

Academies Enterprise Trust

Find your remarkable

**Annual Report and Financial
Statements**
31 August 2020



Company Limited by Guarantee
Registration Number
06625091 (England and Wales)

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Reference and administrative information

Members	J Boyer (from 27 February 2020) J Chin C Gregson (from 27 February 2020)
Trustees	D Hall (Chair) A Boddison (from 29 October 2020) D Carter (from 1 September 2020) J Chin (Vice Chair) C J Drinkall (Chief Executive) D Eyre D Osagie (from 29 October 2020) J Perry J Ramsey (from 30 April 2020) K Squilino (from 30 April 2020) A Thraves
Company registration number	06625091 (England & Wales)
Principal and registered office	3 rd Floor 183 Eversholt Street London NW1 1BU
Senior Leadership Team	
Group Chief Executive Officer	C J Drinkall
Director of Marketing and Communications	J Allen
Business Development Director	L Cooper
National Director of Primary & SEND	L Costello
National Director of Secondary Schools	D Hatchett
Chief Financial Officer	J Nicholson
Group HR Director	K Parish
Director of Education Services	M Purves
National Director of Education	F Soul
Head of Governance, Risk and Compliance	J Wheeldon
External auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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

Chair of Trustees' Statement

On behalf of the 32,000 pupils in the Trust, I would like to thank wholeheartedly, the leadership and staff at AET. Not only have they worked tirelessly to ensure that pupils are kept safe, but they have also put in place measures to minimise the disruption to their education. The crisis has brought the best out of AET: decisive leadership; ingenuity; compassion and an absolute determination across the Trust to do the best possible for all our pupils.

Since March 2020, the benefits of scale have never been clearer. With thoughtful and agile leadership, AET has been able to get ahead of some of the challenges presented by Covid-19, and being a family of 58 schools has meant that the Trust has been able to do things that would have been extremely difficult in smaller organisations.

The Trust has navigated and distilled the disparate and ever-changing sources of advice for school leaders. It has created quality online learning for all year groups. It has rationalised risk assessment processes and shared best practice across the schools. It has supported effective communication for each of the schools to parents and staff. It has used its scale and financial strength to purchase IT equipment. With a robust system of controls and a clear scheme of delegation, AET has managed the substantial risks presented by the pandemic and completed a successful partial reopening of schools in June.

Building on the changes made over the last few years, the Trust has continued to strengthen every aspect of its governance – from Members to Local Governing Boards – and continues to improve its corporate structure by working to streamline and consolidate all academies within a single Trust umbrella. This year we also appointed new independent Members to the board, including Charles Gregson and Jack Boyer.

We have added further expertise to our main Board, with former National Schools Commissioner, Sir David Carter joining the Board. He was joined by Karen Squillino, Head of the Schools Service for NSPCC, and Jane Ramsay, a nationally recognised leader in social care, education and health. Two further Trustees were appointed in October: Diana Osagie, an expert in school leadership and Adam Boddison, CEO of NASEN and SEND expert. In addition, we were delighted to welcome Professor Becky Francis, Chief Executive of the Education Endowment Foundation as an adviser to the Board's Education Committee.

These appointments add broad and deep expertise in safeguarding and well-being, education (both in the classroom and in the leadership of schools and Trusts), and charity governance. The committees have responded effectively with the additional challenges of the pandemic, providing heightened scrutiny, support and challenge. The establishment of a new Wellbeing & Safeguarding Committee will ensure a focus on issues that have and will impact every child in the aftermath of the pandemic.

A central issue for AET is the strategy, policies and processes for developing talent so that each and every member of staff can fulfil their aspirations and be supported in their career at AET. The AET Board now has a breadth and depth of experience across the corporate, professional services, public and charity sectors in the development of talent, so the challenge and support to the Executive will remain a critical Board responsibility. The talent development agenda will be an increased focus of the Board in the coming year as the Trust develops and starts to implement its ambitious new strategy.

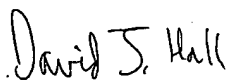
Chair of Trustees' Statement 31 August 2020

AET is committed to improving diversity and strengthening inclusion through new appointments to the Board and throughout the Trust, not just because it is right and fair but because it will lead to better decision-making and a stronger Trust overall.

The end of the financial year sees AET in a strong financial position. The Trust has therefore had the resources to make crucial short-term investments while also investing prudently to achieve our highly ambitious long-term strategic goals.

To reiterate my opening statements, I want to express my deepest appreciation to the executive team, the wider AET team and – most importantly – colleagues in each of our academies for their work this year. The education sector is in a moment of flux, but along with the substantial challenges come exciting opportunities to introduce new and improved ways of providing a quality education to our pupils. Events of the past year have encouraged the Trust to pause, reflect and rethink what it means to provide a quality education to our pupils. Using what it has learned, AET now has an extraordinarily ambitious vision of a new model of education to be rolled out in the coming years.

More than ever, AET's vision is for every young person to be able to go on to lead a remarkable life. That vision now includes an exciting long-term strategy that will incorporate the lessons learned from the pandemic and ensure the vision becomes a reality for each and every one of our 32,000 pupils.



D Hall CBE
Chair

Chief Executive's Statement 31 August 2020

Chief Executive's Statement

2019/20 has been an exceptional year for everyone in the education sector, and at AET the team has responded in a truly remarkable way.

Within days of the spring lockdown being announced, we had mobilised our virtual school across our 58 schools; we invested millions in laptops and wifi so that any child who did not have access at home could continue with their learning; we ensured that children were fed; we moved local governance structures online so that this crucial function of support could continue; and we focused on the most vulnerable to ensure they did not get lost this most challenging of times.

In addition to focusing on delivering an individualised education for every child in our care paving the way for them to lead a remarkable life, we have been focused on drawing our staff and communities closer together. Whilst this has been a year like no other in terms of the challenges we have faced, through adversity, our relationships and our bonds have grown all the stronger, and the response from our people and our parents has been nothing short of humbling.

Prior to the national lockdown and schools closing on 20 March, AET had seen nearly two full terms of continued improvement, building on the successes of the previous year. Prior to lockdown, we continued to see a significant improvement in our Ofsted inspections: in 14 inspections, all but one saw an improvement in their grade or retained their "Good" status. For those having monitoring visits, Ofsted recognised that the academy and AET were taking effective action. Newington Primary in Hull secured an "Outstanding" grade, whilst Kingsley Academy in London saw its first ever "Good" grade since the school opened its doors.

This improving picture, built on the solid foundations established three years ago, meant that we went into lock-down on secure footing. As the largest user of Google Classroom in the country, and with a specialist EdTech team within the Trust driving further innovation, AET had already established itself as a leading national trust on EdTech. We were therefore well positioned to mobilise remote learning at pace, and as a result, the level of engagement we saw throughout lockdown far outstripped the national picture.

As well as our own schools benefiting from this significant expertise and investment in technology, we shared our know-how and practical tools with 25 other schools and Local Authorities. We provided our virtual learning to numerous schools around the country. We were also delighted to be announced as one of the Department for Education's Edtech Demonstrators, helping support 36 schools locally on their own digital learning strategies.

AET is a proudly inclusive trust. And as it became clear that lockdown was likely to continue for some time, an immediate priority was to ensure that our more disadvantaged students did not fall further behind because of their circumstances.

We took two significant decisions early on. First, to ensure that every child eligible for free school meals or who had an Education Health Care Plan, was able to access learning at home. This meant releasing an additional £2m funding to cover the costs of an additional infrastructure, WiFi access, Chromebooks and devices, taking us up to a total inventory of 16,500.

Chief Executive's Statement 31 August 2020

Second, we wanted to ensure that children on free school meals would continue to be fed. Prior to the Government agreeing to continue to fund school meals for those who need them, we had made the decision to fund this ourselves. In the event, this was not needed, but it was an important stance for us to take.

