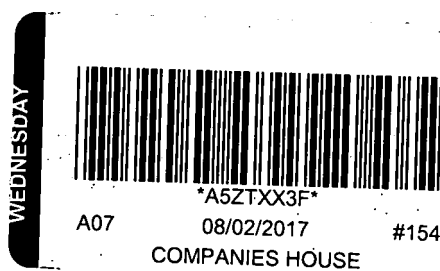


Registered number: 6625091 (England and Wales)

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2016



ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Contents

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 14
Governance Statement	15 - 18
Statement on Regularity, Propriety and Compliance	19
Statement of Trustees' Responsibilities	20
Independent Auditors' Report on the Financial Statements	21 - 22
Independent Reporting Accountants' Assurance Report on Regularity	23 - 24
Consolidated Statement of Financial Activities Incorporating Income and Expenditure Account	25
Consolidated Balance Sheet	26
Company Balance Sheet	27
Consolidated Statement of Cash Flows	28
Notes to the Financial Statements	29 - 62
 The following pages do not form part of the statutory financial statements:	
Company Detailed Income and Expenditure Account and Summaries	63 - 65

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Reference and Administrative Details of the Company, its Trustees and Advisers
For the Year Ended 31st August 2016

Members

Greensward Charitable Trust
M Walker
A Gaunt (appointed 6 June 2016)
S Leverett
R Gather (resigned 20 October 2015)
J Glazier (appointed 6 June 2016)

Trustees

J Boyer, Chair (appointed 25th May 2016)
J Chin, Vice Chair (appointed Interim Chair 20th October 2015, appointed Vice Chair 25th May 2016)
I Comfort, Chief Executive
A Thraves, Trustee (appointed 25th May 2016)
L Aitchison, Trustee (resigned 20th October 2015)
I Foster, Vice Chair (resigned 25th May 2016)
T Fulcher, Trustee (resigned 25th May 2016)
R Gather, Chair (resigned 20th October 2015)
A Gaunt, Trustee (resigned 25th May 2016)
J Glazier, Trustee (resigned 25th May 2016)
S Green, Trustee (resigned 25th May 2016)
K Lomax, Trustee (resigned 25th May 2016)
R Ricketts, Trustee (resigned 22nd October 2015)

Company registered number
6625091 (England & Wales)

Company name
Academies Enterprise Trust

Principal and registered office
Kilnfield House, Station Approach, Hockley, Essex, SS5 4HS

Chief executive officer
I Comfort

Senior management team
I Comfort, Group Chief Executive
B Perin, Director of Challenge and Intervention
M Reeve, Executive Director, SEND & Inclusion
K Parish, Group HR Director
B Sarkar, Group Finance Director

Independent auditors
Crowe Clark Whitehill LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH

Bankers
HSBC plc, 60 Queen Victoria Street, London, EC4N 4TR

Solicitors
Mills and Reeve LLP, Botanic House, 100 Hills Road, Cambridge, CB2 1PH

Internal Auditors
RSM UK, 25 Farringdon Street, London, EC4A 4AB

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report
For the Year Ended 31st August 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1st September 2015 to 31st August 2016. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

Structure, governance and management

a. CONSTITUTION

Academies Enterprise Trust ("the Trust") is a company limited by guarantee and an exempt charity. The Trust's memorandum and articles of association ("the Articles") are the primary governing documents of the Trust. The Trustees of the Trust are also the directors of the charitable company for the purposes of company law. The Trust has three subsidiary companies: London Academies Enterprise Trust, Unity City Academy Trust and AET Solutions Limited. Together these companies are referred to as the AET Group.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. 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.

c. TRUSTEES' INDEMNITIES

There are no qualifying third party indemnity provisions in place in respect of Trustees, other than trustees' insurance, which is in place.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Trustees are appointed in accordance with the provisions set out in the Articles. The Trustees are appointed by the Members of the Trust. Trustees are appointed for a period of four years. This can be extended for further four year terms. The Chairman is elected annually by the Trustees.

In June 2015, the Trust commissioned the Cass Centre for Charity Effectiveness at City University to undertake a governance review. The review was completed in September 2015 and considered by the Trustees and Members at meetings during October 2015. The review identified the strengths and weaknesses of various aspects of governance and recommended areas for development. The Trustees agreed an action plan to address the issues identified in the review. The action plan is kept under review by the Trustees. One area identified was the process for recruiting trustees, identifying skills gaps and ensuring succession planning on the Board. The Trustees and Members are mindful that following a the initial appointment of new Trustees, additional Trustees need to be appointed to ensure diversity on the Board and an appropriate balance of skills. The Trust has established a Nominations Committee charged with ensuring that the Trust recruits and maintains sufficient appropriately skilled trustees to provide it with strong governance. The Nominations Committee reports to and advises the Members of the Trust.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The Trustees offer a wide range of skills and experience essential to the good governance of the Trust. Each Trustee undertakes an induction programme that includes visits to the Trust's academies and meetings with the Group Chief Executive and members of the executive team. The Chairman is responsible for identifying development needs for trustees, either individually or collectively, and these are met through a bespoke programme of learning and development.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016

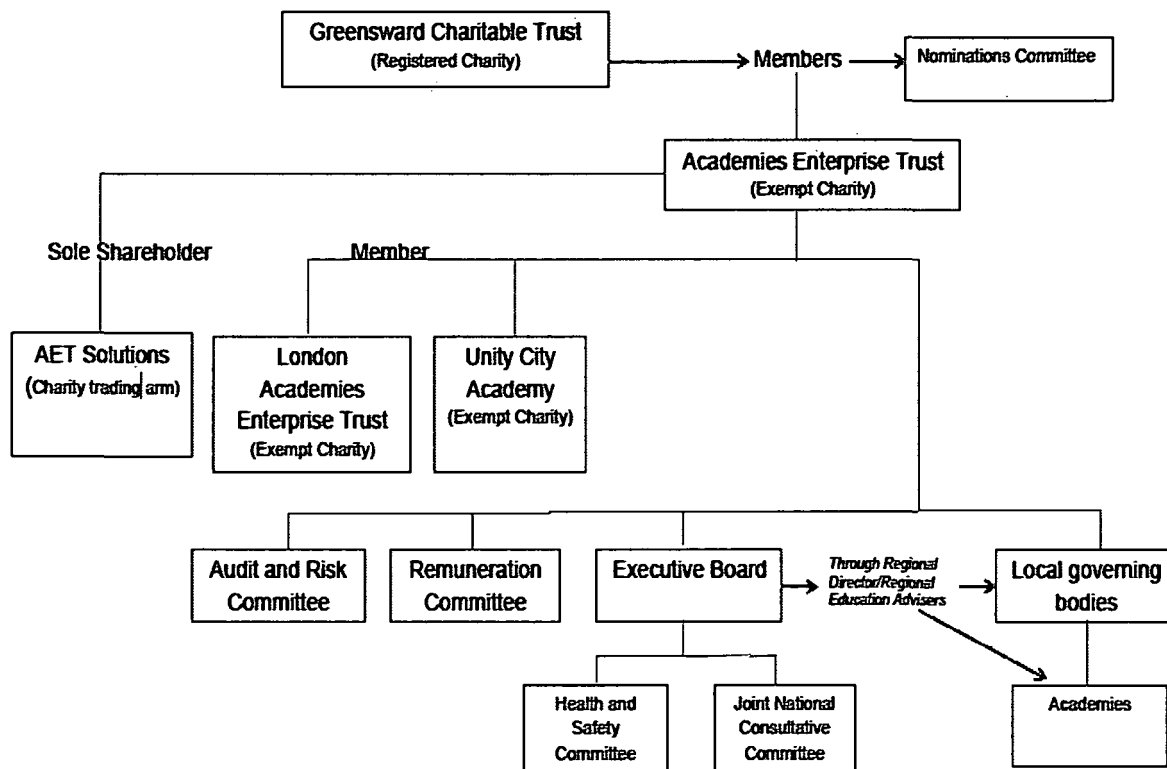
f. ORGANISATIONAL STRUCTURE

The Trust has a clear structure in place to control the way in which it is run. The structure consists of four levels: Members; Trustees, Executive and Academies.

The Trust has agreed a scheme of delegation that sets out the matters reserved to the Members and to the Trustees. Matters not reserved to the Members or Trustees are delegated to the Trust's committees or to the Group Chief Executive. The matters reserved to the Member's include: changes to the Articles; appointment of Trustees; and disposal of significant assets. The matters reserved to Trustees include: oversight of performance; strategy; policy; corporate structure; membership of committees; scheme of delegation; financial reporting and controls; and remuneration. The Trustees have established the following committees with appropriate terms of reference: audit and risk; remuneration; and local governing bodies.

The Group Chief Executive exercises his delegated authority through the Executive Board, which has standing committees responsible for negotiation and consultation with trades unions through the Joint Negotiating Committee ("JNC") and for health and safety.

Corporate Structure



The Trust's academies have been structured on a regional basis, with each region led by a Regional Director of Education who is a member of the Executive Board. The principal of each academy is accountable to the Regional Director and to a local governing body or management board, which has a focus on school improvement and outcomes for pupils

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The salary arrangements for key management personnel within the Group are determined by the Remuneration Committee of the Board. HAY Group were originally commissioned by the Group to advise on, and develop, appropriate pay ranges for senior roles and they used appropriate benchmarking data in the public and private sector in this regard. Pay progression within the range is linked to performance in accordance with the relevant Pay Policy and is reviewed annually through a robust appraisal process.

h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Trust has connections with the following organisations:

- Greensward Charitable Trust ("Greensward") is a company limited by guarantee and a registered charity. It is the "Principal Sponsor" of the Trust and a corporate Member. It appoints the Members of the Trust. Greensward Charitable Trust provides bursaries and grants to support children attending the Trust's academies.
- The Trust has two wholly owned subsidiary companies that are academy trusts and exempt charities: London Academies Enterprise Trust and Unity City Academy Trust. The Trust provides services to these subsidiaries. The Trust also has a trading arm, AET Solutions Limited, which is registered with the Financial Conduct Authority.
- Unity City Academy has an associated charitable company East Middlesbrough Enterprises Limited, which supports the community in Teeside.
- The Vice Chair of Trustees, Jude Chin, is a shareholder in SSAT (the Schools Network) Limited. Any transactions with SSAT comply with the requirements set out in the Academies Financial Handbook.
- The Chair of Trustees, Jack Boyer OBE, is a non-executive director of the Mitie Group PLC. Any transactions with Mitie comply with the requirements set out in the Academies Financial Handbook.

Objectives and Activities

a. OBJECTS AND AIMS

The Trust's charitable objects are set out in its Articles. In summary the Trust's purpose is be the proprietor of a number of academies that are inclusive and provide outstanding education to all children and young people.

In order to achieve its objects the Trust aims to:

- be the education provider of choice for children and young people and to do everything it can to ensure that its pupils and students achieve outstanding results at all stages and ages, appropriate to their ability;
- make each of its academies the first choice for local families, not because there is no other school locally, or because it is too far to travel to the next town or beyond, but because it is a centre of excellence for education for the whole community; and
- be the first choice of employer for leaders, teachers and support staff. It wants to recruit, develop and retain the best staff, provide them with good conditions of service and flexible benefits, to reward success through effective appraisal and provide opportunities for on-going professional development.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

Following an external review in 2013, the Trust has agreed a corporate plan that sets out a clear strategic direction for the period 2014 to 2017, and has guided activities for the year ended 31 August 2016. The corporate plan provided a number of key goals which applied across the group, together with corporate priorities that aimed to support the achievement of these goals. The corporate plan has been the foundation for a strong sense of organisational purpose -a 'golden thread'- that is shared by all employees and developed through the alignment of academy and service development plans and individual performance management objectives.

The Trust set out three clear goals in its corporate plan that have formed the focus of planning throughout our organisation.

- sustainable improvement in attainment and progress outcomes overall for pupils in its academies;
- academies in a category making speedier progress, getting out of a category quickly and not slipping back in; and
- the Ofsted profile for its academies shifting towards at least two-thirds good or better.

In July 2016, the Trust approved a new Organisational Development Strategy, which builds on the 2014-2017 corporate plan and is discussed later in this report under Plans for Future Periods.

c. PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty set out in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit.

