trust's Resources Committee, a sub-committee of the Board met once – the main responsibilities were:

- ensuring oversight of all of the financial and resource affairs of the Trust, including advising the Board on setting the budget
- examining the longer term financial sustainability of the Trust and its academies
- monitoring performance against budget
- ensuring 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.
- maintaining 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:

Trustees	Meetings attended	Out of possible
W Carroll	1	1
G Price (Accounting Officer)	1	1
Prof I McFadzean (Appointed 19 October 2016)	0	1
Prof P Heathcote (Chair) (Appointed 1 August 2017)	0	0

Review of value for money

As accounting officer the Principal 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 trustees 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
- The use of curriculum support staff to support teaching and learning
- Reviewing the financial handbook, in entirety, and training all budget holders.

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 School Trust, East London for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

UNIVERSITY SCHOOL TRUST, EAST LONDON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 of trustees;
- regular reviews by the Finance and 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 Trustees have considered the need for a specific internal audit function and decided to appoint Wilkins Kennedy as internal auditor. In addition, the trustees have appointed Fiona Reilly, as Responsible Officer (RO) across both member schools. The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The RO will be providing on an annual basis; the RO reports to the Local Governing Bodies on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. In addition, the RO along with the RGTS Local Governing Body, commissioned an external review of the financial systems and processes at the school. Some recommendations were made relating to the items below and are being addresses. No material control issues were identified.

- Order processing
- Purchasing
- Payroll
- Petty cash; and
- VAT

Further, the Trust has commissioned a VAT due diligence exercise to ensure HMRC compliance

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The Internal Auditor review in the current period focussed predominately on the Trust's governance arrangements.

Review of effectiveness

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

- the work of the responsible officer;
- the work of the external auditor;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

UNIVERSITY SCHOOL TRUST, EAST LONDON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 of trustees on 12 December 2017 and signed on its behalf by:

G Price
Accounting Officer

Prof P Heathcote
Chair

UNIVERSITY SCHOOL TRUST, EAST LONDON

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of University School Trust, East London I have considered my responsibility to notify the Trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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

G Price

Accounting Officer

12 December 2017

UNIVERSITY SCHOOL TRUST, EAST LONDON

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for University School Trust, East London and are also the directors of University School Trust, East London for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of trustees on 12 December 2017 and signed on its behalf by:

G Price
Accounting Officer

Prof P Heathcote
Chair

UNIVERSITY SCHOOL TRUST, EAST LONDON

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

Opinion

We have audited the financial statements of University School Trust, East London (the 'Academy Trust') for the year ended 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 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 2016 to 2017.

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.

Emphasis of Matter – no valuation available for Land and Buildings

No audit evidence was available to us with regard to the value of St Pauls Way Trust's land and buildings. This information has been requested from the ESFA but had not been received for the year end to which these financial statements relate. Owing to the lack of information provided by the ESFA that would normally be available to an academy, we are unable to obtain sufficient appropriate audit evidence regarding the value of the land and buildings and thus no value has been included within these financial statements.

Our audit report has not been qualified in this respect.

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.

UNIVERSITY SCHOOL TRUST, EAST LONDON

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 Academy Trust, or have no realistic alternative but to do so.

UNIVERSITY SCHOOL TRUST, EAST LONDON

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

Auditor's responsibilities for the audit of the accounts

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.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the Academy Trust'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 LLP**

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**Statutory Auditor
Chartered Accountants**

Greytown House
221-227 High Street
Orpington
BR6 ONZ

UNIVERSITY SCHOOL TRUST, EAST LONDON

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

In accordance with the terms of our engagement letter dated 20 June 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by University School Trust, East London during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to University School 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 School 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 School Trust, East London and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of University School 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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 SCHOOL TRUST, EAST LONDON

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 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 LLP
Greytown House
221-227 High Street
Orpington
BR6 ONZ

Dated: 14 December 2017

UNIVERSITY SCHOOL TRUST, EAST LONDON

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000	Total 2016 £'000
Income and endowments from:						
Donations and capital grants	3	24	-	1,436	1,460	107
Donations - transfer from local authority on conversion	26	1,277	(1,131)	-	146	-
Charitable activities:						
- Funding for educational operations	4	-	15,820	-	15,820	4,076
Other trading activities	5	198	-	-	198	61
Investments	6	13	-	-	13	1
Total income and endowments		<u>1,512</u>	<u>14,689</u>	<u>1,436</u>	<u>17,637</u>	<u>4,245</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	54	16,533	554	17,141	3,777
Total expenditure	7	<u>54</u>	<u>16,533</u>	<u>554</u>	<u>17,141</u>	<u>3,777</u>
Net income/(expenditure)		1,458	(1,844)	882	496	468
Transfers between funds		(965)	283	682	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	724	-	724	(276)
Net movement in funds		493	(837)	1,564	1,220	192
Reconciliation of funds						
Total funds brought forward		7	(465)	7,478	7,020	6,828
Total funds carried forward		<u>500</u>	<u>(1,302)</u>	<u>9,042</u>	<u>8,240</u>	<u>7,020</u>