Both of these decisions, and subsequent decisions to invest heavily in catch up programmes, were only possible because of the strong financial position AET is now in – radically transformed from three years ago when the Trust posted year on year multi-million pound deficits. Vastly improved financial management has meant that AET has had the resources to make crucial short-term investments while also investing prudently to achieve our highly ambitious long-term strategic goals.

Work to professionalise governance at AET over the last few years also played a large role in our resilience during the year. Following the lockdown, Local Governing Board meetings quickly moved online and have continued to provide a solid sounding board for each school during a period of significant and difficult decisions.

The Parent and Community Advisory Boards and Joint Consultative Committees have provided a welcome virtual venue to gather and incorporate parental and staff feedback and provide assurance to parents and staff. Throughout these challenging times, the Trust has made concerted efforts to reach out to parents and staff through routine surveys in order to address any concerns and ensure that everyone involved in the education of our pupils feels safe and included.

Throughout the summer term, online learning continued through AET's virtual school and, as the Government announced a partial return for children in priority year groups, for those in Nursery and Reception, Years 1 and 6 and Years 10 and 12 in our secondary schools, learning re-established itself back in the classroom. To prepare for a safe return for these year groups, we took a forensic approach to risk assessment, ensuring that each of our academies was ready to welcome back children in those year groups.

As we approached the summer holidays, we carried out a trust-wide contact programme: Each and Every Child. The focus was clear - to reach each and every child in our care, and to check in with them and their family on their learning and their welfare. By the start of the summer holidays we had reached nearly 90% of our 31,688 pupils, with further work over the holidays to engage the final 10%.

Given the extended period of time that pupils had not been in school, we also took the decision to invest a further £4.1m in a comprehensive Summer Programme, including five online English and Maths lessons for every year group, 1:1 tutoring for secondary aged students, and a mentoring programme for 8,000 children identified as needing additional support. It was humbling to see over 500 members of staff across the Trust step forward to take part in supporting this programme.

Chief Executive's Statement 31 August 2020

August saw us navigating our way through a complicated Key Stage 4 and 5 results season. The Government's decision to revert to Centre Assessed Grades was a welcome decision. AET had applied a rigorous approach to moderation across each of our academies, reflecting Ofqual and DfE guidance. Nevertheless, at Key Stage 5 we saw that the average A-level grade for AET students increased to a C+ grade from C in 2019, whilst for our Year 11 cohort, we saw a continued improvement, narrowing the gap with national standards. Overall, 64% of grades were Grade 4 or above, and 51% were Grade 5 or above.

The coming year will undoubtedly bring fresh challenges, including potential local lockdowns. AET is prepared for these eventualities and we will continue to invest in supporting our most vulnerable children to ensure they do not fall behind. Everything we do at AET is focused on one single goal: to do everything in our power to help our children go on to lead remarkable lives. We are determined that the Coronavirus will not throw us off course – they deserve nothing less.

The commitment and dedication that the AET team has shown this year is beyond compare. I am incredibly proud of each and every member of the AET family, and I have every confidence that as a team, we have the collective strength and determination to not just survive the challenges that the coming year will present, but to thrive too.



C J Drinkall
Chief Executive and Accounting Officer

The Year at a Glance

- ◆ Our vision of an education that inspires each and every child to lead a remarkable life is embedded within the organisation.
- ◆ 72% of our academies are now judged by Ofsted as Good or Outstanding, compared to 29% that were when they joined AET.
- ◆ AET's Virtual Learning Academy was established and up and running within days of the national lockdown beginning, and our level of engagement with remote learning across the Trust far exceeded national figures.
- ◆ AET was invited to be one of the DfE's EdTech Demonstrators, helping provide additional capacity to the sector as a whole.
- ◆ To ensure that no child is left behind because of their family circumstances, we invested £2m to fund 14,500 laptops and wifi access so that every child eligible for Free School Meals or who has an Education Health Care Plan can continue their learning at home.
- ◆ We recognised that catch-up needed to begin as early as possible and so we invested a further £4.1m in an extensive Summer Programme. This included ten online lessons in English and Maths for every single year group; more than 13,000 mentoring calls to 4,700 children across the Trust; and 1:1 tutoring for more than 800 secondary school students.
- ◆ In terms of Key Stage 4 and 5 results, AET took a disciplined approach to moderating Centre Assessed Grades across our secondary academies. We were pleased to see a continued rate of improvement across our Year 11 and Year 13 cohorts, and in both cases we have narrowed the gap between national and our trust-wide performance.
- ◆ Our financial health is going from strength to strength, with a third year of surplus posted, following years of multi-million pound deficits. This is the case even after making the one-off investments this year that were highlighted earlier in this report.

The Trustees present their annual report, which includes the strategic report, together with the audited financial statements of Academies Enterprise Trust ('AET' or 'the Trust') for the year ended 31 August 2020. The Annual Report serves the purpose of both a Trustees' Report, and a Directors' Report under company law.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Academies Enterprise Trust ("the Trust") is a company limited by guarantee and an exempt charity. The Trust's memorandum and articles ("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 connected companies: London Academies Enterprise Trust (LAET), Unity City Academy Trust and AET Solutions Limited (which is dormant). Together these companies are referred to as the AET Group. On 31 August 2020, LAET transferred control of its three academies to the Trust and to streamline governance, LAET is expected to be wound up in the coming months.

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

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of Trustees

It is the Chair's responsibility to consider the range and balance of skills required on the Board of Trustees. Senior educationalists and experts in key functional areas are especially important. All new Trustee candidates are interviewed and shortlisted by a designated subset of Trustees, who then make recommendations on appointments. The Trustees are then appointed in accordance with the provisions set out in the Articles.

Trustees' term of office

Following completion of a review of the Trust's governance structure, the Trust adopted new articles of association with effect from 25 October 2017. From that date, the Members continue to appoint up to twelve Trustees. However, the initial term of office for Trustees is now three years and a Trustee shall be deemed to retire (but may stand to be re-elected) at the Annual General Meeting following that initial term. Any Trustee re-elected shall be deemed to retire (but again may stand to be re-elected) at each subsequent Annual General Meeting, subject to only one third of the Trustees being required to retire at any Annual General Meeting.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of Trustees

Collectively, the Trustees offer a wide range of skills and experience essential to the good governance of the Trust. Each Trustee undertakes a comprehensive induction programme that includes a review of AET's unique MAT governance model and scheme of delegation, expectations and responsibilities of the Trustees and meetings with the Chief Executive and members of the executive team. Trustees normally visit academies during their induction, but this has not been possible recently due to Covid-19. Visits will resume as soon as deemed safe. In the interim, Trustees have been connecting with academies by joining regular headteacher KiT video calls. The Chair is responsible for identifying development needs for Trustees either individually or collectively, and these are met through a bespoke programme of learning and development.

Organisational structure

During the reporting year the Trust had a clear structure in place to control the way in which it is run. The structure consists of four levels:

- ◆ Members;
- ◆ Trustees;
- ◆ Executive; and
- ◆ Local Governing Boards.

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 Members or Trustees are delegated to the Trust's committees or to the Chief Executive.

The matters reserved to the Members include:

- ◆ Changes to the Articles;
- ◆ Appointment of Trustees; and
- ◆ Appointment of external auditors.