The Trustees have referred to the guidance set out in the Charity Commission's general guidance on Public Benefit when reviewing the Trust's aims and objectives and in planning future activities. In particular the Trustees have considered how planned activities contribute to the aims and objectives they have set.

The Trustees consider that the Trust's aims and objectives are demonstratively to the public benefit.

Strategic report

Summary

The Group has been successful in achieving its goals. The overall Ofsted profile of its academies has shifted from 26% good or better to 68% good or better in three years. For primary academies the profile has shifted from 22% good or better to 84% good or better in the same period. The percentage of academies judged as inadequate has fallen from 29% to 3% with no academies slipping back into a category. Independent research published by the Education Policy Institute in July 2016¹ placed the Trust as 17th (of 218) of academy trusts and local authorities in England in terms of Key stage 2 outcomes.

¹ Jon Andrews (2016) *School performance in multi-academy trusts and local authorities 2015*, Education Policy Institute

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016

Achievements and performance

For primary schools, a new national curriculum was introduced in 2014 with higher expected standard and new tests which were introduced in 2016. School performance is now measured using scaled scores, rather than levels at the end of key stages 1 and 2. Therefore, figures for 2016 are not comparable to those in previous years.

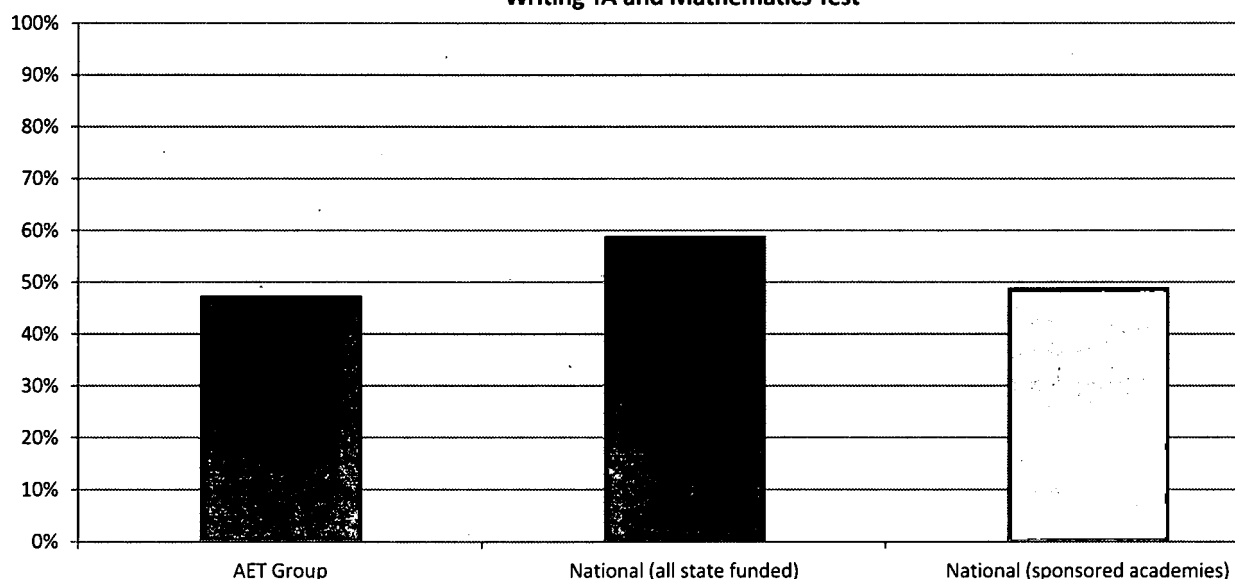
Based on 32 primary academies, almost half of AET Group pupils reached the expected standard in reading, writing and mathematics. 47% of pupils reached the new expected standard and 2% reached a high standard in reading, writing and mathematics.

This compares with 53% and 5% of all pupils, nationally, and 43% and 3% of those in sponsored academies.

Pupil's attainment at KS2 was highest in mathematics at 68%, compared with 70% of all pupils, nationally, and 62% of pupils in sponsored academies.

73% of pupils were assessed by teachers as working at the expected standard in writing, higher than in any of the test subjects. This reflects the national picture, with 74% of all pupils, nationally and 71% of those in sponsored academies reaching the expected standard.

Provisional KS2 Results v National: % of pupils at or above the Expected Standard for Reading Test, Writing TA and Mathematics Test



Based on 29 secondary academies, the proportion of students achieving 5+ A* to C including English and Mathematics has increased by 3.4% from 41.0% in 2015.

The proportion of students achieving A* to C in English and Mathematics has increased by 3.6% to 49.1%, from 45.5% in 2015. 17 of the 29 academies improved on last years performance.

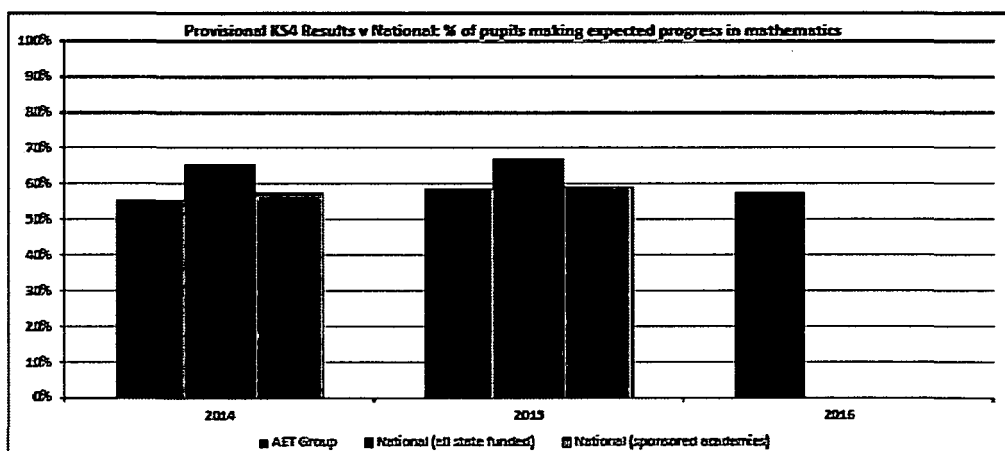
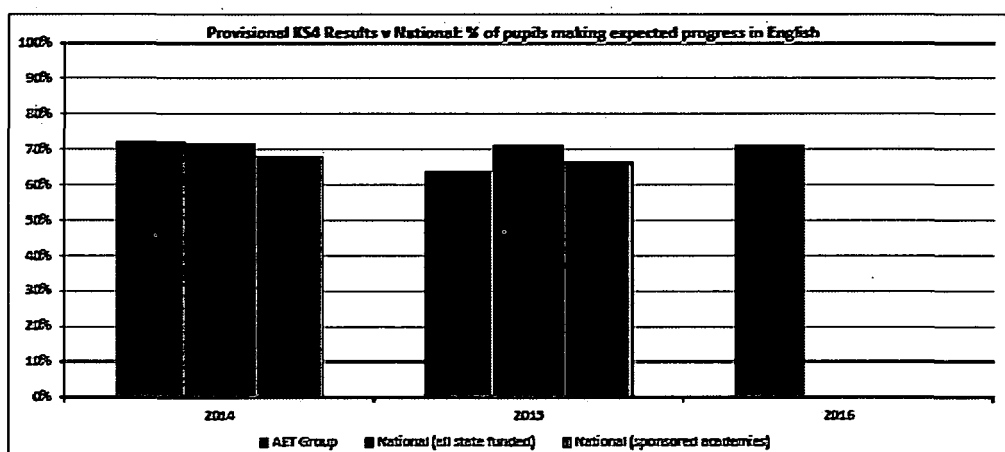
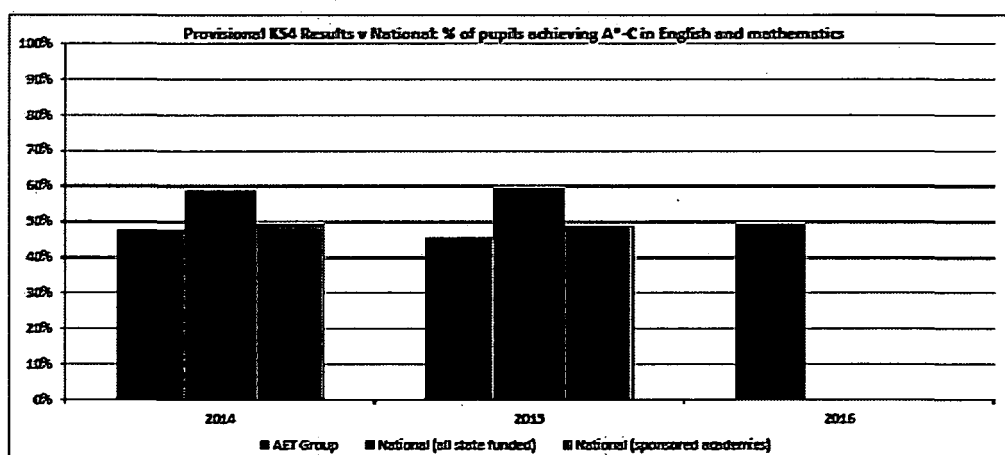
The percentage of pupils achieving A*-C in English (Best of English Language and English Literature) has increased significantly compared to 2015 with a 9.3% rise from 57.7% in 2015. 23 academies improved on last years performance and brought the AET Group figure up to 67%.

Results in mathematics fell slightly from 55.7% in 2015 to 54.9% of pupils achieving A*-C in 2016. A larger decrease was seen nationally (2.3 percentage points).

The proportion of entries for the English Baccalaureate increased and attainment remained in line with 2015. The percentage of pupils entered for the EBacc increased by 3.7 percentage points to 22.7% in 2016. The percentage of pupils achieving the EBacc remained in line with the previous year at 10.4%

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016



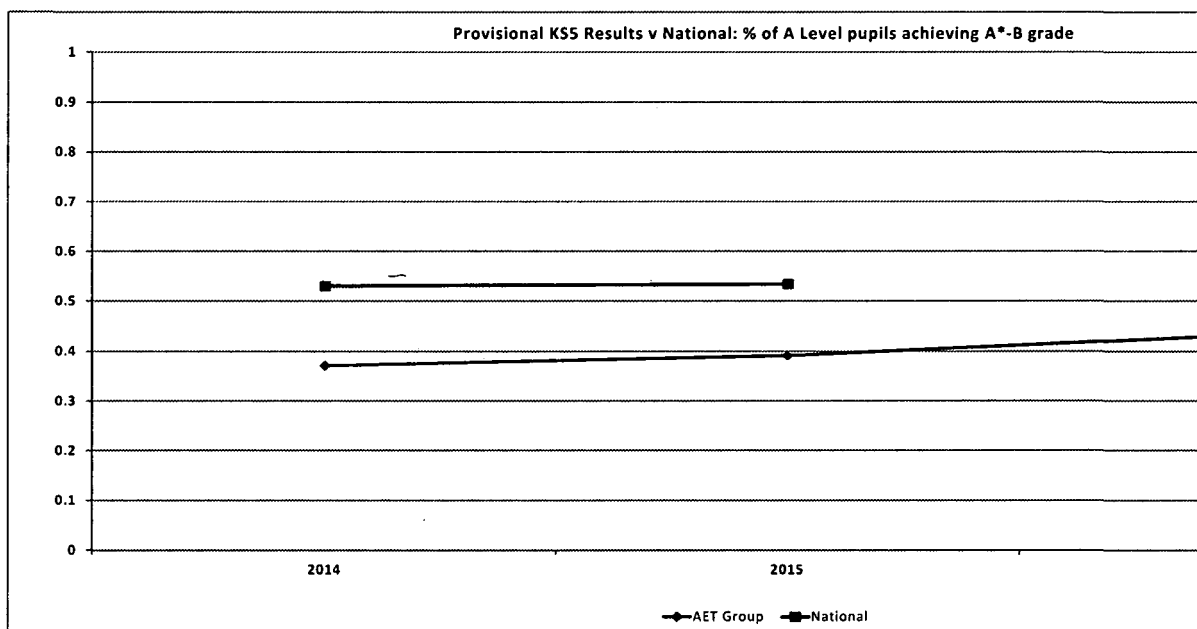
ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016

Of our 29 secondary academies, 19 have students in Year 13 in 2016. Over 1100 students were at the end of KS5. As with the other key stages, the performance indicators for Post 16 have been revised, in light of changes to the curriculum and AS / A level specifications. Alongside this, a new system of point scores for level 3 qualifications has also been introduced. This means that a number of the new measures are not comparable with previous years.