UNIVERSITY SCHOOL TRUST, EAST LONDON

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

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2016
		£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	3	7	-	100	107
Charitable activities:					
- Funding for educational operations	4	-	4,076	-	4,076
Other trading activities	5	61	-	-	61
Investments	6	1	-	-	1
Total income and endowments		69	4,076	100	4,245
Expenditure on:					
Charitable activities:					
- Educational operations	8	39	3,133	605	3,777
Total expenditure	7	39	3,133	605	3,777
Net income/(expenditure)		30	943	(505)	468
Transfers between funds		(23)	16	7	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	19	-	(276)	-	(276)
Net movement in funds		7	683	(498)	192
Reconciliation of funds					
Total funds brought forward		-	(1,148)	7,976	6,828
Total funds carried forward		7	(465)	7,478	7,020

UNIVERSITY SCHOOL TRUST, EAST LONDON

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		8,188		7,504
Current assets					
Debtors	13	1,208		184	
Cash at bank and in hand		2,672		499	
		<u>3,880</u>		<u>683</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(2,526)		(702)	
Net current liabilities			1,354		(19)
Net assets excluding pension liability			9,542		7,485
Defined benefit pension liability	19		(1,302)		(465)
Net assets			<u>8,240</u>		<u>7,020</u>
Funds of the Trust:					
Restricted funds	17				
- Fixed asset funds			9,042		7,478
- Pension reserve			(1,302)		(465)
Total restricted funds			7,740		7,013
Unrestricted income funds	17		500		7
Total funds			<u>8,240</u>		<u>7,020</u>

The financial statements set out on pages 21 to 46 were approved by the board of trustees and authorised for issue on 12 December 2017 and are signed on its behalf by:

G Price
Accounting Officer

Prof P Heathcote
Chair

Company Number 07742547

UNIVERSITY SCHOOL TRUST, EAST LONDON

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	20		685		210
Cash funds transferred on conversion			1,277		-
			<u>1,962</u>		<u>210</u>
Cash flows from investing activities					
Dividends, interest and rents from investments		13		1	
Capital grants from DfE and EFA		36		-	
Capital funding from sponsors and others		1,400		100	
Payments to acquire tangible fixed assets		(1,238)		(137)	
Proceeds from sales of tangible fixed assets		-		4	
			<u>211</u>	<u>(32)</u>	
Change in cash and cash equivalents in the reporting period			2,173		178
Cash and cash equivalents at 1 September 2016			499		321
Cash and cash equivalents at 31 August 2017			<u>2,672</u>		<u>499</u>

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

University School Trust, East London 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

University School Trust, East London 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, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from St Pauls Way Trust to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 26.

1.4 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 receivable

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.

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

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.

1.5 Expenditure

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

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges 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.

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

Governance costs

These include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

1.6 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. 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 Trust has 125 year leases from conversion on the land and buildings with the local authority which are included at cost.

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives.

The principal annual rates used for other assets are:

Leasehold Buildings	2%
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.

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.

1.7 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 of services it must provide.

1.8 Leasing commitments

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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

1.9 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.

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.

1.10 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.

1.11 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 prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded 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. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.12 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 the Education and Skills Funding Agency/Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education.

1.13 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 25.

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 13 for the carrying amount of the property plant and equipment, and note 1.6 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

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	1,436	1,436	100
Other donations	24	-	24	7
	<u>24</u>	<u>1,436</u>	<u>1,460</u>	<u>107</u>

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

4 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	12,696	12,696	3,988
Other DfE / ESFA grants	-	1,346	1,346	47
	-	14,042	14,042	4,035
Other government grants				
Local authority grants	-	1,758	1,758	28
Special educational projects	-	20	20	-
	-	1,778	1,778	28
Other funds				
Other incoming resources	-	-	-	13
Total funding	-	15,820	15,820	4,076

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	49	-	49	27
Catering income	22	-	22	34
Other income	127	-	127	-
	198	-	198	61

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Short term deposits	13	-	13	1