The matters reserved to Trustees include:

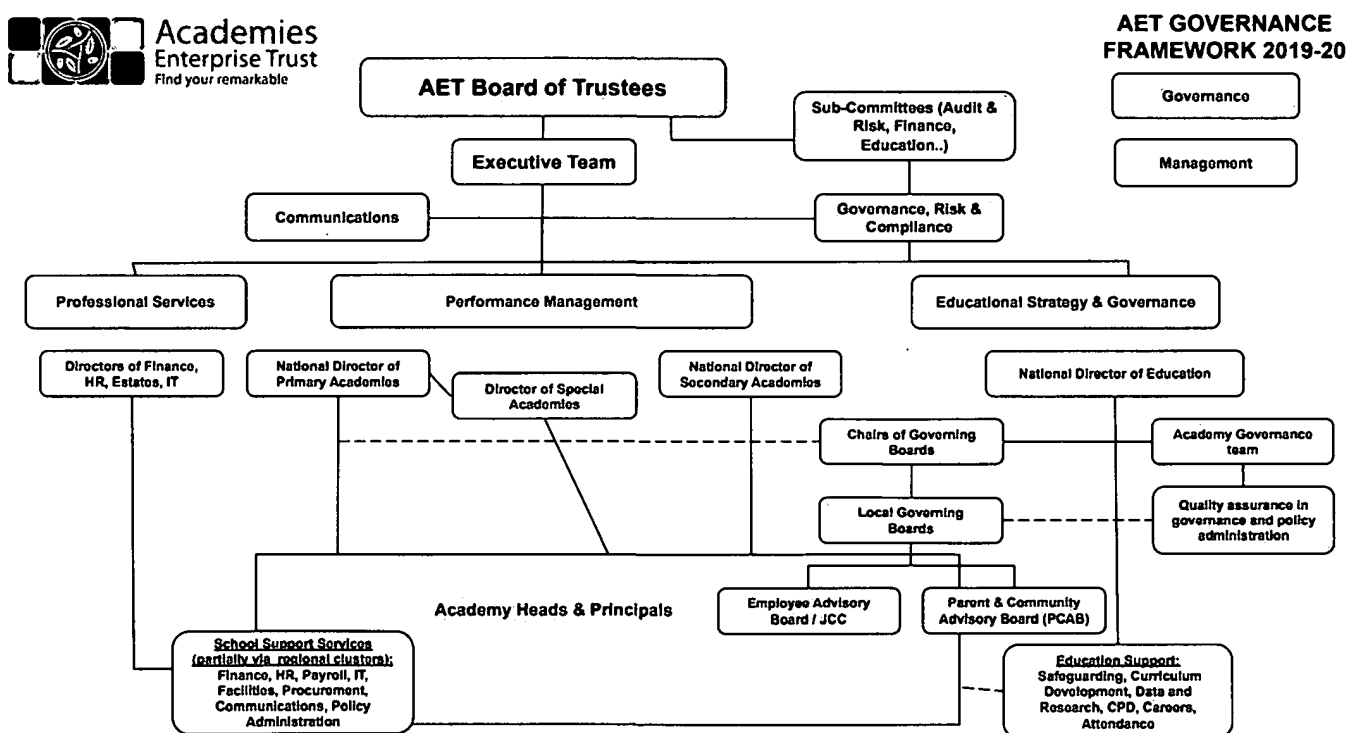
- ◆ Oversight of performance;
- ◆ Strategy;
- ◆ Policy;
- ◆ Corporate structure;
- ◆ Membership of committees;
- ◆ The scheme of delegation;
- ◆ Financial reporting and controls;
- ◆ Remuneration;
- ◆ Acquisition of assets; and
- ◆ Material contracts.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

The Trustees have established the following committees with appropriate terms of reference: Education, Remuneration, Audit and Risk, Finance and Wellbeing & Safeguarding. The Chief Executive exercises his delegated authority through the Executive Committee, which has standing groups responsible for negotiation and consultation with trade unions through the Joint Consultative and Negotiating Committee (JCNC) for education, operations and for health and safety.

During the year the governance framework has operated as set out below on a 'Phase' basis (i.e. Primary, Secondary and Special Academies). Each Principal is accountable to the relevant Phase Director. The Local Governing Boards are chaired via a network of professional Chairs:



Pay policy for key management personnel

The key management personnel refers to the Trustees and Leadership Team as documented on page 1. The salary arrangements for key management personnel within the Group are determined by the Board of Trustees. HAY Group was 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 to inform these. Pay progression within the range is linked to performance in line with the relevant Pay Policy and is reviewed annually through a robust appraisal process.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Relevant union officials

Number of TU reps	32
FTE number of TU reps	27.68
Number of TU representatives that spent 0% working hours	7
Number of TU representatives that spent 1-50% working hours	25
Number of TU representatives that spent 51-99% working hours	0
Number of TU representatives that spent 100% working hours	0
Total pay bill	£115,277,000
Total cost of facility time	£9,438.62
Percentage of pay spent on facility time	0.008%
Percentage of total hours spent on paid trade union activities	79%

Related parties and other connected charities and organisations

The Trust has connections with the following organisations:

- ◆ London Academies Enterprise Trust and Unity City Academy Trust (both of which are exempt charities). The Trust provides services to these entities. On 31 August 2020, London Academies Enterprise Trust transferred control of its three academies to the Trust and is intended to be wound up (details in note 23);
- ◆ AET Solutions Limited, a subsidiary company for the Group which is now dormant;
- ◆ The Vice Chair of Trustees, Jude Chin, is a director and shareholder in SSAT (the Schools Network) Limited and trustee of Seckford Foundation;
- ◆ A Thraves, a Trustee, is a Director of Optimus Education Ltd which provides services to Academies Enterprise Trust;
- ◆ Professor Deborah Eyres owns an organisation called High Performance Learning (HPL) which works with schools to raise pupil achievement;
- ◆ Karen Squillino, a Trustee, is the Head of School Services at the NSPCC; and
- ◆ Jane Ramsey, a Trustee, is married to Jonathan Slater who was Department for Education's Permanent Secretary until 26 August 2020.

Any transactions with these related parties are undertaken in compliance with the requirements of the Academies Financial Handbook

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Engagement with employees

The Trust has engaged more directly with employees over the last year than ever before.

Our staff engagement strategies and plans have evolved and improved over the year to deliver regular initiatives and set-piece communications tailored to the different audiences: bulletins; updates; headteacher keep in touch calls; working parties; CEO all staff briefings and messages; competitions and more. These have resulted in more two-way interaction with our staff than we have experienced before and there is a greater sense of OneAET. These are all kept under review to maximise engagement. Our headteachers and their senior leadership teams have been instrumental in driving engagement with all staff and they have a range of initiatives and resources available to them.

There are two initiatives of particular note:

We have continued our focus of embedding and bringing to life our Remarkable Lives Mission, Vision and Values which has undoubtedly struck a chord with the majority of employees. Our virtual festival (because of the pandemic) in July involved each of our 58 academies and reached 30,000 people (internal and external).

As a consequence of Covid-19 we have engaged staff directly through well-being pulse surveys, which has enabled us to understand and quickly respond to staff needs better than ever before. On average, over one thousand employees (approximately 25%) have engaged and shared their views around the reopening of schools each week.

Engagement with suppliers, customers and others in a business relationship with the Trust

The Trust has worked hard to support suppliers through the period of the Covid-19 lock-down by paying promptly and ensuring that suppliers were dealt with fairly in accordance with HM Treasury's Procurement Policy Notices.

Beneficiaries fall into two main categories, pupils being educated in an AET academy and members of each academy's local community who use the academy's facilities for recreation. During the year the Trust continuously interacts with pupils and their parents/carers to ensure that they receive a suitable education. During the lock-down period this involved video conferencing, surveys and, where necessary, home visits. AET endeavours to listen to local communities' needs and provide facilities where possible. A good example of this is the new all weather pitch in Tamworth which was completed this year. Unfortunately during the lock-down period the Trust was unable to offer these types of facilities to the community but we hope to be able to do so as soon as possible in the new academic year.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Trust's charitable objects are set out in its Articles. In summary, the Trust's purposes are to:

- ♦ advance for the public benefit education in the United Kingdom, in particular by being the proprietor of academies; and
- ♦ promote for the benefit of local communities, provision of facilities for recreation or other leisure time pursuits.

Our vision: each and every child inspired to choose a Remarkable Life.

Our mission: to gather and motivate inspirational people committed to delivering an excellent education that launches children into remarkable lives.

Our values:

Be unusually brave - at AET we choose to be unusually brave. We're not afraid to challenge wrongs, to make the right call, even when it's both unusual and difficult to do so.

Discover what's possible - we are on the search for discovering what's possible. We look to create 'eureka moments' for our students, helping them discover a world of possibilities and opportunities.