The AET Group pass rate has remained high. The percentage of entries awarded an A* to E grade (or equivalent) has remained at 96%. Seven of our academies had a pass rate above the national average of 98.1%. Three of our academies had a pass rate of 100%

The proportion of entries awarded higher grades has increased. The percentage of entries awarded an A* to B grade (or equivalent) has increased to 43% (from 39% in 2015). Our increase is greater than that seen nationally where the proportion increased by 0.5 percentage points to 52.7%. The percentage of entries awarded an A* to C grade (or equivalent) is 68.5% compared with the national average of 77.2%.



ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016

a. KEY PERFORMANCE INDICATORS

Summary of key academic performance indicators

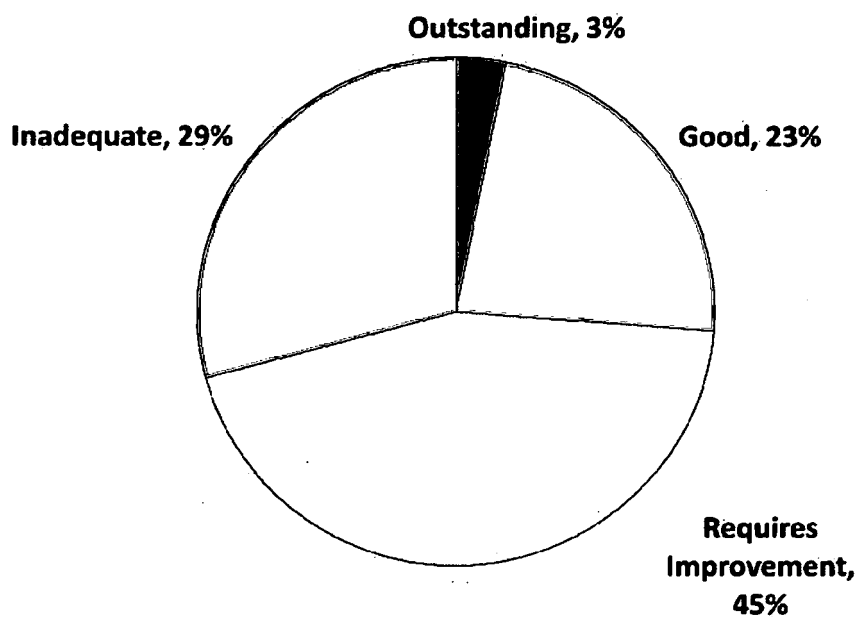
	2015	2016 (provisional)		
	AET Outcome	AET Outcome	National Outcomes - All Schools	National Outcome-Sponsored Academies
OFSTED JUDGEMENTS				
% Ofsted reports where academy is judged good or better	59%	68%	86%	62%
Key Stage 2				
Reading, Writing and Mathematics - Percentage of pupils at or above the national standard	n/a	47%	53%	43%
Reading - Progress Score	n/a	-0.56	0	TBC
Writing - Progress Score	n/a	0.98	0	TBC
Mathematics - Progress Score	n/a	0.59	0	TBC
Key Stage 4				
% of pupils achieving A*-C in English and Mathematics	45%*	49%	63%	53%
% of pupils entered for the EBacc	19%	23%	40%	30%
% of pupils achieving EBacc	10%	10%	25%	15%
Attainment 8	42.1	44	49.8	45.8
Progress 8	-0.03	-0.03	-0.03	-0.14

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

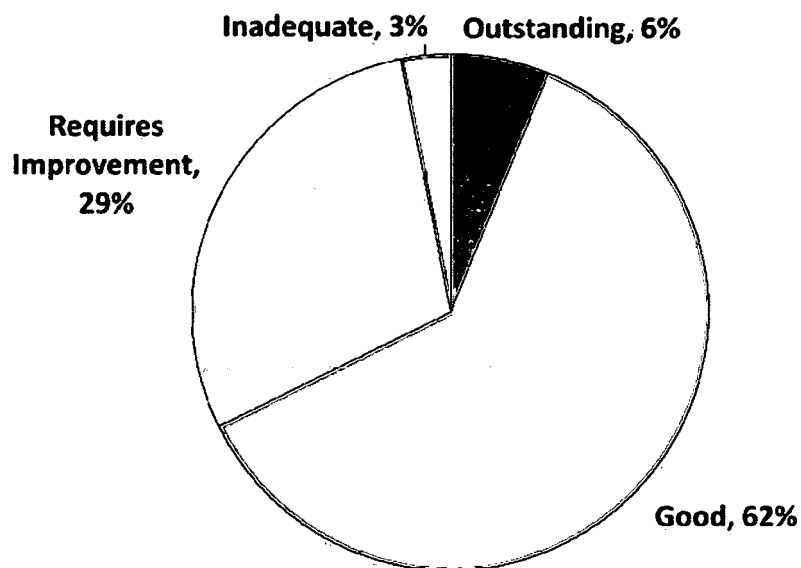
Trustees' Report (continued)
For the Year Ended 31st August 2016

Change in Ofsted profile

Ofsted Judgement on Joining the Trust



Current Ofsted Judgement - As at 31 Aug 2016



ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016

b. KEY FINANCIAL PERFORMANCE INDICATORS

Key financial performance indicators include funds, excluding fixed asset and pension funds, as a % of total income of 4.6% (2015: 6.9%), cash ratio of 1.2 (2015: 1.7) and current ratio of 1.9 (2015: 2.3). The Trust's strategic plan includes improvements in these measures over time.

c. GOING CONCERN

The Education Funding Agency ("EFA") issued a Financial Notice to Improve ("the Notice") on 23 October 2014 as a consequence of concerns about the financial management and governance of the Trust. Specific concerns relate to the volatility shown in the series of financial projections provided to the EFA, the ability of the Trust to forecast and to secure finances across the group and the structures and processes for oversight of the financial management of the Trust and its academies.

The Trust provided the EFA with an action plan to address the Notice. The action plan has been kept under review by the Trust, through its Audit and Risk Committee, and regular meetings have been held with officials representing the EFA.

The Trustees have considered the Notice in relation to the basis of going concern and conclude that there are no implications in relation to the financial reporting within the financial statements, trustees report, governance statement and statement of regularity and propriety.

The Trust has implemented a plan of staffing restructure which commenced in 2015/16 and will continue into 2016/17. The Trust has also started to undertake strategic projects in relation to centralised IT resources and a curriculum finance review, both of which will provide cost savings helping the Trust to return to surplus.

Noting the above, and after making appropriate enquiries, the Board of Trustees is confident that the Trust has adequate resources to continue its activities for the foreseeable future. For this reason it continues to adopt the going concern basis in the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies. The Trustees have gained assurance of future plans following review and approval of the Trust's multi-year strategies and plans and its annual budget for 2016/17.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016

Financial review

The majority of academy income is obtained from the Department for Education ("DfE") and the EFA in the form of recurrent grants, the use of which is restricted to the Trust's educational objectives. The grants received from the DfE and EFA during the year ended 31 August 2016 and the associated expenditure are reported as restricted funds in the Statement of Financial Activities ("SOFA").

The SOFA reports total incoming resources for the year of £247,075,000, of which £223,860,000 was restricted funding received from the DfE and EFA. Total resources expended for the year were £272,829,000, of which £4,567,000 were Local Government Pension Scheme finance costs.

As detailed in note 23 to the Financial Statements, two of the Trust's academies closed during the year, contributing £1,562,000 to the above figure for total resources expended for the year.

Other losses for the year amounted to £47,749,000, which related to actuarial losses on LGPS pension funds, resulting in a net movement in funds for the year of negative £73,503,000.

Total funds at 31 August 2016 were £305,531,000 (2015: £379,034,000), of which £415,113,000 were restricted fixed asset funds including unspent capital funds, £10,159,000 were other restricted funds including General Annual Grant ("GAG") and other government funding, £1,173,000 were unrestricted funds and £120,914,000 were Local Government Pension Scheme pension fund deficits.

Total funds excluding fixed asset and pension funds at 31 August 2016 were £11,332,000 (2015: £18,991,000).

Sixteen academies and AET Central Services had funds deficits at 31 August 2016, excluding fixed asset and pension funds. Note 18 to the Financial Statements details the level of each deficit along with our actions taken and plans to address this going forward.

Total cash balances at 31 August 2016 were £21,390,000 (2015: £32,974,000).

The majority of academy buildings are leased from local authorities for a peppercorn rent. In accordance with the Accounts Direction and SORP 2015, the buildings on long term (typically 125 year) leases from local authorities have been recognised as tangible fixed assets in the Financial Statements and the value of the buildings were treated as voluntary income in the Financial Statements, in the year of transfer to the Group. In accordance with SORP 2015, such gifts are reported within the restricted fixed asset fund in the SOFA. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

The buildings of seven academies were leased under Private Finance Initiative ("PFI") contracts during the year. The commitments under the PFI contracts are disclosed as operating leases in note 26 and as such no valuation is included within fixed assets on the Balance Sheet for these buildings. One of these academies, Tendring Enterprise Studio School, was closed on 31 August 2016, but the future PFI lease commitments are still included in the accounts until the responsibility for the buildings is taken over by the Local Authority.

At 31 August 2016 the net book value of tangible fixed assets was £410,757,000 (2015: £423,214,000). Movements in tangible fixed assets are reported in note 12 to the Financial Statements. The assets were used exclusively for providing education and associated support services to the pupils of AET academies.

The deficit in LGPS pension funds is recognised on the balance sheet in accordance with the provisions of FRS102. The total deficit in the scheme at 31 August 2016 was £120,914,000 (2015: £68,598,000). Movements in the pension fund are reported in note 25 to the Financial Statements.

The principal reason for the large increase in the LGPS deficit is that market conditions have changed over the year such that the value placed on the pension liabilities has increased significantly. This is due to the impact on financial markets of the EU referendum result and continued uncertainty regarding the UK economic outlook. Investment return over the period have been good, impacting positively on pension asset values, but these have not been sufficient to cover the increase in the pension liability and hence deficits have increased.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016

a. RESERVES POLICY

The Trust's reserves policy is that each academy should build and maintain a sufficient level of funds in order to create stability and sustainability, and to serve the academy's short and long term plans, including future capital expenditure. The Trust aims to maintain a minimum level of funds, excluding fixed asset and pension funds, of 5% of total annual income, or £12,354,000. At 31 August 2016 the Trust held funds, excluding fixed asset and pensions funds, of £11,332,000 which represents 4.6% of total annual income (2015: 6.9%).

The Trustees note that the current levels of reserves held by the Trust do not meet the current reserves policy due to the deficits suffered by academies within the group. The Trust has implemented cost saving plans which will return these academies to surplus.

The Trust is considering updating its reserves policy to provide greater flexibility at a group level, in order to direct resources to where there is greatest need across its academies.

b. MATERIAL INVESTMENTS POLICY

The Trustees take account of the requirements of the Academies Financial Handbook when investing funds and the need to not place capital at risk. The Trustees maximise income from surplus cash by investing in short term cash deposits.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees assess, monitor and manage risks through the Audit and Risk Committee, its internal control framework and internal audit. The Trustees maintain a corporate risk register and keep risks under review through risk workshops and regular reporting. The key risks fall into four categories:

Governance

The review of governance has identified a need for a broader base of expertise amongst Trustees. The need arises from the growth of the Trust and its span of control. The Trustees have established a Nominations Committee to support the Members in identifying and appointing new Trustees.

People

The success of the Trust is dependent on recruiting, developing and retaining key staff at all levels. The recruitment of strong school leaders and teachers presents a challenge particularly in certain areas of the country and in core subject areas. The Trust has agreed a people strategy to address these issues.

Finance

The Trust is aware of the risks and uncertainties relating to pupil numbers and government funding for academies. In addition it takes account of general changes that impact on academy funds such as increases in employer contributions for national insurance, pensions and the apprenticeship levy. The Trust has stress-tested the financial projections associated with its strategic plans and has modelled scenarios based on sensitising key planning assumptions. Further to this work, the Trustees are confident of the Trust's long term financial viability.