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Resources expended					
	Staff costs	Premises & equipment	Other costs	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000
UTC's educational operations					
- Direct costs	11,794	165	1,038	12,997	2,594
- Allocated support costs	1,689	543	1,849	4,081	1,165
	<u>13,483</u>	<u>708</u>	<u>2,887</u>	<u>17,078</u>	<u>3,759</u>
Other expenditure					
Governance costs	-	-	63	63	18
	<u>13,483</u>	<u>708</u>	<u>2,950</u>	<u>17,141</u>	<u>3,777</u>

Net income/(expenditure) for the year includes:	2017	2016
	£'000	£'000
Operating leases		
- Other	105	-
Fees payable to auditor		
- Audit	10	9
- Other services	1	3
	<u>116</u>	<u>12</u>

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:

	Total
	£'000
St Pauls Way Trust	546
Royal Greenwich Trust School	98
University School Trust, East London	-
	<u>644</u>

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	-	12,997	12,997	2,594
Support costs - educational operations	54	4,090	4,144	1,183
	<u>54</u>	<u>17,087</u>	<u>17,141</u>	<u>3,777</u>
			2017 £'000	2016 £'000
Analysis of support costs				
Support staff costs			1,689	245
Depreciation and amortisation			389	460
Technology costs			57	-
Premises costs			793	211
Other support costs			1,153	249
Governance costs			63	18
			<u>4,144</u>	<u>1,183</u>

9 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	9,008	1,399
Social security costs	940	124
Operating costs of defined benefit pension schemes	1,585	245
Apprenticeship levy	10	-
Staff costs	<u>11,543</u>	<u>1,768</u>
Supply staff costs	1,900	592
Staff development and other staff costs	40	15
Total staff expenditure	<u>13,483</u>	<u>2,375</u>

Staff numbers

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

	2017 Number	2016 Number
Teachers	201	28
Administration and support	40	7
Management	25	5
	<u>266</u>	<u>40</u>

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

(Continued)

Higher paid staff

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

	2017 Number	2016 Number
£60,001-£70,000	10	-
£70,001-£80,000	4	2
£80,001-£90,000	1	-
£90,001-£100,000	1	-
£110,001- £120,000	1	1
£140,001 - £150,000	1	-

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 pension contributions) received by key management personnel for their services to the Trust was £432k (2016: £275k)

10 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 UST in respect of their role as Trustees. His remuneration, including pension is:

G Price CEO (2016: Dr R Marshall (Principal))

- Remuneration £140,000 - £145,000 (2016: £115,000- £120,000)
- Employers pension contributions £20,000 - £25,000 (2016: £15,000 - £20,000)

Governors' expenses

During the year to 31 August 2017, there was no reimbursed expenditure paid to Trustees (2016: £968 to two trustees for travel).

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees and officers insurance

The UST, EL has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on UST,EL 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.

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

12 Tangible fixed assets

	Leasehold Buildings	Plant and machinery	Computer equipment	Fixtures and fittings	Assets under constructio n	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2016	7,225	808	502	656	126	9,317
Additions	450	-	210	109	469	1,238
At 31 August 2017	7,675	808	712	765	595	10,555
Depreciation						
At 1 September 2016	435	527	473	378	-	1,813
Charge for the year	165	162	77	150	-	554
At 31 August 2017	600	689	550	528	-	2,367
Net book value						
At 31 August 2017	7,075	119	162	237	595	8,188
At 31 August 2016	6,790	281	29	278	126	7,504

The additions on buildings relates to a modular building.

13 Debtors

	2017 £'000	2016 £'000
Trade debtors	145	23
VAT recoverable	451	81
Other debtors	291	6
Prepayments and accrued income	321	74
	1,208	184

14 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	305	143
Other taxation and social security	244	-
Other creditors	1,431	451
Accruals and deferred income	546	108
	2,526	702

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15 Deferred income	2017	2016
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	121	-
	<u> </u>	<u> </u>
Deferred income at 1 September 2016	-	-
Amounts deferred in the year	121	-
	<u> </u>	<u> </u>
Deferred income at 31 August 2017	121	-
	<u> </u>	<u> </u>

Deferred income relates to Growth Funding and Universal Infant Free School Meals for 17/18.