Push the limits - we always strive to push the limits. We don't settle for less than excellent and we won't allow our students to either. We resolve to overcome any self-imposed limits.

Be big-hearted - we commit to being big-hearted. We choose to treat each other with kindness, warmth and care, believing that everybody matters and believing in one another.

Public Benefit

The Trustees confirm that they have complied with the duty set out in Section 4 of the Charities Act 2011 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 demonstrably to the public benefit. The Trust provides education and recreational facilities for the benefit of the community situated around each Academy. In addition, community based projects and fundraising are undertaken during the year by both students and staff.

STRATEGIC REPORT

AET's strategic aim is to be recognised and respected as a leading and truly inclusive national educational trust, able to support all children, through all types of school, in any part of the country, through educational and operational excellence, and taking advantage of innovations in technology, systems and processes.

AET's educational excellence objectives are to secure:

- ♦ Consistent improvement towards the best possible academic outcomes for our pupils at Key Stage 1, 2, 4, and 5;
- ♦ Consistent improvement in Ofsted inspection outcomes;
- ♦ Each and every Academy delivering a high quality education;
- ♦ A broad and balanced curriculum with a clear intent, tailored to the needs of local children and communities which has a measurable impact in developing the knowledge, skills and well-being of children; and
- ♦ An environment where every child feels safe, and is able to grow and to choose a Remarkable Life.

AET's operational excellence objectives are to:

- ♦ be an employer of choice, attracting, developing and retaining talented and committed people who are well suited to deliver the AET mission; and
- ♦ deliver sufficient sustainable financial surpluses to ensure the financial security of the Trust, and to provide flexibility for well-targeted educational investment.

Primary academic performance

This year, in light of the Covid lock-down, national SATS tests were cancelled, and so there are no public measures for us to demonstrate our continued improvement.

Our Key Academies of Concern (KAOC) programme continued to help drive improvement across our primary academies that needed additional support. Over the year, we were able to take three more primaries off this support programme, leaving just six primaries and two special schools in the programme. This is a dramatic improvement since 2017/18, when 13 primaries were introduced to the KAOc programme.

Secondary academic performance

As has been well documented, in the absence of formal examinations going ahead, the Government ultimately decided that this year's results would be awarded based on Centre Assessed Grades. At AET, we had taken a disciplined approach to assessing and moderating these grades to ensure they had been allocated in line with the original guidance that had been issued by Ofqual.

STRATEGIC REPORT (continued)

Secondary academic performance (continued)

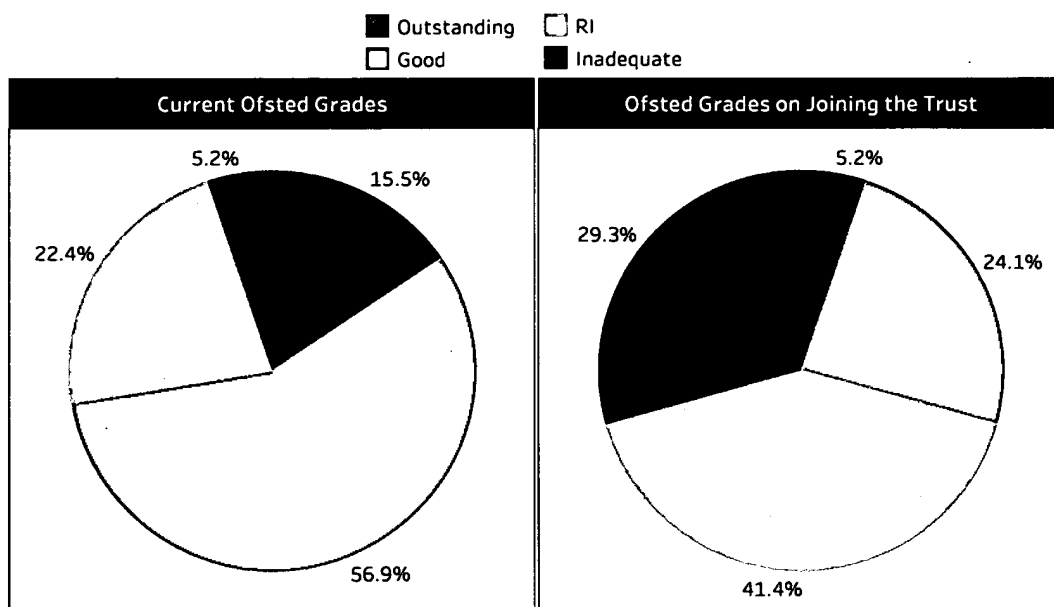
We are therefore confident that the final grades awarded are a fair reflection of students' work and will mean that they are able to take their next step with confidence - for our Year 11s for many that means staying on with us for sixth form or going to other 16 - 19 institutions, whilst for our Year 13s, that means taking up a place at university, an apprenticeship or other training opportunity.

Overall, we saw an improvement in both Key Stage 4 and 5 results, with a narrowing of the gap between national standards and AET's results. At Key Stage 4, 64% of grades were Grade 4 or above, and 51% were a Grade 5 or above. At Key Stage 5 the average A-level grade for AET students has now increased to a C+ grade from C in 2019.

The Trust's secondary Ofsted performance has continued to improve, with over 70% now judged as Good or better, close to the national average for secondary Ofsted outcomes.

Ofsted

During the reporting year, we have seen an overall improvement in the number of academies that have improved their Ofsted grading. On joining AET, only 29% of academies were graded as either Good or Outstanding. At the end of the academic year, that number had increased considerably to 72% with two more academies, Newlands and Percy Shurmer having been given a recommendation for a section 5 inspection to gain an outstanding grade.



Financial performance

Key financial performance indicators:

- ♦ the financial results for the year show an operational surplus (excluding fixed asset and pension reserve movements and transfers of academies out of the Trust) of £1,433,000 (2019: surplus of £1,220,000);

STRATEGIC REPORT (continued)

Financial performance (continued)

- ♦ reserves (excluding fixed asset and pension funds) of £8.7m (2019 £7.9m);
- ♦ funds excluding fixed asset and pension funds, as a % of total income (excluding transfer of buildings and leases income) of 3.9% (2019: 3.6%);
- ♦ cash ratio (cash to current liabilities) of 1.4 (2019: 1.6)
- ♦ cash held at the year-end was £36.4m (2019 £36.3m);
- ♦ current ratio (current assets to current liabilities) of 1.7 (2019: 1.9);
- ♦ percentage of total income (excluding transfer of buildings or leases income) received from the DfE 92% (2019: 92%); and
- ♦ savings of £11m through a comprehensive cost reduction programme.

In addition to these KPIs, AET staff have worked with a number of Academy Trusts on their financial and operational strategies and day to day issues. AET continues to be represented on the ESFA Academy Finance and Assurance Steering Group which assists the ESFA in setting guidance and regulations for the sector.

Going concern

As at 31 August 2020 AET has £8.1m of unrestricted funds and restricted general funds of £0.6m. Whilst the Trust's aim is to increase its reserves in line with its policy (see below), the current level of funds is not considered to be so low as to represent a risk to going concern. The Trust has reported an operational surplus of £1.4m for 2019/20 and also reported a surplus of £1.2m in 2018/19. Cost saving measures implemented in 2018/19 fully impacted in 2019/20 along with the physical shut down of most of the Trust's buildings. Further, cash balances are high and have increased during the year despite significant investment in ICT which has been funded through the operational savings that were identified early in March as the Covid-19 lock down commenced.

The Board of Trustees is therefore of the opinion 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. 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.

Reserves policy

The Trust's reserves policy is that it should build and maintain a sufficient level of funds in order to create stability and sustainability, and to serve every academy's short and long term plans, including future capital expenditure.

The Trust aims to maintain a minimum of funds, excluding fixed assets and pension funds but including loan funding of 5% of total annual income, or £12.2m. At 31 August 2020, the Trust held funds, excluding fixed assets and pension funds, of £8.7m, which represents 4.0% of total annual income (2019: £7.9m representing 3.6%). The Trust intends to work towards the minimum level of funds by maximising income receivable by increases in the number of pupils educated in its academies whilst at the same time reviewing its cost base throughout the organisation.