Academy performance

The Trust has an unrelenting focus on improving the performance of its academies and securing the best possible outcomes for its pupils. There is a significant risk to the Trust's success if it fails to continue to maintain and improve the Ofsted profile of its academies. The Trust has risk assessed each of its academies and keeps this under review. The Trust, having changed its overall Ofsted profile to over two thirds of its academies judged good or better, is now in a stronger position to provide school-to-school support. The Trust has developed strong cluster working and has allocated funds to provide targeted intervention to support rapid improvement. The Trust is aware that the performance of too many of its secondary academies, particularly at Key Stage 4 remains a concern and needs improvement.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31st August 2016

d. Summary of Internal Audit Activity

15 academy internal audit visits were completed in the year by RSM. On a grading of 1 to 5, 1 being the highest and 5 being the lowest, 9 (60%) of those academies achieved the highest rating of 1, 5 (33%) achieved a rating of 2 and 1 (7%) achieved a rating of 3.

One high priority internal audit finding was reported in the year by RSM. This related to procurement, where an academy entered into a contract for building maintenance works to the value of £26,871 without complying with the relevant tendering processes within the Trust's Financial Regulations. The issue has been addressed internally. 20% of issues found were medium priority and 77% low priority.

Plans for future periods

Building on the 2014 corporate plan, the Trustees have agreed a new Organisation Development Strategy in July 2016, which will fundamentally change how the Group operates and make the most of our size, breadth and diversity. The strategy focuses on two corporate imperatives: "an operating model which enables our schools to get the best outcomes for all our pupils" and "financial sustainability". These imperatives will be achieved by building organisational capability in four main areas: school improvement capability, strategic HR capability, business support capability and enterprise management and governance capability.

Implementing the strategy will require changes in many areas, including governance, business processes, IT systems, organisation structure and culture. The changes are being managed under a strategic change programme with Executive Board leadership, and are expected to take 2-3 years to complete. The focus for 2016/17 is on strengthening corporate governance and management controls, substantially improving our financial position and accelerating school improvement.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as the Trustees are aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that the Trustees have taken all the steps that ought to have been taken as Trustees in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

This report, incorporating a strategic report, was approved by order of the Board of Trustees as the company directors, on 15 December 2016 and signed on its behalf by:


J Boyer OBE
Chair of Trustees

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Governance Statement

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 10 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
J Boyer, Chair	3	3
J Chin, Vice Chair	10	10
I Comfort, Chief Executive	10	10
A Thraves, Trustee	3	3
J Chin, Chair	5	7
I Foster, Vice Chair	6	7
R Gather, Chair	4	7
A Gaunt, Trustee	7	7
J Glazier, Trustee	7	7
S Green, Trustee	6	7

Financial Notice to Improve

The EFA issued a Financial Notice to Improve on 23 October 2014 as a consequence of concerns about the financial management and governance of the Trust. Specific concerns at the time about financial management related to the ability of the Trust to forecast and secure finances across the Group and the structures and processes for oversight of the financial management of the Trust and its academies. The Trust has subsequently strengthened its financial management processes and procedures, including strengthening the mechanisms and culture for holding academies accountable for financial performance. This has included engaging individual academies in the Trust's overall financial plans, improving the review and approval process for budgets and forecasts, and implementing new financial planning software.

Governance Review

As a result of the Notice, the Board of Trustees also commissioned the Cass Centre for Charity Effectiveness at City University to undertake an external review of its governance. The review was completed in September 2015 and an action plan was agreed by the Board to address the areas for development. The Trustees have largely implemented the action plan and will continue to review opportunities for further strengthening the Trust's governance arrangements. During the year as a result of the governance review eight members of the Board of Trustees resigned and 2 members were appointed. This has led to a Board currently comprising only four Trustees. The Trustees and Members are aware of the need to recruit additional trustees to strengthen the Board and to address issues of diversity.

The Audit & Risk Committee is a sub-committee of the main board of trustees. Its purpose is to assist the board in fulfilling its oversight responsibilities with regard to the financial and risk management of the AET group of companies.

Attendance at meetings in the year was as follows:

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
I Comfort, Chief Executive	4	6
L Aitchison, Trustee	1	2
J Glazier, Chair of committee	6	6
K Lomax, Trustee	6	6
S Green, Trustee	3	3

The Remuneration Committee is also a sub-committee of the main board of trustees. Its purpose is to review and determine the remuneration packages of the Chief Executive Officer and all other employees.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
I Comfort, Chief Executive	1	1
A Gaunt, Trustee	0	1
J Glazier, Trustee	1	1
S Green, Chair of committee	1	1

REVIEW OF VALUE FOR MONEY

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

- Improvements in educational outcomes at all key stages;
- The work of our central Head of Procurement to consolidate procurement and supplier spend across the Trust, and taking advantage of our buying power as a large multi-academy Trust;
- Supporting our academies in undertaking tenders and obtaining supplier quotations. Through this support the Trust has lowered costs, improved value for money, and enabled academy staff to focus on front line services and spend less time on procurement processes, whilst giving confidence that all relevant procurement regulations are adhered to;
- Improving procurement practice, resulting in savings of £252,242 in year across a range of areas, including paper, stationery, ICT hardware and broadband services, telephone calls, copiers, line rental, mobile phones, minibuses, cleaning materials, gas, catering services, food supplies and classroom materials.
- Negotiating improved discounts and reduced prices with a number of key suppliers. These new arrangements offer more favourable pricing and terms than academies have obtained in the past individually.
- Conducting a benchmarking exercise on the current costs of supply teaching compared to using an alternative method of provision, which estimated that an average saving of 13% could be achieved by moving to the new model. A pilot of this new supply model is being implemented in 2016/17.

Specific areas of procurement focus in the year ended 31 August 2016 included:

- Procuring a managed service provider for IT support, as part of the Trust's broader IT strategy. The IT strategy will be implemented during 2016/17, with projected annual savings of approximately £3 million.
- Awarding a contract for a single academies management information system, across all of the Trust's academies, improving data capabilities and delivering projected annual savings of £0.7 million from April 2017.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

- Awarding a contract for a new HR system and Payroll service which, once fully implemented across all academies, will deliver annual savings of £112,000 compared to current costs. Implementation is planned for completion in May 2017.
- Consolidating our energy procurement requirements to derive additional value for money and to identify opportunities to reduce consumption and therefore cost. This has delivered some initial savings in energy costs and has also allowed us reclaim monies previously paid out for climate change levies and invoices that were incorrectly issued by suppliers. Further savings will follow as energy efficiency investments are implemented.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year 1st September 2015 to 31st August 2016 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 company 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 company's significant risks, that has been in place for the year 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The company'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 Audit & Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to continue the appointment of RSM as internal auditor.

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

- controls over journal transactions;
- payroll processing, including amendments to payroll, such as starters and leavers, and also monthly payroll processing procedures;
- employee expense claims;
- credit card expenditure and procedures;
- creditors, including purchase ordering, goods receipting, invoice authorisation and final payment procedures. Where applicable, this also included checks to ensure that formal tendering procedures have been adhered to for major contracts;
- income, including checks to ensure that VAT in relation to income has been correctly recorded;
- budget monitoring, including confirming that procedures are in place to report performance against budget to academies' local governing bodies and, where applicable, action plans are put in place and are monitored to ensure

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Governance Statement (continued)

that budget deficits are rectified as soon as possible.

The internal auditor reports to the Board of Trustees, through the audit and risk committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

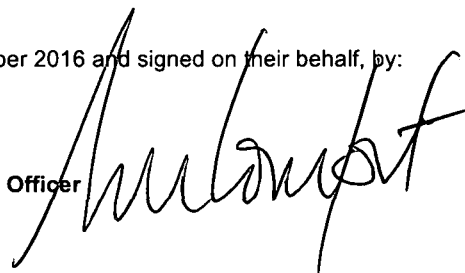
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the company who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 15 December 2016 and signed on their behalf, by:


J Boyer
Chair of Trustees

I Comfort
Accounting Officer



ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Academies Enterprise Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.


I Comfort
Accounting Officer

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Statement of Trustees' Responsibilities
For the Year Ended 31st August 2016

The Trustees (who act as governors of Academies Enterprise Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 the group and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group 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 and the group applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/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 group'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 members of the board of trustees on 15 December 2016 and signed on its behalf by:


J Boyer
Chair of Trustees

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Academies Enterprise Trust

We have audited the financial statements of Academies Enterprise Trust for the year ended 31st August 2016 which comprise the group Statement of Financial Activities, the group and company Balance Sheets, the group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Group Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Academies Enterprise Trust

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.



Tina Allison (Senior Statutory Auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Chartered Accountants
Statutory Auditors

St Bride's House
10 Salisbury Square
London
EC4Y 8EH
16 December 2016

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Academies Enterprise Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 24th October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Academies Enterprise Trust during the year 1st September 2015 to 31st August 2016 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 Academies Enterprise Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Academies Enterprise Trust and the EFA 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 Academies Enterprise Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF ACADEMIES ENTERPRISE TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANTS

The accounting officer is responsible, under the requirements of Academies Enterprise Trust's funding agreement with the Secretary of State for Education dated 21st January 2014, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1st September 2015 to 31st August 2016 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 2015 to 2016 issued by the EFA. 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 company's income and expenditure.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

**Independent Reporting Accountants' Assurance Report on Regularity to Academies Enterprise Trust and
the Education Funding Agency (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1st September 2015 to 31st August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP

Chartered Accountants
Statutory Auditors

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: *16 December 2016*

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Consolidated Statement of Financial Activities Incorporating Income and Expenditure Account
For the Year Ended 31st August 2016

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations and capital grants	3	247	75	81	403	318
Charitable activities	5	2,451	231,018	4,916	238,385	265,142
Other trading activities	4	7,989	-	-	7,989	8,622
Investments		298	-	-	298	169
TOTAL INCOME		10,985	231,093	4,997	247,075	274,251
EXPENDITURE ON:						
Raising funds		7,929	-	-	7,929	9,265
Charitable activities		7,861	236,595	18,882	263,338	282,255
Other expenditure		92	-	1,470	1,562	31,082
TOTAL EXPENDITURE		15,882	236,595	20,352	272,829	322,602
NET EXPENDITURE BEFORE TRANSFERS		(4,897)	(5,502)	(15,355)	(25,754)	(48,351)
Transfers between Funds	18	(259)	(1,568)	1,827	-	-
NET EXPENDITURE BEFORE OTHER GAINS AND LOSSES		(5,156)	(7,070)	(13,528)	(25,754)	(48,351)
Actuarial losses on defined benefit pension schemes		-	(47,749)	-	(47,749)	(338)
NET MOVEMENT IN FUNDS		(5,156)	(54,819)	(13,528)	(73,503)	(48,689)
RECONCILIATION OF FUNDS:						
Total funds brought forward		6,329	(55,936)	428,641	379,034	427,723
TOTAL FUNDS CARRIED FORWARD		1,173	(110,755)	415,113	305,531	379,034

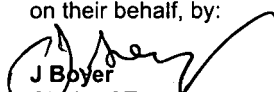
As provided by the Companies Act 2006, no Statement of Financial Activities is presented for the Company. The deficit, for Companies Act purposes is £59,815,000 (2015: £44,233,000).
The notes on pages 29 to 62 form part of these financial statements.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)
Registered number: 6625091

Consolidated Balance Sheet
As at 31 August 2016

	Note	£000	2016 £000	2015 £000
FIXED ASSETS				
Tangible assets	12		410,757	423,214
CURRENT ASSETS				
Stocks	14	195		243
Debtors	15	11,884		10,362
Cash at bank and in hand		21,390		32,974
		<u>33,469</u>		<u>43,579</u>
LIABILITIES				
CREDITORS: amounts falling due within one year	16	(17,781)		(19,149)
NET CURRENT ASSETS			15,688	24,430
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>426,445</u>	<u>447,644</u>
CREDITORS: amounts falling due after more than one year	17		-	(12)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			426,445	447,632
Defined benefit pension scheme liability	25		(120,914)	(68,598)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>305,531</u>	<u>379,034</u>
FUNDS OF THE TRUST				
Restricted funds :				
Restricted income funds	18	10,159		12,662
Restricted fixed asset funds	18	415,113		428,641
Restricted funds excluding pension liability		425,272		441,303
Pension reserve		(120,914)		(68,598)
Total restricted funds			304,358	372,705
Unrestricted funds	18		1,173	6,329
TOTAL FUNDS			<u>305,531</u>	<u>379,034</u>