16 Financial instruments	2017	2016
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	461	29
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	2,796	702
	<u> </u>	<u> </u>

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant	-	12,696	(12,979)	283	-
Other DfE / ESFA grants	-	1,346	(1,346)	-	-
Other government grants	-	1,778	(1,778)	-	-
	-----	-----	-----	-----	-----
Funds excluding pensions	-	15,820	(16,103)	283	-
Pension reserve	(465)	(1,131)	(430)	724	(1,302)
	-----	-----	-----	-----	-----
	(465)	14,689	(16,533)	1,007	(1,302)
	=====	=====	=====	=====	=====
Restricted fixed asset funds					
DfE / ESFA capital grants	(26)	1,436	-	(556)	854
General fixed assets	7,504	-	(554)	1,238	8,188
	-----	-----	-----	-----	-----
	7,478	1,436	(554)	682	9,042
	=====	=====	=====	=====	=====
Total restricted funds	7,013	16,125	(17,087)	1,689	7,740
	=====	=====	=====	=====	=====
Unrestricted funds					
General funds	7	1,512	(54)	(965)	500
	-----	-----	-----	-----	-----
Total funds	7,020	17,637	(17,141)	724	8,240
	=====	=====	=====	=====	=====

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

General Annual Grant: 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 2017.

The General Annual Grant is showing a negative balance as this includes a clawback from overestimated student figures over the past two years.

Other DFE/ESFA grants: This includes the pupil premium, rates relief, UIFSM and pupil number adjustment.

Other government grants: This is SEN, rates relief and other grants received from the local authority.

DFE/ESFA Capital grants; This includes a grant received from the Local authority for capital works and the devolved formula capital grant.

Transfer of funds is in relation to the purchase of fixed assets and overspend on GAG.

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	(998)	3,988	(3,006)	16	-
Other DfE / ESFA grants	-	47	(47)	-	-
Other government grants	-	28	(28)	-	-
Other restricted funds	-	13	(13)	-	-
	<u>(998)</u>	<u>4,076</u>	<u>(3,094)</u>	<u>16</u>	<u>-</u>
Funds excluding pensions	(998)	4,076	(3,094)	16	-
Pension reserve	(150)	-	(39)	(276)	(465)
	<u>(1,148)</u>	<u>4,076</u>	<u>(3,133)</u>	<u>(260)</u>	<u>(465)</u>
	=====	=====	=====	=====	=====
Restricted fixed asset funds					
DfE / ESFA capital grants	-	100	-	(126)	(26)
General fixed assets	7,976	-	(605)	133	7,504
	<u>7,976</u>	<u>100</u>	<u>(605)</u>	<u>7</u>	<u>7,478</u>
	=====	=====	=====	=====	=====
Total restricted funds	<u>6,828</u>	<u>4,176</u>	<u>(3,738)</u>	<u>(253)</u>	<u>7,013</u>
	=====	=====	=====	=====	=====
Unrestricted funds					
General funds	-	69	(39)	(23)	7
	<u>-</u>	<u>69</u>	<u>(39)</u>	<u>(23)</u>	<u>7</u>
	=====	=====	=====	=====	=====
Total funds	<u>6,828</u>	<u>4,245</u>	<u>(3,777)</u>	<u>(276)</u>	<u>7,020</u>
	=====	=====	=====	=====	=====

Total funds analysis by academy

	Total £'000
Fund balances at 31 August 2017 were allocated as follows:	
St Pauls Way Trust	462
Royal Greenwich Trust School	(245)
University School Trust, East London	283
	<u>500</u>
Total before fixed assets fund and pension reserve	500
Restricted fixed asset fund	9,042
Pension reserve	(1,302)
	<u>8,240</u>
Total funds	8,240
	=====

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
St Pauls Way Trust	9,855	1,142	192	1,933	13,122
Royal Greenwich Trust School	1,889	154	-	631	2,674
University School Trust, East London	-	-	-	361	361
	<u>11,744</u>	<u>1,296</u>	<u>192</u>	<u>2,925</u>	<u>16,157</u>

Funds analysis by academy - previous year

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £'000
Royal Greenwich School Trust	7
Total before fixed assets fund and pension reserve	7
Restricted fixed asset fund	7,478
Pension reserve	(465)
Total funds	<u>7,020</u>

Total cost analysis by academy - previous year

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2016 £'000
Royal Greenwich School Trust	2,115	1,296	130	369	3,172
	<u>2,115</u>	<u>1,296</u>	<u>130</u>	<u>369</u>	<u>3,172</u>

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	8,188	8,188
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)
	500	(1,302)	9,042	8,240
	500	(1,302)	9,042	8,240

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	7,504	7,504
Current assets	7	676	-	683
Creditors falling due within one year	-	(676)	(26)	(702)
Defined benefit pension liability	-	(465)	-	(465)
	7	(465)	7,478	7,020
	7	(465)	7,478	7,020

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; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal Borough of Greenwich. Both are 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 ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £110k (2016: £nil) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, 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 £890k (2016: £152k).