STRATEGIC REPORT (continued)

Reserves policy (continued)

The Trust notes that the current levels of reserves held by the Trust do not meet the current reserves policy due to the deficits historically incurred by academies within the Group. The Trust continues to make surpluses to increase the level of reserves and this year, no academies suffered an in-year deficit (2019: 17 academies suffered an in-year deficit).

Investment 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 with UK banks. The Trust does not hold any other investments but is looking at alternative investments that might generate a better rate of return.

Principal risks and uncertainties

The Trustees assess, monitor and manage risks through the Audit and Risk Committee, its internal control framework and internal audit. Key risks include:

Safeguarding

The safety of students and staff is of utmost importance to the Trust. Robust safeguarding and child protection policies and procedures, which are available online, support academies to ensure that students are safe and feel supported, and that everyone working in the Trust knows when and how to raise any concerns that they may have about safeguarding. Implementation and effectiveness of these policies which conform to the latest DfE guidance are monitored regularly. In July 2018, the Trust appointed a new Designated Safeguarding Lead (DSL) who is delivering a strategy for achieving consistent best practice in safeguarding across all academies.

Coronavirus (Covid-19)

On 20 March 2020 the Trust's academies closed to all but vulnerable children and those with key worker parents. Since then the Trust has provided virtual learning for all of the pupils who were not in school. From the beginning of the 2020 autumn term the academies reopened to all pupils. However the virus has not yet been defeated and so the Trust is working with a constant threat that one or more academies might close due to local infection rates rising with a resultant return to virtual learning. This is continuing to bring financial uncertainty and significantly increased levels of stress for the Trust's employees.

Governance

The governance model for AET academies introduced in 2017 is now embedded, and has received consistently positive comments from Ofsted inspectors. Nevertheless, the maintenance of high standards of support and challenge in school improvement initiatives remains one of the Trust's biggest challenges.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

People

The Trust's success is dependent on recruiting, developing and retaining the best people for every position in its academies and Academy Support Team. The recruitment of strong school leaders and teachers continues to be a challenge, particularly in some areas of the country and in core subject areas. The Trust has implemented a 'people strategy' to address this issue including a varied programme of top class training along with a wide range of opportunities for great career development.

Finance

The sector faces uncertainty over the level of future finances. Whilst the National Funding Formula will aim to direct resources where they are most needed, helping to ensure that every child can get the high-quality education that they deserve, wherever they live but it still has not been fully implemented by the DfE. The Trust operates academies throughout England and so the financial consequences and timing of this change in the methodology of allocating funding are not yet clear. Last year's announcement of increased income has been tempered this year by government expectations that trusts must cover extraordinary costs relating to the pandemic themselves. Consequently, the Trust's academies are planning, through multi-year financial planning, to ensure that they are both educationally and financially viable during a period of rising costs and significant uncertainty due to the current pandemic.

Employer contributions to the Teachers' Pension Scheme increased significantly in September 2019. The DfE has committed to fund the extra cost up to August 2021. From that date onwards the grant will be subsumed into the General Annual Grant and so funding levels are uncertain from September 2021. The annual cost to the Trust of the increase is more than £4.5m which would have to be found from other parts of the organisation if the grant is not fully passed through correctly in 2021.

The Trust's estate comprises buildings of varying ages some of which, before becoming part of the Trust, were not adequately looked after. The cost of repairs and maintenance of the estate is considerable. That expenditure is funded through a capital grant received from the DfE. If this grant were to be reduced, or to disappear the Trust would have to reduce the amount of resources that it could invest in the pupils' education.

Risk Framework

The Trust has published its Risk Framework on its website. It explains the approach to risk management using a risk register organised across four 'meta' categories of risk: duty to stakeholders, Trust viability, organisational effectiveness, and compliance. Risk ownership is aligned with strategy, executive responsibilities and annual performance objectives.

Promoting the success of the company

The Trust's charitable objectives are:

- ◆ advance for the public benefit education in the United Kingdom, in particular by being the proprietor of academies; and
- ◆ promote for the benefit of local communities, provision of facilities for recreation or other leisure time pursuits.

STRATEGIC REPORT (continued)

Promoting the success of the company (continued)

These are the sole aims of the Trust's business plan. To be successful the Trust has to engage with employees and suppliers as set out above. By meeting its charitable objectives the Trust has a positive impact on the communities around each academy as it provides an excellent education and facilities to its beneficiaries.

The Trust has embraced the need to be a sustainable organisation. Substantial resources have been invested to reduce the amount of energy consumed each year.

In delivering its business plan the Trust expects all of its employees, suppliers beneficiaries and Trustees to exhibit high standards of business conduct in line with the Seven Principles of Public life:

- ♦ Selflessness
- ♦ Integrity
- ♦ Objectivity
- ♦ Accountability
- ♦ Openness
- ♦ Honesty
- ♦ Leadership

Fundraising

The academies fundraise through specific activities, including non-uniform day and particular fundraising events and pupils and staff choose third party charities to donate to.

The Trust does not fundraise on its own behalf and therefore, does not employ professional fundraisers. Any complaints relating to fundraising are dealt with in the first instance by the relevant Academy who follow the Trust's complaints procedure.

Financial review

The majority of Academy income comes from the DfE and the ESFA in the form of recurrent grants, the use of which is restricted to the Trust's charitable objectives. The grants received from the DfE and ESFA during the year ended 31 August 2020 and the associated expenditure are reported as restricted funds in the Statement of Financial Activities ("SOFA").

The SOFA reports total income for the year of £221.7m of which £216.9m was restricted funding received from the DfE and ESFA (including SCA income). Total expenditure for the year was £282.7m, of which £9.0m were Local Government Pension Scheme operational and finance costs, and £46.5m related to the transfer out of Nightingale, Felixstowe, Langer and Hillisview academies.

Other losses for the year amounted to £14.5m, which related to actuarial losses of LGPS pension funds, resulting in a negative net movement in funds for the year of £75.5m.

STRATEGIC REPORT (continued)

Financial review (continued)

Total funds at 31 August 2020 were £263.9m (2019 £339.4m), of which £8.1m were unrestricted funds, £382.4m were restricted fixed asset funds including unspent capital funds, £0.6m were other restricted funds including General Annual Grant ("GAG") and other government funding and £127.2m is the Local Government Pension Scheme pension fund deficit.

Total funds excluding fixed asset and pension funds at 31 August 2020 were £8.7m (2019: £7.9m). The operational surplus for the year amounted to £1.4m (2019: £1.2m surplus). This is summarised below:

	2020 £'000	2019 £'000
Net movement in funds as per Statement of Financial Activities	(75,524)	(34,764)
Add: LGPS actuarial loss	14,547	17,601
Net (expenditure)	(60,977)	(17,163)
Exclude fixed asset fund movements	60,174	15,894
Exclude pension fund movements	9,028	8,567
Exclude pension deficits and surplus funds transferred in for joining academies (note 23)	—	503
Exclude pension deficits and surplus funds transferred out for leaving academies (note 24)	(4,742)	(4,531)
Exclude one-off income	(2,050)	(2,050)
Total operational surplus	1,433	1,220
Net movement in free reserves	1,433	1,220

Total cash balances at 31 August 2020 were £36.4m (2019: £36.3m).

The majority of academy buildings are leased from local authorities for a peppercorn rent. In accordance with the Accounts Direction and Charity SORP FRS 102, the buildings on long term leases (typically 125 years) from local authorities have been recognised as tangible fixed assets in the Financial Statements and the value of the buildings has been treated as voluntary income in the Financial Statements, in the year of transfer to the Group. The value is subsequently treated as deemed cost. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

The buildings of four academies were leased under Private Finance Initiative ("PFI") contracts during the year. The commitments under PFI contracts are disclosed as operating leases in note 20 and as such no valuation is included within fixed assets on the Balance Sheet for these buildings.