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2016 and are signed on their behalf, by:


J Boyer
Chair of Trustees

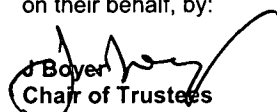
The notes on pages 29 to 62 form part of these financial statements.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)
Registered number: 6625091

Company Balance Sheet
As at 31 August 2016

	Note	£000	2016 £000	£000	2015 £000
FIXED ASSETS					
Tangible assets	12		338,921		348,676
Investments	13		15		15
			<u>338,936</u>		<u>348,691</u>
CURRENT ASSETS					
Stocks	14	161		203	
Debtors	15	10,915		9,306	
Cash at bank and in hand		21,724		31,019	
		<u>32,800</u>		<u>40,528</u>	
LIABILITIES					
CREDITORS: amounts falling due within one year	16	(14,843)		(16,313)	
NET CURRENT ASSETS			<u>17,957</u>		<u>24,215</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>356,893</u>		<u>372,906</u>
CREDITORS: amounts falling due after more than one year	17		-		(12)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>356,893</u>		<u>372,894</u>
Defined benefit pension scheme liability			(105,743)		(61,929)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>251,150</u>		<u>310,965</u>
FUNDS OF THE TRUST					
Restricted funds :					
Restricted income funds	18	9,452		11,066	
Restricted fixed asset funds	18	343,186		353,809	
		<u>352,638</u>		<u>364,875</u>	
Restricted funds excluding pension asset					
Pension reserve		(105,743)		(61,929)	
			<u>246,895</u>		<u>302,946</u>
Total restricted funds					
Unrestricted funds	18		4,255		8,019
TOTAL FUNDS			<u>251,150</u>		<u>310,965</u>

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2016 and are signed on their behalf, by:


J. Boyer
Chair of Trustees

The notes on pages 29 to 62 form part of these financial statements.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Consolidated Statement of Cash Flows
For the Year Ended 31st August 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash used in operating activities	20	(14,581)	(7,492)
Cash flows from investing activities:			
Interest and rents		298	169
Proceeds from the sale of tangible fixed assets		-	448
Purchase of tangible fixed assets		(2,298)	(7,140)
Capital grants from DfE/EFA		4,916	2,912
Capital funding received from sponsors and others		81	-
Net cash provided by/(used in) investing activities		2,997	(3,611)
Change in cash and cash equivalents in the year		(11,584)	(11,103)
Cash and cash equivalents brought forward		32,974	44,077
Cash and cash equivalents carried forward		21,390	32,974

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

1. ACCOUNTING POLICIES

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 of financial statements

The financial statements of the academy 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 accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Academies Enterprise Trust constitutes a public benefit entity as defined by FRS 102.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

In their estimation, the impact of transitioning is not material to the financial statements and therefore the restatement of comparative items is not required. The transition date was 1 September 2014.

1.3 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 at least one year from the date of authorisation for issue of the financial statements and have concluded that, including the cost saving initiatives being undertaken and the Trust's ongoing specific support of its subsidiary, London Academies Enterprise Trust whose unrestricted funds are in deficit, the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the company which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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 academy trust's accounting policies.

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

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

1.5 Expenditure

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

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Termination benefits

Termination benefits are recognised at the leaving date of the member of staff and measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

1. ACCOUNTING POLICIES (continued)

1.7 Basis of consolidation

The financial statements consolidate the accounts of Academies Enterprise Trust and all of its subsidiary undertakings ('subsidiaries'). These include London Academies Enterprise Trust, AET Solutions Limited and Unity City Academy Trust, an associate academy. All significant intercompany accounts and transactions have been eliminated.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

1.8 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% on cost
Long-term leasehold property	-	2% on cost
Motor vehicles	-	33.3% on cost
Fixtures and fittings	-	33.3% on cost
Computer equipment	-	33.3% on cost

1.9 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.10 Operating leases

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

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.12 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

1. ACCOUNTING POLICIES (continued)

1.13 Taxation

The company 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 company 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.

1.14 Debtors

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

1.15 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.16 Liabilities and provisions

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 company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.17 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method. Financial assets held at fair value comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities comprise bank loans and overdrafts, trade and other creditors.

At the balance sheet date the group held financial assets at amortised cost of £30,664,000 (2015: £40,386,000) and financial liabilities at amortised cost of £13,153,000 (2015: £14,921,000). There are no financial assets or liabilities held at fair value through profit or loss.

1.18 Pensions

Retirement benefits to employees of the company 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 company.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the company 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 , the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

1. ACCOUNTING POLICIES (continued)

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

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

1.19 Critical accounting estimates and areas of judgement

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 company 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2013 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.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State one academy within AET group, Unity City Academy, was subject to limits at 31st August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2 % could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The company has not exceeded these limits during the year ended 31st August 2016.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Donations	247	-	-	247	239
Donations - Restricted fixed asset funds	-	-	81	81	-
Lottery funding	-	75	-	75	79
	<u>247</u>	<u>75</u>	<u>81</u>	<u>403</u>	<u>318</u>
Total donations and capital grants	247	75	81	403	318

In 2015, of the total income from donations and capital grants, £239,000 was to unrestricted funds and £79,000 was to restricted funds

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Hire of facilities	2,154	-	2,154	2,102
Provided services income	920	-	920	1,976
Catering income	1,879	-	1,879	1,764
Academy trips	2,639	-	2,639	2,315
Sale of other goods and services	397	-	397	465
	<u>7,989</u>	<u>-</u>	<u>7,989</u>	<u>8,622</u>

In 2015, of the total income from other trading activities, £8,622,000 was to unrestricted funds and £ NIL was to restricted funds.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

5. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	198,122	198,122	218,517
Start Up Grants	-	253	253	609
Pupil Premium	-	15,085	15,085	16,379
Other EFA Grants	-	4,154	4,154	9,332
Other DfE Grants	-	1,330	1,330	1,037
EFA Capital Grants	-	4,916	4,916	2,912
	-	223,860	223,860	248,786
Other government grants				
Local Authority Grants	-	11,878	11,878	12,617
Other Government Grants	-	196	196	1,041
	-	12,074	12,074	13,658
Other funding				
Non Government Grants	856	-	856	553
Sundry Income	1,595	-	1,595	2,145
	2,451	-	2,451	2,698
	2,451	235,934	238,385	265,142

In 2015, of the total income from charitable activities, £2,698,000 was to unrestricted funds and £262,444,000 was to restricted funds.

There were no unfulfilled conditions relating to grants recognised as income during the year.

6. EXPENDITURE

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Expenditure on fundraising trading	2,140	686	5,103	7,929	9,265
Trust's Educational:	-	-	-	-	-
Direct Costs	156,133	8,617	23,154	187,904	199,349
Support Costs	30,495	23,813	21,126	75,434	82,906
Other expenditure	-	-	1,562	1,562	31,082
Total	188,768	33,116	50,945	272,829	322,602

In 2016, of the total expenditure, £15,883,000 (2015 - £17,526,000) was to unrestricted funds and £255,405,000 (2015 - £305,076,000) was to restricted funds.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

Net income/(expenditure) for the period includes:

	2016 £000	2015 £000
Operating Leases:		
- PFI	5,556	6,546
- Other operating leases	1,136	1,312
Fees payable to auditors for:		
- audit	191	145
- other services	15	48
	<hr/>	<hr/>

7. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £000	Individual items above £5,000 Amount £000	Reason
Gifts made by the trust	30,822	30,822	Donation to Greensward Charitable Trust, being the profits of AET Solutions Limited which were gifted to AET.
Unrecoverable debts	49,000	47,000	SDM systems Limited went into liquidation in 2015/16. There is no likelihood of any refund.

CHARITABLE ACTIVITIES

	2016 £000	2015 £000
DIRECT COSTS		
Direct costs - educational operations	187,904	199,349
	<hr/>	<hr/>
	187,904	199,349
	<hr/>	<hr/>
SUPPORT COSTS		
Staff costs	30,495	36,561
Depreciation	435	466
Technology costs	2,462	2,204
Premises	23,331	26,870
Other support costs	18,284	16,289
Governance	427	516
	<hr/>	<hr/>
Sub total	75,434	82,906
	<hr/>	<hr/>
	<hr/>	<hr/>
Total Direct and Support costs	263,338	282,255
	<hr/>	<hr/>

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

8. STAFF COSTS

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	145,912	158,635
Social security costs	12,024	11,591
Operating costs of defined benefit pension schemes	22,669	22,062
	<u>180,605</u>	<u>192,288</u>
Agency staff costs	6,763	7,521
Staff restructuring costs	1,400	1,666
	<u>188,768</u>	<u>201,475</u>

Staff restructuring costs comprise:

	2016 £000	2015 £000
Redundancy payments	986	911
Severance payments	414	755
	<u>1,400</u>	<u>1,666</u>

Staff severance payments

Included in staff restructuring costs are 2 non-statutory/non-contractual severance payments totalling £2,750, individually these payments were for £2,000 and £750 (2015: total £189,113).

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

	2016 No.	2015 No.
Teachers	2,304	2,647
Administration & Support	3,697	4,278
Management	429	490
	<u>6,430</u>	<u>7,415</u>

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

	2016 No.	2015 No.
In the band £ 60,001 - £ 70,000	102	70
In the band £ 70,001 - £ 80,000	33	27
In the band £ 80,001 - £ 90,000	13	15
In the band £ 90,001 - £100,000	9	7
In the band £100,001 - £110,000	10	7
In the band £110,001 - £120,000	3	2
In the band £120,001 - £130,000	1	2
In the band £130,001 - £140,000	3	0
In the band £140,001 - £150,000	0	2
In the band £150,001 - £160,000	1	1
In the band £160,001 - £170,000	0	1
In the band £220,001 - £230,000	0	1
In the band £230,001 - £240,000	1	0

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

8. STAFF COSTS (continued)

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 academy trust was £793,000 (2015:£837,000).

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

9. CENTRAL SERVICES

The company has provided the following central services to its academies during the year:

- Education Services
- Academy Programmes
- Teaching School Alliance
- Operations
- Finance
- Legal & Governance

The company charges for these services on the following basis:

Flat rate percentage of School Budget Share and Education Services Grant.

The actual amounts charged during the year were as follows:

Name of Academy	2016 £000	2015 £000
Anglesey Primary Academy	126	127
Ashingdon Primary Academy	39	31
Aylward Academy	440	377
Beacon Academy	65	66
Bexleyheath Academy	553	365
Brockworth Primary academy	52	38
Broadlands Academy	108	119
Barton Hill Academy	133	97
Caldicotes Primary Academy	51	40
Childwall Sports and Science Academy	-	90
Clacton Coastal Academy	510	354
Cordeaux Academy	159	141
Cottingley Primary Academy	52	54
Columbus School and College	128	96
Charles Warren Academy	49	39
East Point Academy	-	52
Everest Community Academy	167	186
Felixstowe Academy	306	321
Feversham Primary Academy	94	80
Firth Park Academy	263	286
Four Dwellings Academy	142	156
Four Dwellings Primary Academy	96	95
Greensward Academy	351	300
Greenwood Academy	217	173
Hall Road Academy	72	53
Hamford Primary Academy	57	44
Hillsview Academy	253	233
Hazlewood Academy	41	35
Kingsley Academy	265	229
Kingswood Academy	198	152
Langer Primary Academy	35	33
Lea Forest Primary Academy	114	103

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

Name of Academy	2016 £000	2015 £000
Maltings Academy	262	242
Meadstead Primary Academy	33	36
Millbrook Academy	147	153
Molehill Copse Primary Academy	-	30
Montgomery Primary Academy	145	124
New Forest Academy	109	129
New Rickstones Academy	141	150
Newington Academy	59	44
Newlands Academy	62	72
Nightingale Academy	249	296
Noel Park Primary School	141	109
North Ormesby Primary Academy	47	41
North Thorseby Primary Academy	19	16
Oaks Academy	-	21
Offa's Mead Academy	32	26
Percy Shurmer Academy	98	97
Plumberow Primary Academy	104	84
The Pioneer School	113	80
The Ridge Academy	32	31
Richmond Park Academy	211	150
The Rawlett School	214	169
Ryde Academy	263	302
Sandown Bay Academy	345	398
Severn View Primary Academy	18	15
Shafton Primary Academy	47	50
Sir Herbert Leon Academy	209	221
St Helen's Primary Academy	56	53
St James the Great Academy	41	33
Swallow Hill Community College	239	222
Tamworth Enterprise College	218	234
Tendring Enterprise Studio School	63	46
Tendring Technology College	482	197
The Duston School	-	81
The Green Field Academy	-	23
The Green Way Academy	95	104
The Peak Academy	-	17
Tree Tops Academy	-	29
Trinity Primary Academy	110	107
Unity City Academy	219	165
Utterby Primary Academy	15	12
Westerings Primary Academy	40	32
Weston Academy	7	22
Winton Community Academy	139	143
Wishmore Cross Academy	85	77
Total	10,045	9,248

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

10. TRUSTEES' REMUNERATION AND EXPENSES

Two or more Trustees have been paid remuneration or have received other benefits from employment with the academy trust. The Chief Executive Officer and one other staff member who is a Trustee only receive remuneration in respect of services they provide undertaking their roles under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2016	2015
		£000	£000
I Comfort, Chief Executive	Remuneration	235-240	225-230
	Pension contributions paid	35-40	30-35
T Fulcher, Trustee	Remuneration	55-60	50-55
	Pension contributions paid	5-10	5-10

During the year, 4 Trustees received reimbursement of travel and subsistence expenses totalling £4,893 (2015: 7 trustees, £3,450).