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

Under the definitions set out in FRS 102, the TPS is a 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 LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23% for employers and 5.5% to 12.5% for employees.

The LGPS obligation relates to the employees of the Trust who were employees transferred as part of the conversion from the maintained school (as described in note 26) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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 Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations (Continued)

Total contributions made	2017 £'000	2016 £'000
Employer's contributions	302	60
Employees' contributions	110	24
	<u> </u>	<u> </u>
Total contributions	412	84
	<u> </u>	<u> </u>

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.2	3.8
Rate of increase for pensions in payment	2.5	2.3
Discount rate	2.5	2.2
Inflation assumption (CPI)	2.5	3.2
	<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:

	2017 Years	2016 Years
Retiring today		
- Males	22.4	23.8
- Females	24.4	25.0
Retiring in 20 years		
- Males	24.4	26.1
- Females	26.4	27.3
	<u> </u>	<u> </u>

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

	2017 £'000	2016 £'000
Discount rate - 0.1%	144	28
Salary rate +0.1%	18	2
Pension rate +0.1%	125	26
	<u> </u>	<u> </u>

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations	(Continued)	
The Trust's share of the assets in the scheme	2017	2016
	Fair value	Fair value
	£'000	£'000
Equities	2,031	106
Bonds	563	92
Cash	149	9
Unitised Insurance Policies	255	108
Property	343	58
Other assets	96	116
Total market value of assets	3,437	489
	=====	=====
Actual return on scheme assets - gain/(loss)	363	59
	=====	=====
Amounts recognised in the statement of financial activities	2017	2016
	£'000	£'000
Current service cost	695	95
Interest income	(61)	(16)
Interest cost	98	20
Total operating charge	732	99
	=====	=====
Changes in the present value of defined benefit obligations	2017	2016
	£'000	£'000
Obligations at 1 September 2016	954	499
Obligations acquired on conversion	3,343	-
Current service cost	695	95
Interest cost	98	20
Employee contributions	110	24
Actuarial (gain)/loss	(422)	319
Benefits paid	(39)	(3)
At 31 August 2017	4,739	954
	=====	=====

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations (Continued)

Changes in the fair value of the Trust's share of scheme assets

	2017 £'000	2016 £'000
Assets at 1 September 2016	489	349
Assets acquired on conversion	2,212	-
Interest income	61	16
Actuarial gain	302	43
Employer contributions	302	60
Employee contributions	110	24
Benefits paid	(39)	(3)
At 31 August 2017	3,437	489

20 Reconciliation of net income to net cash flows from operating activities

	2017 £'000	2016 £'000
Net income for the reporting period	496	468
Adjusted for:		
Net surplus on conversion to academy	(146)	-
Capital grants from DfE/ESFA and other capital income	(1,436)	(100)
Investment income receivable	(13)	(1)
Defined benefit pension costs less contributions payable	393	35
Defined benefit pension net finance cost	37	4
Depreciation of tangible fixed assets	554	605
(Increase)/decrease in debtors	(1,024)	192
Increase/(decrease) in creditors	1,824	(993)
Net cash provided by operating activities	685	210

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 Education and Skills Funding Agency 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.

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

22 Capital commitments

	2017 £'000	2016 £'000
Expenditure contracted for but not provided in the financial statements	1,380	-

23 Related party transactions

Owing to the nature of the Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

There were no related party transactions in the period.

24 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.

25 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the Trust received £37,119 (2016: £25,767) and disbursed £37,119 (2016: £25,767) from the fund. There are no amounts relating to undistributed funds repayable to ESFA.

26 Conversion to an academy

On 1 September 2016 St Paul's Way Trust converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to University School Trust, East London from St Paul's Way Trust School for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
St Pauls Way Trust	Tower Hamlets	1 September 2016

UNIVERSITY SCHOOL TRUST, EAST LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

26 Conversion to an academy

(Continued)

Net assets transferred: **2017**
£'000

Cash	1,277
LGPS pension surplus/(deficit)	(1,131)

146

	Unrestricted Funds £'000	Restricted funds:		Total 2017 £'000
Funds surplus/(deficit) transferred:	£'000	General £'000	Fixed asset £'000	£'000
LA budget funds	1,277	-	-	1,277
LGPS pension funds	-	(1,131)	-	(1,131)
	1,277	(1,131)	-	146
	1,277	(1,131)	-	146