At 31 August 2020 the net book value of tangible fixed assets was £378.8m (2019: £434.5m). 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.

STRATEGIC REPORT (continued)

Financial review (continued)

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 2020 was £127.2m (2019: £108.9m). Movements in the pension fund are reported in note 19 to the Financial Statements.

The Covid-19 pandemic had a significant impact on the Trust's operations and its finances. Whilst the Trust had the significant benefit of government income streams remaining stable, income from lettings, catering and private nursery funding was reduced dramatically. Despite this reduction in income, the closure of schools for several months meant the Trust was able to achieve significant expenditure savings. These included savings on general running costs such as catering contracts, supply staff and consultancy, and capitation. Overall, the financial impact of school closures was a positive one. This situation was identified early in the lockdown and so the Trust was able to use these savings to buy, and deploy, 7,049 chromebooks and 1,879 wifi devices to ensure that every disadvantaged pupil was able to access learning materials and lessons through the Trust's remote learning arrangements. Then in the summer break the Trust paid for one to one lessons. This included ten online lessons in English and Maths for every single year group; more than 13,000 mentoring calls to 4,700 children across the Trust; and 1:1 tutoring for more than 800 secondary school students. Further investment in IT equipment was provided over the summer to improve the Trust's pupils' ability to work remotely in the future when a further 7,450 chromebooks were purchased for use in the 2020/21 academic year.

As disclosed in note 4 to the accounts on page 51, a small number of staff in roles dedicated to catering and managing lettings were furloughed under the Coronavirus Job Retention Scheme and the Trust has received funding to cover 80% of those employees' pay.

The Trust incurred exceptional Covid-19 related costs such as the provision of free school meal vouchers, personal protective equipment and learning resources totalling £2.8m. The Department for Education put in place a scheme to reimburse academy trusts for such costs however AET was not eligible to claim under the terms of the scheme.

Streamlined Energy and Carbon Reporting

As a large company (as defined by the Companies Act 2006), AET is required to include the following information regarding its energy use and associated greenhouse emissions in accordance with the The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

STRATEGIC REPORT (continued)

Streamlined Energy and Carbon Reporting (continued)

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	50,479,032
Energy consumption breakdown <ul style="list-style-type: none"> gas (kwh) electricity (kwh) transport fuel - Trust vehicles (miles) transport fuel - private/hire vehicles (miles) 	35,638,060 13,990,605 173,565 308,515
<u>Scope 1 emissions in metric tonnes CO2e</u> Gas consumption Oil Owned transport – mini-buses <u>Total scope 1</u>	6552.77 142.89 52.79 6748.45
<u>Scope 2 emissions in metric tonnes CO2e</u> Purchased electricity	164.40
<u>Scope 3 emissions in metric tonnes CO2e</u> Business travel in employee owned vehicles	74.01
Total gross emissions in metric tonnes CO2e	6,986,865
<u>Intensity ratio</u> Tonnes CO2e per pupil	0.22
Quantification and Reporting Methodology <ul style="list-style-type: none"> We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting. Intensity measurement The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.	

STRATEGIC REPORT (continued)

Streamlined Energy and Carbon Reporting (continued)

Measures taken to improve energy efficiency

We have completed the installation of LED Lighting at five academies over the year funded through the Salix Energy Efficiency Fund (Four Dwellings Academy, New Forest Academy, St Helens Primary Academy, Winton Community Academy and Wishmore Cross Academy) making a total of 18 installations completed since 2017.

We have installed automatic meter reading on our gas meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

For ICT hardware we have been replacing old equipment with chromebooks and moving servers into the cloud within some of our academies. Chromebooks are significantly cheaper to run than laptops therefore saving energy and maintenance costs.

Within our estates we have replaced roofing at St Helens Primary Academy and Four Dwellings Academy. We have replaced windows at Trinity Primary Academy, curtain wallings at Broadlands Academy and replaced boilers at New Forest Academy, Percy Shurmer Primary Academy and Richmond Park Academy.

As part of our Festival of Remarkable Lives, we held our first Sustainable Schools competition, in order to raise awareness with staff and students in all our schools. In the 2020/21 year, five pilot schools are developing action plans to address sustainability holistically; we will roll out this approach to remaining schools thereafter.

PLANS FOR THE FUTURE

During the second half of 2019/20, the Trust has been developing a five year strategy: Remarkable Education: Your Choices. Your Passions. Your Future.

AET will be synonymous with our vision of inspiring **every child** to choose a remarkable life. - AET will have an enviable national reputation for the highest quality education, superior school improvement and thriving school communities. This is built around an inclusive, flexible (to children's needs and global context), innovative and truly independent provision, integrating holistic well-being support that launches **all** children successfully into the next stage of their lives.

By 2025, all children at AET have an opportunity to forge their own Remarkable Education. Education will move away from a traditional 'one size fits all' model to:

- ◆ A more variable teaching and learning model, designed to give children more agency in their own outcomes;
- ◆ An ambitious curriculum based on three strands of Academic / Self / Pathways, exceeding the national curriculum;

PLANS FOR THE FUTURE (continued)

- ◆ More time for building skills, careers-related activities and non examined topics, including activities linked to pupils' own pathway;
- ◆ Pupils supported to make choices towards "finding their remarkable" by a Remarkable Guide;
- ◆ World class blended provision: online/classroom/home.

Implementation of this strategy begins in 2020/21 with testing and piloting different aspects, harnessing our best practice, before wider roll out across the Trust.

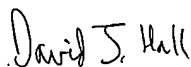
The investment in IT is one strand of the work being undertaken to provide each of the Trust's pupils with individualised learning plans. This will be a major part of the Trust's work in the next year.

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 on 17 December 2020 and signed on its behalf by:



D Hall, CBE
Chair

Date: 17 December 2020



C J Drinkall
Chief Executive and Accounting Officer

Date: 17 December 2020

Governance Statement Year to 31 August 2020

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. A Risk Management Policy and Framework was introduced in 2018/19 and is published on the Trust website. This framework brings greater alignment of strategy, risk and executive responsibilities and targets. As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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 future 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. The Trust's Scheme of Delegation has been reviewed and is published on the Trust website.

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 met 6 times during the year. Attendance during the year at meetings of the Board was as follows:

Trustee	Number of meetings attended	Out of a possible
J Chin	6	6
C J Drinkall	6	6
D Eyre	5	6
D Hall (Chair)	6	6
J Perry	6	6
J Ramsay (appointed 30 April 2020)	3	3
K Squillino (appointed 30 April 2020)	3	3
A Thraves	6	6

Review of governance

The AET Board of Trustees continues to keep the mix of the skillset of Trustees and Board effectiveness under review. Three new appointments to the Board have added expertise in education, safeguarding and charity governance.

Strong academy governance is the foundation of school improvement and the maintenance of consistently high standards of governance is an ever-present challenge. The model of governance is explained on the Trust website and continues to receive consistently positive comments from Ofsted and the DfE. To further strengthen the model, the Trust undertook an independent review of governance in Autumn Term and has since implemented many of the recommended measures, including appointing two new Members and a new clerk to Trustees, designating a Parent Voice Trustee, adding educational expertise to the Board through a new Trustee and an advisory education expert and aligning clerking arrangements across the Trust through a new set of professional regional clerks.

Governance Statement Year to 31 August 2020

Review of governance (continued)

As a measure of its effectiveness, local governance meetings were swiftly moved online following the lockdown and continued to provide schools with the professionalised support and challenge necessary to ensure robust governance at the local level. Clerking across schools has been strengthened through the appointment of independent professional regional clerks to increase the efficiency, effectiveness, productivity and compliance of local boards.

The Trust monitors the effectiveness of academy governance through a variety of controls. These include online review of governance documentation for quality assurance and face-to-face monthly meetings with Chairs of Governors.

The Trust has continued to disaggregate Joint Boards where the benefits of academies being combined were not materialising. A survey of Parent and Community Advisory Boards (PCABs) confirmed that the vast majority of respondents felt PCABs were well-established and functioning as expected. In the coming year, a key focus is to develop the relationship between PCABs and the Local Governing Board through dedicated agenda items and attendance at LGB meetings by the PCAB Chairs.