The highest paid Trustee received remuneration of £236,000 (2015: £225,000).

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31st August 2016 was not separately identifiable (2015 - not separately identifiable)

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

12. TANGIBLE FIXED ASSETS

Group	Freehold property £000	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000
Cost					
At 1st September 2015	69,326	383,608	173	6,238	12,700
Additions	675	617	-	234	392
Disposals	-	(1,529)	(6)	(174)	(185)
Transfer between classes	-	-	-	-	49
At 31st August 2016	70,001	382,696	167	6,298	12,956
Depreciation					
At 1st September 2015	5,208	31,074	106	3,621	8,825
Charge for the year	1,392	7,661	47	1,583	2,654
On disposals	-	(132)	(5)	(162)	(177)
At 31st August 2016	6,600	38,603	148	5,042	11,302
Net book value					
At 31st August 2016	63,401	344,093	19	1,256	1,654
At 31st August 2015	64,118	352,534	67	2,617	3,875
				Assets under construction £000	Total £000
Group					
Cost					
At 1st September 2015				3	472,048
Additions				380	2,298
Disposals				-	(1,894)
Transfer between classes				(49)	-
At 31st August 2016				334	472,452
Depreciation					
At 1st September 2015				-	48,834
Charge for the year				-	13,337
On disposals				-	(476)
At 31st August 2016				-	61,695
Net book value					
At 31st August 2016				334	410,757
At 31st August 2015				3	423,214

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

12. TANGIBLE FIXED ASSETS (continued)

	Freehold property £000	Long-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000
Parent only					
Cost					
At 1st September 2015	69,326	300,795	153	4,025	7,261
Additions	675	588	-	234	336
Disposals	-	(1,529)	(6)	(174)	(185)
Transfer between classes	-	-	-	-	49
At 31st August 2016	70,001	299,854	147	4,085	7,461
Depreciation					
At 1st September 2015	5,208	21,243	86	2,082	4,268
Charge for the year	1,392	6,004	47	1,122	1,985
On disposals	-	(132)	(5)	(162)	(177)
At 31st August 2016	6,600	27,115	128	3,042	6,076
Net book value					
At 31st August 2016	63,401	272,739	19	1,043	1,385
At 31st August 2015	64,118	279,552	67	1,943	2,993

	Assets under construction £000	Total £000
Parent only		
Cost		
At 1st September 2015	3	381,563
Additions	380	2,213
Disposals	-	(1,894)
Transfer between classes	(49)	-
At 31st August 2016	334	381,882
Depreciation		
At 1st September 2015	-	32,887
Charge for the year	-	10,550
On disposals	-	(476)
At 31st August 2016	-	42,961
Net book value		
At 31st August 2016	334	338,921
At 31st August 2015	3	348,676

Disposals relate to the return of the buildings of Weston academy which closed during the year to Isle of Wight Local Authority and to the disposal of other fixed assets of the closing academies (see note 22).

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

13. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £000
Investment in AET Solutions Ltd.	
At 1st September 2015 and 31st August 2016	15
Company investments comprise:	
	<div style="display: flex; justify-content: space-between;"> 2016 2015 </div> <div style="display: flex; justify-content: space-between;"> £000 £000 </div>
Investment in AET Solutions	<div style="display: flex; justify-content: space-between;"> 15 15 </div>

14. STOCKS

	Group	Company
	<div style="display: flex; justify-content: space-between;"> 2016 2015 </div> <div style="display: flex; justify-content: space-between;"> £000 £000 </div>	<div style="display: flex; justify-content: space-between;"> 2016 2015 </div> <div style="display: flex; justify-content: space-between;"> £000 £000 </div>
Finished goods and goods for resale	<div style="display: flex; justify-content: space-between;"> 195 243 </div>	<div style="display: flex; justify-content: space-between;"> 161 203 </div>

15. DEBTORS

	Group	Company
	<div style="display: flex; justify-content: space-between;"> 2016 2015 </div> <div style="display: flex; justify-content: space-between;"> £000 £000 </div>	<div style="display: flex; justify-content: space-between;"> 2016 2015 </div> <div style="display: flex; justify-content: space-between;"> £000 £000 </div>
Trade debtors	999	1,002
Amounts owed by group undertakings	-	31
VAT recoverable	1,662	1,216
Other debtors	146	290
Prepayments and accrued income	9,077	8,376
	<div style="display: flex; justify-content: space-between;"> 11,884 10,362 </div>	<div style="display: flex; justify-content: space-between;"> 10,915 9,306 </div>

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

16. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade creditors	6,280	7,052	5,669	6,012
Amounts owed to group undertakings	-	-	399	482
Other taxation and social security	2,897	2,756	2,424	2,307
Other creditors	3,316	4,181	2,993	3,863
Accruals and deferred income	5,288	5,160	3,358	3,649
	17,781	19,149	14,843	16,313
	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Deferred income				
Deferred income at 1st September 2015	1,472	1,621	1,306	1,469
Resources deferred during the year	1,731	1,472	1,522	1,306
Amounts released from previous years	(1,472)	(1,472)	(1,306)	(1,469)
Deferred income at 31st August 2016	1,731	1,621	1,522	1,306

Deferred income includes Devolved Formula Capital Grant received in advance for the period September 2016 to March 2017.

17. CREDITORS:
Amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Other creditors	-	12	-	12

This relates to a government approved, interest free, Salix loan for energy efficiency improvements which was repaid over 5 years.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

18. STATEMENT OF FUNDS

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
Unrestricted general funds	6,329	10,985	(15,882)	(259)	-	1,173
Restricted funds						
General Annual Grant (GAG)	9,567	198,540	(198,995)	(641)	-	8,471
Restricted Other DfE/EFA	1,707	16,460	(17,078)	(121)	-	968
Restricted Other Pension reserve	1,388	16,093	(15,955)	(806)	-	720
	(68,598)	-	(4,567)	-	(47,749)	(120,914)
	(55,936)	231,093	(236,595)	(1,568)	(47,749)	(110,755)
Restricted fixed asset funds						
Restricted Fixed Asset Funds	423,214	81	(14,745)	2,207	-	410,757
Capital Fund	5,427	4,916	(5,607)	(380)	-	4,356
	428,641	4,997	(20,352)	1,827	-	415,113
Total restricted funds	372,705	236,090	(256,947)	259	(47,749)	304,358
Total of funds	379,034	247,075	(272,829)	-	(47,749)	305,531

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

General Annual Grant (GAG) must be used for the normal running costs of the Trust's academies

Other restricted funds comprise funds received from the DfE, EFA, Local Authorities and other government bodies to reimburse expenditure incurred by the AET and its academies and subsidiaries in their ordinary operational activities.

Under the funding agreement with the Secretary of State, one Trust was subject to a limit on the amount of GAG that it could carry forward at 31st August 2016. Note 2 discloses whether the limit was exceeded.

Transfers between funds were for the purchase of fixed assets from GAG, other restricted and unrestricted funds.

Deficit fund balances relate to the Local Government defined benefit pension schemes.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31st August 2016 were allocated as follows:

	2016 £000	2015 £000
<u>Academies Enterprise Trust</u>		
Anglesey Primary Academy	209	207
Ashingdon Primary Academy	240	212
Beacon Academy	70	(24)
Brockworth Primary Academy	234	196
Broadlands Academy	(651)	(106)
Barton Hill Academy	587	617
Caldicotes Academy	217	176
Clacton Coastal Academy	2,623	1,858
Cordeaux Academy	(407)	(134)
Cottingley Primary Academy	116	150
Columbus School & College	(12)	103
Charles Warren Academy	308	304
Everest Community Academy	92	766
Everest Community Centre	132	131
Four Dwellings Academy	825	1,012
Four Dwellings Primary Academy	238	309
Firth Park Academy	(561)	(341)
Feversham Primary Academy	1,286	944
Felixstowe Academy	(626)	(297)
Greenwood Academy	(48)	143
Greensward Academy	40	470
Hamford Primary Academy	62	112
Hall Road Academy	441	425
Hazelwood Academy	76	38
Hillsview Academy	2,014	2,093
Kingswood Academy	38	384
Lea Forest Primary Academy	396	233
Langer Primary Academy	83	82
Millbrook Academy	(628)	(36)
Meadstead Primary Academy	125	134
Montgomery Primary Academy	408	397
Maltings Academy	(14)	157
New Forest Academy	(314)	(162)
Newlands Academy	-	8
North Ormesby Primary Academy	378	416
Noel Park School	207	222
New Rickstones Academy	515	691
North Thoresby Primary Academy	74	70
Newington Academy	323	243
Offa's Mead Academy	(1)	32
The Pioneer School	780	853
Plumberow Primary Academy	171	264
Percy Shurmer Academy	851	1,146
The Ridge Academy	(125)	(124)
Richmond Park Academy	(1,030)	(211)

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

18. STATEMENT OF FUNDS (continued)

	2016 £000	2015 £000
The Rawlett School	873	746
Ryde Academy	1,341	1,265
Sandown Bay Academy	375	604
Shafton Primary Academy	163	151
Swallow Hill Community College	664	1,406
Sir Herbert Leon Academy	488	675
St James the Great Academy	259	187
St Helen's Primary Academy	42	19
Severn View Primary Academy	-	-
Tamworth Enterprise College	458	438
The Green Way Academy	493	543
Tendring Enterprise Studio School (closed August 2016)	-	240
Trinity Primary Academy	445	353
Tendring Technology College	(1,035)	(858)
Utterby Primary Academy	66	90
Wishmore Cross Academy	80	(5)
Winton Community Academy	105	277
Westerings Primary Academy	(114)	67
Weston Primary Academy (closed December 2015)	-	257
<u>London Academies Enterprise Trust</u>		
Aylward Academy	(1,468)	(502)
Bexleyheath Academy	12	378
Kingsley Academy	282	943
Nightingale Academy	(1,548)	(1,367)
	-	-
Unity City Academy	426	455
AET Solutions Limited	15	-
Central Services	(832)	(1,534)
 Total funds excluding fixed asset fund and pension reserve	 11,332	 18,991
Restricted fixed asset fund	415,113	428,641
Pension reserve	(120,914)	(68,598)
Total	305,531	379,034

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

18. STATEMENT OF FUNDS (continued)

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £000
Broadlands Academy	651
Columbus School and College	12
Cordeaux Academy	407
Firth Park Academy	561
Felixstowe Academy	626
Greenwood Academy	48
Maltings Academy	14
Millbrook Academy	628
New Forest Academy	314
Offas Mead Academy	1
The Ridge Academy	125
Richmond Park Academy	1,030
Tendring Technology College	1,035
Westerings Primary Academy	114
Aylward Academy	1,468
Nightingale Academy	1,548
AET Central services	832

A range of strategies are being deployed to eliminate deficits at an individual academy and group level. Deficit academies are being put through curriculum-led financial reviews which will result in restructured staffing models and lower operating costs. Improvements in procurement across a number of categories have been initiated, including for energy, supply teachers, catering, cleaning and employee benefits. A number of corporate transformation programmes are also being progressed relating to the provision of IT, payroll and school management information services to academies.