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to review the financial statements and accounting policies, receive and review the internal and external auditors' reports and assist the Board in fulfilling its oversight responsibilities with regard to the risk management of AET. It does this through the review of the Trust's risk register.

Attendance at meetings in the year was as follows:

Trustee	Number of meetings attended	Out of a possible
J Chin (Chair)	4	4
C J Drinkall*	4	4
D Hall	4	4
J Perry	3	4
A Thraves	3	4

*in attendance only

Finance Committee

The Finance 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 management of AET. It does this through the review of financial projections and management accounts making recommendations to the main Board meeting.

Attendance at meetings in the year was as follows:

Trustee	Number of meetings attended	Out of a possible
J Chin	3	4
C J Drinkall	4	4
D Hall	4	4
J Perry (Chair)	3	4
A Thraves	3	4

Governance Statement Year to 31 August 2020

Remuneration Committee

Attendance at meetings in the year was as follows:

Trustee	Number of meetings attended	Out of a possible
D Hall (Chair)	2	2
J Chin	2	2
C J Drinkall	2	2
A Thraves	2	2

Education Committee

The Education Committee is now well-established and was greatly strengthened by the addition of an advisory education expert. Attendance at meetings in the year was as follows:

Trustees and committee members	Number of meetings attended	Out of a possible
L Costello	3	3
C J Drinkall	3	3
D Eyre (Chair)	2	3
B Francis (Advisory education expert appointed on 8 April 2020)	2	3
D Hatchett	3	3
F Soul	3	3

Review of value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Trust delivers good value in the use of public resources. Value for money means the educational and wider societal outcomes achieved in return for the taxpayer resources received.

Each academic year, the Accounting Officer reports to the Board of Trustees where value for money can be improved. The following value for money improvements have been delivered this year:

- ♦ improvements in educational outcomes at all key stages;
- ♦ continued consolidation of procurement and supplier spend across the Trust, leveraging the buying power of the Trust. The biggest review this year was of the Trust's catering services and has resulted in a 15% saving of costs;
- ♦ supporting our individual academies on tendering and supplier quotations, resulting in reduced costs;
- ♦ improved value for money and enabling 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 identified contract life savings of £1.685m during the year of which £877,000 is in-year savings across a range of areas, including ICT hardware and broadband services, copiers, insurance, telephony line rental and call costs, utilities, catering services, audio visual equipment, classroom materials, and supply staff; and

Governance Statement Year to 31 August 2020

Review of value for money (continued)

- ◆ negotiating improved discounts and reduced prices with a number of key suppliers. These new arrangements offer more favourable pricing and terms than individual academies have been able to secure in the past.

Specific areas of procurement focus in the year ended 31 August 2020 included:

- ◆ the Trust is now in the final stages of awarding contracts for catering and cleaning services for its academies which will deliver improved quality and reduced pricing from 1 January 2021;
- ◆ the Trust is also finalising the award of the first contract for planned preventative maintenance which will enable it to improve efficiencies through dealing with a single company for a group of academies against set criteria. The Trust is working to establish savings that will be derived through this approach compared to the current bespoke approach on an academy by academy basis. This will be repeated for the remaining two areas;
- ◆ the Trust has secured over £500,000 in interest free loan support from the Salix Energy Efficiency Fund scheme to help to facilitate five LED lighting replacement schemes at Four Dwellings Academy, New Forest Academy, St Helens Primary Academy, Wishmore Cross Academy and Winton Community Academy which will deliver energy savings of over £774,000 over the next eight years as well as reducing CO2 emissions by around 303 tonnes per annum; and
- ◆ the Trust has secured over £100,000 in electricity cost reductions through improved management of our academies and through commodity based as a result of our flexible buying strategy for electricity.

The provisions of PPN02/20 and 04/20 were used in 2019/20 to support our critical suppliers in accordance with the provisions of supplier relief. The services that we made payments under this provision included catering, supply staff, out of school placements and services such as sports and music coaching where we had entered into contracts until the end of the academic year.

In accordance with PPN02/20 these payments were made on an open book accounting basis with a reconciliation of costs being undertaken. For supply staff payments were limited to 80% of the normal cost as per the guidance.

As a trust we moved into the transition and recovery phase as directed under PPN04/20 with most notably our catering suppliers.

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 the 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 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the company's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget review and monthly financial reports which are reviewed and agreed by the Board of Trustees;
- ◆ regular reviews by the Finance Committee of reports which highlight 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; and
- ◆ 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 the Trust's internal auditor focusing on organisational wide reviews. At the same time a programme of reviews by school support service staff will ensure that financial and operational policies and procedures are being followed by everyone within the organisation.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In this year the checks carried out by them were curtailed due to the coronavirus pandemic but reviews included;

The risk and control framework (continued)

- ◆ review of Group Finance Manager internal audit of hubs which covered a series of checks on the following key areas:
 - ◇ financial management, planning & monitoring;
 - ◇ payroll,
 - ◇ purchases;
 - ◇ income; and
 - ◇ banking.
- ◆ payroll processing, including amendments to payroll, such as starters and leavers, and also monthly payroll processing procedures; and
- ◆ data quality.

During the year, our internal controls picked up anomalies in the accounting records at New Forest Academy. This resulted in a member of staff admitting that they had taken an immaterial amount of cash from the academy during the lock-down period. The staff member resigned as a result of our investigation and we are in the process of recovering the full amount.

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.

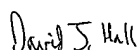
There were no material findings from the internal audit work performed during the year.

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; and
- ◆ the work of the executive team within the Trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the Board of Trustees on 17 December 2020 and signed on its behalf by:



D Hall
Chair

Date: 17 December 2020



C J Drinkall
Accounting Officer

Date: 17 December 2020

Statement on Regularity, Propriety and Compliance Year to 31 August 2020

As Accounting Officer of Academies Enterprise Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust Board of Trustees are about 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 2019.

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



C J Drinkall
Chief Executive and Accounting Officer
Date: 17 December 2020

Statement of Trustees' Responsibilities Year to 31 August 2020

The Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

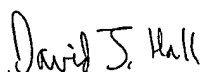
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles of the Charities SORP FRS102 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgements and accounting estimates that are reasonable and prudent;
- ◆ state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Board of Trustees on 17 December 2020 and signed on its behalf by:



D Hall
Chair

Date: 17 December 2020

Independent auditor's report on the financial statements 31 August 2020

Independent auditor's report to the members of Academies Enterprise Trust

Opinion

We have audited the financial statements of Academies Enterprise Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the consolidated statement of financial activities (including income and expenditure account), the Group and Trust balance sheets, the statement of cash flows and notes to the financial statements, including a summary of principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP FRS 102) and the Academies Accounts Direction 2019 to 2020.

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable company's affairs as at 31 August 2020 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP FRS 102 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Independent auditor's report on the financial statements 31 August 2020

Conclusions relating to going concern (continued)

- ◆ the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information (covering the reference and administrative details, the report of the Trustees and strategic report, and the governance statement)

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- ◆ the information given in the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- ◆ adequate accounting records have not been kept by the charitable parent company or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the charitable parent company financial statements are not in agreement with the accounting records and returns; or

Matters on which we are required to report by exception (continued)

- ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



21 December 2020

Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Independent reporting accountant's report on regularity 31 August 2020

Independent reporting accountant's assurance report on regularity to Academies Enterprise Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 4 July 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Academies Enterprise Trust (the 'Trust') during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

The Accounting Officer is responsible, under the requirements of the Trust's funding agreement with the Secretary of State for Education dated 21 January 2014, and the Academies Financial Handbook extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Independent reporting accountant's report on regularity 31 August 2020

Approach (continued)

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ an assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- ◆ further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them. One immaterial matter is referred to on page 30.