The reason for the deficits and action being taken to return the academies to surplus:

Broadlands Academy

During the year the funds deficit increased from £106k to £651k. Increased staffing and educational services costs to drive improvement have led to the increased deficit. The academy has suffered falling pupil numbers for a number of years, however educational outcomes have improved significantly during the year making the academy more attractive. Pupil numbers are forecast to grow significantly in future years, but lagged funding will impact as the academy grows quickly, making it more difficult to maintain a balanced budget. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

Columbus School and College

During the year, funds reduced from a surplus of £103k to a deficit of £12k. The academy has a Private Finance Initiative ("PFI") contract with costs significantly in excess of benchmarks, which has led to the deficit. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

Cordeaux Academy

During the year, the funds deficit increased from £134k to £407k. This has been due to over-staffing at the academy. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability. The academy is also predicting growth in pupil numbers which will contribute further to the reduction in the deficit.

Firth Park Academy

During the year, the academy deficit has increased from £341k to £561k. The local authority's funding formula means that the academy has suffered historically from low levels of funding. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

18. STATEMENT OF FUNDS (continued)

Felixstowe Academy

During the year, the funds deficit has increased from £297k to £626k. The academy has suffered from falling pupil numbers in recent years which has contributed to the deficit. Pupil numbers are forecast to rise in future years, but lagged funding will impact as the academy grows, making it more difficult to maintain a balanced budget. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

Greenwood Academy

During the year, the funds reduced from a surplus of £143k to a deficit of £48k. In previous years the academy had suffered from falling pupil numbers but these have grown quickly and in 2015/16 the academy has been impacted by lagged funding. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

Maltings Academy

During the year, the funds reduced from a surplus of £157k to a deficit of £14k. Overstaffing in 2015/16 has led to the in-year deficit. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

Millbrook Academy

During the year, the funds deficit has increased from £36k to £628k. The academy has suffered a variable roll for some years with varying student outcomes. Increased staffing and educational services costs to drive improvement have led to the increased deficit. Pupil numbers are forecast to grow significantly in future years, but lagged funding will impact as the academy grows quickly, making it more difficult to maintain a balanced budget. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

New Forest Academy

During the year, the funds deficit has increased from £162k to £314k. The academy has suffered falling pupil numbers for a number of years. It is anticipated that pupil numbers will increase by 50% over the next 4 years, but lagged funding will impact as the academy grows quickly, making it more difficult to maintain a balanced budget. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

Offa's Mead Academy

During the year, the funds reduced from £32k to a deficit of £1k. The academy previously suffered a reducing roll and in 2015/16 had additional costs supporting SEN pupils. Pupil numbers are now growing strongly but lagged funding will impact as the academy grows quickly, making it more difficult to maintain a balanced budget. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

The Ridge Academy

During the year, the funds deficit increased from £124k to £125k. The planned in-year surplus did not occur due to reducing income as the detailed needs of SEMH students altered. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

Richmond Park Academy

During the year, the funds deficit has increased from £211k to £1,030k. The pupil intake was lower than anticipated and increased staffing to cover an anticipated growth in pupil numbers has led to the increased deficit. Pupil numbers are forecast to grow but lagged funding will impact as the academy grows, making it more difficult to maintain a balanced budget. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

Tendring Technology College

During the year, the funds deficit has increased from £858k to £1035k. Declining pupil numbers and a resulting reduction in income has contributed to the increased deficit. A curriculum and operating model review will take place

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

18. STATEMENT OF FUNDS (continued)

during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

Westerings Primary Academy

During the year, the funds reduced from a surplus of £67k to a deficit of £114k. Rapidly increasing pupil numbers due to a change to 2-phase entry has resulted in lagged funding which has caused the deficit. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

London Academies Enterprise Trust

Aylward Academy

During the year, the funds deficit has increased from £502k to £1468k. Increased staffing and educational services costs to drive improvement have led to the increased deficit. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

Nightingale Academy

During the year, the funds deficit has increased from £1367k to £1548k. A falling role has contributed to the increased deficit. A curriculum and operating model review will take place during 2016/17 with necessary changes being implemented during 2016/17 in order to achieve financial sustainability.

AET Central Services

During the year funds increased from a deficit of £1,534k to a deficit of £832k. This was achieved through cost reduction across a number of areas and a successful VAT re-claim of £182k. The central services deficit is expected to be reduced to zero within two years.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

18. STATEMENT OF FUNDS (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2016 £000	Total 2015 £000
<u>Academies Enterprise Trust</u>						
Anglesey Primary Academy	1,913	259	160	643	2,975	3,067
Ashingdon Primary Academy	547	121	23	184	875	839
Beacon Academy	1,311	719	52	460	2,542	2,788
Brockworth Primary Academy	744	175	30	331	1,280	1,198
Broadlands Academy	1,866	493	82	783	3,224	3,181
Barton Hill Academy	2,413	307	144	675	3,539	3,132
Caldicotes Academy	816	93	85	357	1,351	1,355
Clacton Coastal Academy	6,681	1363	155	2586	10,785	12,717
Cordeaux Academy	2,782	390	108	732	4,012	3,949
Cottingley Primary Academy	936	146	46	433	1,561	1,615
Columbus School & College	3,170	536	38	1316	5,060	4,883
Charles Warren Academy	789	114	80	318	1,301	1,233
Everest Community Academy	2,867	500	77	978	4,422	4,394
Everest Community Centre	14	144	6	92	256	252
Four Dwellings Academy	2,053	571	35	988	3,647	3,797
Four Dwellings Primary Academy	1,579	295	89	595	2,558	2,508
Firth Park Academy	3,861	962	74	1422	6,319	6,465
Feversham Primary Academy	1,303	137	66	569	2,075	2,125
Felixstowe Academy	4,845	912	82	1356	7,195	7,079
Greenwood Academy	3,524	786	111	1253	5,674	5,680
Greensward Academy	5,020	1029	224	1957	8,230	8,601
Hamford Primary Academy	941	186	87	272	1,486	1,441
Hall Road Academy	1,099	213	92	429	1,833	1,704
Hillsview Academy	3,850	373	71	1872	6,166	7,381
Hazelwood Academy	655	114	27	247	1,043	1,052
Kingswood Academy	2,579	344	296	1852	5,071	5,203
Lea Forest Primary Academy	1,569	306	46	778	2,699	2,646
Langer Primary Academy	552	86	23	210	871	905
Millbrook Academy	2,303	801	174	1105	4,383	4,123
Meadstead Primary Academy	744	137	39	262	1,182	1,506
Montgomery Primary Academy	2,094	417	187	917	3,615	3,328
Maltings Academy	3,785	732	227	1362	6,106	6,393
New Forest Academy	1,499	425	65	619	2,608	2,985
Newlands Academy	946	305	25	392	1,668	1,803
North Ormesby Primary Academy	725	148	44	283	1,200	1,215
Noel Park School	2,338	490	94	781	3,703	3,421
New Rickstones Academy	1,911	668	61	932	3,572	4,084
North Thoresby Primary Academy	299	47	10	92	448	436
Newington Academy	948	107	83	366	1,504	1,522

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

18. STATEMENT OF FUNDS (continued)

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2016 £000	Total 2015 £000
Offa's Mead Academy	552	73	33	141	799	861
The Pioneer School	1,962	305	38	618	2,923	2,574
Plumberow Primary Academy	1,663	220	97	536	2,516	2,576
Percy Shurmer Academy	1,602	404	145	741	2,892	2,727
The Ridge Academy	545	164	10	168	887	1,025
Richmond Park Academy	3,719	581	181	1306	5,787	5,473
The Rawlett School	3,208	446	83	1176	4,913	4,865
Ryde Academy	3,825	728	179	1076	5,808	6,748
Sandown Bay Academy	5,548	1053	204	1369	8,174	8,854
Shafton Primary Academy	626	153	41	293	1,113	1,134
Swallow Hill Community College	3,799	435	328	1955	6,517	6,963
Sir Herbert Leon Academy	3,128	735	63	1421	5,347	5,519
St James the Great Academy	614	132	61	246	1,053	1,082
St Helen's Primary Academy	938	157	53	369	1,517	1,474
Severn View Primary Academy	324	69	17	130	540	570
Tamworth Enterprise College	3,288	433	103	1113	4,937	5,554
The Green Way Academy	1,516	222	79	655	2,472	2,602
Trinity Primary Academy	1,426	312	88	1000	2,826	2,359
Tendring Technology College	8,276	1046	275	2022	11,619	11,660
Utterby Primary Academy	245	41	6	84	376	341
Wishmore Cross Academy	1,401	341	64	594	2,400	2,152
Winton Community Academy	2,068	368	180	682	3,298	3,427
Westerings Primary Academy	697	171	38	292	1,198	1,093
<u>Academies closing during the year</u>						
Tendring Enterprise Studio School	688	117	20	759	1,584	1,472
Weston Academy	154	31	7	49	241	535
<u>London Academies Enterprise Trust</u>						
Aylward Academy	7,306	1072	150	2265	10,793	11,253
Bexleyheath Academy	6,770	958	121	3357	11,206	10,853
Kingsley Academy	4,377	619	212	1204	6,412	6,279
Nightingale Academy	3,494	578	73	1528	5,673	6,810
Unity City Academy	3,230	716	85	1394	5,425	5,897
AET Solutions Limited		68		9	77	118
Central Services	2,089	3219	44	987	6,339	10,151

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	410,757	410,757	423,214
Current assets	6,464	22,649	4,356	33,469	43,579
Creditors due within one year	(5,291)	(12,490)	-	(17,781)	(19,149)
Creditors due in more than one year	-	-	-	-	(12)
Provisions for liabilities and charges	-	(120,914)	-	(120,914)	(68,598)
	<u>1,173</u>	<u>(110,755)</u>	<u>415,113</u>	<u>305,531</u>	<u>379,034</u>

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

	2016 £000	2015 £000
Net expenditure for the year (as per Statement of financial activities)	(25,754)	(48,351)
Adjustment for:		
Depreciation charges	13,337	13,657
Interest and rents	(298)	(169)
Decrease in stocks	48	40
(Increase)/decrease in debtors	(1,521)	4,515
Decrease in creditors	(1,380)	(6,252)
Capital grants from DfE and other capital income	(4,997)	(2,912)
Defined benefit pension scheme obligation transferred on academies leaving trust	-	(7,053)
Defined benefit pension scheme cost less contributions payable	4,567	3,364
Net transfer of assets on academies leaving trust	1,417	35,669
Net cash used in operating activities	<u>(14,581)</u>	<u>(7,492)</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash in hand	21,390	32,974
Total	<u>21,390</u>	<u>32,974</u>

22. ACADEMY CLOSURE

Two academies closed during the year. The leasehold buildings of Weston Academy were returned to Isle of Wight Authority during the year. The buildings of Tendring Enterprise Studio School are held under a PFI contract and discussions are taking place with Essex County Council about the transfer of this contract back to the Local Authority. Included within the Pension liability are deficits of £286,000 relating to the closed academies which remain with AET subject to further negotiations with Local Authorities.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

23. CONTINGENT LIABILITIES

Contingent liabilities exist in relation to the repayment of EFA IT Grant monies originally received in 2012. The exact amount of repayments is unknown at the balance sheet date but these are likely to be below £75,000.

24. CAPITAL COMMITMENTS

At 31st August 2016 the group and company had capital commitments as follows:

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Contracted for but not provided in these financial statements	75	1,324	75	1,324

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

25. PENSIONS AND SIMILAR OBLIGATIONS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 25 different pension funds. 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 period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £1,745,000 were payable to the schemes at 31st August 2016 (2015 - £1,655,000) and are included within creditors.

Teachers' Pension Scheme
Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 pension costs paid to TPS in the period amounted to £13,935,000 (2015: £13,132,000).

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

Under the definitions set out in FRS012, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

25. PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £11,066,000 of which employer's contributions totalled £8,511,000 and employees' contributions totalled £2,555,000. The agreed contribution rates for future years are variable based on pay.

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

The LGPS is in a deficit position and an agreement has been made for the Trust to make additional contributions in addition to the normal funding levels. These contributions amounted to £1,604,157 for the year to 31 August 2016 (2015: £1,359,071).

The LGPS is managed by the following local authority pension funds:

Avon Pension Fund
Buckinghamshire County Council Pension Fund
Devon County Council Pension Fund
East Riding Pension Fund
Essex County Council Pension Fund
Gloucestershire County Council Pension Fund
Hampshire County Council Pension Fund
Isle of Wight County Council Pension Fund
Kent County Council Pension Fund
Leicestershire County Council Pension Fund
Lincolnshire Pension Fund
London Borough of Bexley Pension Fund
London Borough of Enfield Pension Fund
London Borough of Haringey Pension Fund
London Borough of Hounslow Pension Fund
London Borough of Richmond Pension Fund
London Borough of Southwark Pension Fund
South Yorkshire Pension Fund
Staffordshire County Council Pension Fund
Suffolk County Council Pension Fund
Surrey Pension Fund
Teeside Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Wiltshire Pension Fund

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

25. PENSIONS AND SIMILAR OBLIGATIONS (continued)

Summary

The following figures are a summary of the named Local Government Pension Funds which provide pensions for the Trust's employees. In the 25 schemes above there were 68 academies of which 2 closed during the year (2015: 77).

The Trust's share of the assets in the schemes was:

	2016	2015
	£000	£000
Equities	66,353	49,461
Government bonds/gilts	5,697	4,077
Other bonds	10,767	9,087
Property	8,327	6,870
Cash/Liquidity	3,079	2,589
Other	6,176	4,527
Total market value of assets	100,398	76,611

The actual return on scheme assets was £15,832,000 (2015: £2,248,000).

Amounts recognised in the Statement of Financial Activities

	2016	2015
	£000	£000
Current service cost (net of employee contributions)	(10,307)	(10,649)
Past service cost	(147)	(77)
Net interest cost	(2,582)	(2,282)
Administration costs	(51)	-
Benefit changes, gain/loss on curtailment and gain/(loss) on settlement	(7)	42
Total operating charge	(13,094)	(12,966)

Changes in the present value of defined benefit obligations were as follows:

	2016	2015
	£000	£000
At 1 September	145,209	141,901
Current service cost	10,307	11,096
Interest cost	5,733	5,339
Employee contributions	2,552	2,748
Actuarial losses (gains)	59,150	(1,275)
Benefits paid	(1,761)	(1,191)
Past service cost	147	77
Plan introductions, benefit changes, curtailments & settlements	(25)	(100)
Transfers in to Trust	-	-
Transfers from Trust	-	(13,386)
At 31 August	221,312	145,209

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

25. PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

	2016	2015
	£000	£000
At 1 September	76,611	70,007
Interest income on assets	3,151	2,990
Actuarial gain / (loss)	11,401	(430)
Administration expenses	(51)	(21)
Employer contributions	8,511	8,905
Employee contributions	2,555	2,748
Benefits paid	(1,761)	(1,191)
Plan introductions, benefit changes, curtailments & settlements	(18)	(64)
Transfers in to Trust	-	
Transfers from Trust	-	(6,333)
At 31 August	100,398	76,611

The following are the principal assumptions used in the 25 local authority pension funds.

Principal actuarial assumptions

	----- 2016 -----			----- 2015 -----		
	From	To	Average	From	To	Average
	%	%	%	%	%	%
Rate of increase in salaries	2.2	4.1	3.5	3.4	5.1	4.1
Rate of increase for pensions in payment /	1.9	2.3	2.1	2.1	2.7	2.5
Discount rate for scheme liabilities	1.9	2.2	2.1	3.6	4.0	3.8
Inflation assumption (CPI)	1.8	2.3	2.1	2.0	3.1	2.3
Commutation of pensions to lump sums (pre April	25.0	50.0	31.8	25.0	80.0	50.6
Commutation of pensions to lump sums (post April	50.0	75.0	43.1	50.0	80.0	62.6

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

	----- 2016 -----			----- 2015 -----		
	From	To	Average	From	To	Average
	yrs	yrs	yrs	yrs	yrs	yrs
<i>Retiring today</i>						
Males	21.9	24.6	22.8	21.9	24.7	22.5
Females	23.5	27.8	25.2	24.1	27.7	24.9
<i>Retiring in 20 years</i>						
Males	23.8	26.7	25.0	22.5	26.5	24.4
Females	25.9	30.1	27.6	25.4	29.9	27.0

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

26. OPERATING LEASE COMMITMENTS

At 31st August 2016 the total of the group's future minimum lease payments under non-cancellable operating leases was:

Group	Land and buildings		Other	
	2016 £000	2015 £000	2016 £000	2015 £000
Amounts payable:				
Within 1 year	5,952	5,841	726	689
Between 1 and 5 years	23,418	22,604	776	1,239
After more than 5 years	80,207	86,649	2	263
Total	109,577	115,094	1,504	2,191

At 31st August 2016 the company had future minimum commitments under non-cancellable operating leases as follows:

Parent only

Amounts payable:

Within 1 year	4,872	584
Between 1 and 5 years	17,405	1,107
After more than 5 years	58,709	263
Total	80,986	1,954

Parent totals include commitments due under PFI operating leases for academy buildings. Included in this figure are commitments due in respect of the PFI contract for Tendring Enterprise Studio School which closed during the year.

27. RELATED PARTY TRANSACTIONS

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

Transactions with related parties in the period are as follows:

J Chin (vice Chair of Trustees) is a shareholder in SSAT (The school's network) Limited which provides services to AET. Transactions with SSAT during the year were carried out at cost and are as follows:

Purchases - £18,848

Creditor balance at balance sheet date - £1,100

J Boyer (Chair of Trustees) is a non-executive director of Mitie Group plc which provides services to AET. During the year AET academies purchased services from Mitie Group plc totalling £26,479 of which £5,375 were after J Boyer's appointment to the Board. There were no creditor balances with Mitie Group plc at the balance sheet date.

Greensward Charitable Trust (GCT) is a member of Academies Enterprise Trust and during the year a connected charity donation of £30,822 was made to GCT by the Trust. This represented the profits of AET Solutions Limited, which had been gifted to Academies Enterprise Trust. This gift will be used to support pupils at the academies of the Trust.

During the year, one of the academies of the Trust, Greensward Academy, rented a building owned by Greensward Charitable Trust. This arrangement ended in March 2016. To that date, rental payments of £17,500 had been paid in

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

27. RELATED PARTY TRANSACTIONS (continued)

the year (2015: £30,000).

28. PRINCIPAL SUBSIDIARIES

Company name & number	Country	Percentage Shareholding	Description
London Academies Enterprise Trust 07211219	England & Wales	N/A	Academy Trust
AET Solutions Ltd 07003257	England & Wales	100	Trading Company
Unity City Academy 04357009	England & Wales	N/A	Associate Academy

The shareholding in AET Solutions Ltd relates to 15,000 ordinary shares with a nominal value of £1.

Unity City Academy

Principal activity: Provision of Education

	2016 £000	2015 £000
Income	5,446	5,709
Expenditure	(6,101)	(6,643)
Net (expenditure) before transfers, gains and losses	<u>(655)</u>	<u>(934)</u>

	2016 £000	2015 £000
Assets	21,962	22,481
Liabilities	(3,818)	(1,711)
Net Assets	<u>18,144</u>	<u>20,770</u>

LAET

Principal activity: Provision of education

	2016 £000	2015 £000
Income	31,921	34,522
Expenditure	(36,878)	(37,792)
Net (expenditure)/income before transfers, gains and losses	<u>(4,957)</u>	<u>(3,270)</u>

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31st August 2016

	2016 £000	2015 £000
Assets	51,938	55,588
Liabilities	(15,700)	(8,289)
Net Assets	<u>36,238</u>	<u>47,299</u>

AET Solutions Ltd.

Principal activity: The sale of goods and services to educational establishments

	2016 £000	2015 £000
Income	107	118
Expenditure	(76)	(72)
Sub total	<u>31</u>	<u>46</u>
Payment under gift aid to AET	(31)	(46)
Net income before gains, losses and transfers	<u>-</u>	<u>-</u>

	2016 £000	2015 £000
Assets	58	65
Liabilities	(43)	(50)
Net Assets	<u>15</u>	<u>15</u>

29. MEMBERS' LIABILITY

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

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Consolidated Detailed Income and Expenditure Account
For the Year Ended 31st August 2016

	2016 £000	2015 £000
INCOME		
General Annual Grant (GAG)	198,122	218,517
EFA Capital Grants	4,916	2,912
Start Up Grants	253	609
Pupil Premium	15,085	16,379
Other EFA Grants	4,154	9,332
Other DfE Grants	1,330	1,037
Local Authority Grants	11,878	12,617
Other Government Grants	196	1,041
Non Government Grants	856	553
Sundry Income	1,595	1,847
Donations	247	239
Lottery funding	75	79
Income from local cash investments - General	298	169
Catering Income	1,879	1,764
Hire of facilities	2,154	2,102
Trading income	397	347
Provision of services	920	2,393
Academy trips	2,639	2,314
TOTAL INCOME	246,994	274,251

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Consolidated Detailed Income and Expenditure Account (continued)
For the Year Ended 31st August 2016

	2016 £000	2015 £000
LESS: EXPENDITURE		
Staff costs		
Teaching	115,283	122,042
Educational support	34,599	37,030
Premises	6,517	7,347
Catering	1,552	1,595
Administration	19,370	21,087
Midday supervision	1,680	1,848
Agency staff	6,763	7,521
Compensation payments	1,400	1,666
LGPS deficit contributions	1,604	1,359
FRS17 pension costs	4,567	3,000
	<u>193,335</u>	<u>204,495</u>
Maintenance of premises		
Buildings maintenance	8,503	10,933
Grounds maintenance	501	519
	<u>9,004</u>	<u>11,452</u>
Other occupancy costs		
Cleaning	2,296	2,280
Water	628	729
Fuel	3,679	4,577
Rent	218	310
Rates	1,361	1,304
Insurance	1,055	1,142
Security	220	244
PFI Management fee	5,556	5,742
Other	450	496
	<u>15,463</u>	<u>16,824</u>
Educational supplies and services		
Books	387	392
Educational equipment	1,745	1,866
Stationery and materials	2,190	2,973
Transport	823	878
Examination fees	2,770	2,819
Fees for external advice	2,922	2,389
Licences and subscriptions	213	218
Offsite provision	1,461	2,912
School trips	2,543	2,483
Other	47	36
	<u>15,101</u>	<u>16,966</u>
Other supplies and services		
Catering	5,105	5,576

ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Consolidated Detailed Income and Expenditure Account (continued)
For the Year Ended 31st August 2016

		2016 £000	2015 £000
Legal & professional fees	5,116		5,927
Auditor's remuneration	206		193
Bank charges	109		116
Pupil recruitment & support	793		976
Insurance	319		320
Office expenses	2,432		2,879
Cost of sales	346		245
Equipment leasing	1,136		1,311
Sundry expenses	113		223
	<u>15,675</u>		<u>17,766</u>
Other costs			
Furniture & equipment	317		465
Technology costs	4,275		4,346
Staff development & recruitment	4,366		4,749
Write-offs	50		44
Irrecoverable VAT	169		189
Charitable donations	176		562
	<u></u>		<u></u>
TOTAL EXPENDITURE		257,931	277,858
		<u></u>	<u></u>
NET EXPENDITURE FROM CHARITABLE SOURCES		(10,937)	(3,607)
		<u></u>	<u></u>
OTHER EXPENDITURE			
Depreciation	(13,357)		(13,054)
Losses on academies transferred out	(165)		(38,135)
	<u></u>		<u></u>
TOTAL OTHER EXPENDITURE		(13,522)	(51,189)
		<u></u>	<u></u>
NET EXPENDITURE FOR THE YEAR		(24,459)	(54,796)
		<u><u></u></u>	<u><u></u></u>