21 December 2020

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Operational income and expenditure for the year ended 31 August 2020

The 'operational results' of the Trust for the year, excluding transactions relating to buildings and other assets, pension scheme adjustments, and significant one-off items of income and expenditure, were as follows:

	2020 Total funds £'000	2019 Total funds £'000
Income:		
. Donations received	485	489
Charitable activities:		
. Government and local authority funding	211,262	218,399
. Self-generated income	1,310	2,095
. Bank interest	222	188
Total operational income	213,279	221,171
Expenditure:		
. Raising income	33	109
Charitable activities		
. Educational operations	211,813	219,842
Total operational expenditure	211,846	219,951
Operational surplus for the year	1,433	1,220

Consolidated Statement of Financial Activities for the year ended 31 August 2020
(Including Income and Expenditure Account)

	Notes	Unrestricted funds 2020 £'000	Restricted funds 2020 £'000	Restricted fixed asset funds 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
Income from:						
Donations and capital grants:	1	121	364	6,409	6,894	11,198
Transfer from local authority on conversion	24	—	—	—	—	1,537
Charitable activities						
Funding for the Trust's educational operations	4	3,165	210,147	—	213,312	220,387
Teaching School	22	—	—	—	—	62
Other trading activities	2	1,310	—	—	1,310	2,095
Investments	3	222	—	—	222	188
Total income		4,818	210,511	6,409	221,738	235,467
Expenditure on:						
Raising funds	5	33	—	—	33	109
Charitable activities						
Trust's educational operations	6	1,863	218,978	13,780	234,621	241,748
Teaching School	22	—	—	—	—	97
Loss on disposal of fixed assets		—	—	1,573	1,573	—
Transfers out of academies	25	(1,585)	(3,157)	51,230	46,488	10,676
Total expenditure		311	215,821	66,583	282,715	252,630
Net income/(expenditure) before transfers		4,507	(5,310)	(60,174)	(60,977)	(17,163)
Transfers between funds	17	(2,545)	314	2,231	—	—
Net income (expenditure) for the year		1,962	(4,996)	(57,943)	(60,977)	(17,163)
Actuarial losses on defined benefit pension scheme	19	—	(14,547)	—	(14,547)	(17,601)
Net movement in funds		1,962	(19,543)	(57,943)	(75,524)	(34,764)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019	17	6,138	(107,081)	440,334	339,391	374,155
Total fund balances carried forward at 31 August 2020		8,100	(126,624)	382,391	263,867	339,391

All of the Trust's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the Statement of Financial Activities.

Balance sheets 31 August 2020

	Notes	2020 Group £'000	2020 Trust £'000	2019 Group £'000	2019 Trust £'000
Fixed assets					
Tangible fixed assets	12	378,815	359,677	434,483	360,743
Investments		—	15	—	15
		<u>378,815</u>	<u>359,692</u>	<u>434,483</u>	<u>360,758</u>
Current assets					
Stock	13	35	35	63	57
Debtors	14	7,814	7,671	6,009	5,275
Cash at bank and in hand		36,409	36,383	36,280	36,333
		<u>44,258</u>	<u>44,089</u>	<u>42,352</u>	<u>41,665</u>
Liabilities					
Creditors: amounts falling due within one year	15	(25,701)	(26,371)	(22,469)	(21,277)
Net current assets		<u>18,557</u>	<u>17,718</u>	<u>19,883</u>	<u>20,388</u>
Total assets less current liabilities		397,372	377,410	454,366	381,146
Creditors: amounts falling due after more than one year	16	(6,272)	(6,272)	(6,083)	(6,083)
Net assets excluding pension scheme liabilities		391,100	371,138	448,283	375,063
Defined benefit pension scheme liabilities	19	(127,233)	(122,081)	(108,892)	(97,879)
Total net assets		<u>263,867</u>	<u>249,057</u>	<u>339,391</u>	<u>277,184</u>
Restricted funds					
Restricted fixed asset funds	17	382,391	363,253	440,334	366,594
Restricted general funds	17	609	—	1,811	302
Pension reserve	17	(127,233)	(122,081)	(108,892)	(97,879)
		<u>255,767</u>	<u>241,172</u>	<u>333,253</u>	<u>269,017</u>
Unrestricted funds					
General funds	17	8,100	7,885	6,138	8,167
Total funds		<u>263,867</u>	<u>249,057</u>	<u>339,391</u>	<u>277,184</u>

The financial statements on pages 39 to 79 were approved by the Board of Trustees of Academies Enterprise Trust (Company Registration Number 06625091) and signed on its behalf by:

David J. Hall

D Hall, Chair
Date: 17 December 2020

Statement of cash flows Year to 31 August 2020

		2020 £'000	2019 £'000
Net cash flows from operating activities			
Net cash provided by operating activities	A	1,903	2,855
Cash flows from investing activities	B	(1,471)	819
Cash flows from financing activities	C	189	1,560
Net cash movement on academy transfers		(492)	(20)
Change in cash and cash equivalents in the year		129	5,214
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2019		36,280	31,066
Cash and cash equivalents at 31 August 2020	D	36,409	36,280

A Reconciliation of net expenditure net cash flow from operating activities

	2020 £'000	2019 £'000
Net expenditure for the year	(60,977)	(17,163)
Adjusted for:		
Depreciation charges (note 12)	10,967	9,688
Capital grants from DfE/ESFA and other capital income	(6,409)	(10,709)
Transfer of leasehold from LA	—	(1,537)
Loss on disposal of fixed assets	1,573	—
Decrease in stocks	28	24
Interest receivable (note 3)	(222)	(188)
Net transfer of assets on academies leaving the Trust	46,488	10,676
Defined benefit pension scheme cost less contributions payable (note 19)	6,968	6,316
Defined benefit pension scheme finance cost (note 19)	2,060	2,251
(Increase) decrease in debtors	(1,805)	2,196
Increase in creditors	3,232	1,301
Net cash provided by operating activities	1,903	2,855

B Cash flows from investing activities

	2020 £'000	2019 £'000
Dividends, interest and rents from investments	222	142
Purchase of tangible fixed assets (note 12)	(8,102)	(7,911)
Capital grants from DfE/ESFA	6,409	8,588
Net cash (used in) provided by investing activities	(1,471)	819

Statement of cash flows Year to 31 August 2020

C Cash flows from financing activities

	2020 £'000	2019 £'000
Cash inflows from new borrowing	189	1,560
Net cash provided by financing activities	189	1,560

D Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	36,409	36,280
Total cash and cash equivalents	36,409	36,280

E Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
Cash	36,280	129	36,409
	36,280	129	36,409
ESFA Loan	(5,694)	—	(5,694)
Salix Loan	(389)	(189)	(578)
Total	30,197	(60)	30,137

Principal Accounting Policies Year to 31 August 2020

Academies Enterprise Trust is a company limited by guarantee, incorporated in England. The address of the registered office and principal place of operation are detailed on page 1. The nature of the Trust's operations and principal activity are detailed in the Trustees' Report.

Statement of 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.

Basis of preparation

The financial statements of the Trust 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Trust meets the definition of a public benefit entity under FRS 102. These financial statements are presented in sterling and rounded to the nearest thousand pounds.

Consolidation

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Trust and its subsidiaries undertaking. These include London Academies Enterprise Trust, AET Solutions Limited and Unity City Academy Trust, an associate academy. The results of the subsidiary are consolidated on a line by line basis. All significant intercompany accounts and transactions have been eliminated.

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

During the year AET (parent entity) had £189.4m income, £205.1m expenditure and £12.4m actuarial loss, resulting in an overall deficit of £28.1m.

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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future, despite the adverse financial impact of the Covid-19 pandemic 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.

Principal Accounting Policies Year to 31 August 2020

Income

All income is recognised once the Trust 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income provided to the Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured. Donations of fixed assets includes the recognition of long term leases on buildings held by the Trust.

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

Where assets are received by the Trust on the conversion of a Local Authority maintained school to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants.

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. All expenditure is stated net of irrecoverable VAT.

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.

Principal Accounting Policies Year to 31 August 2020

Expenditure (continued)

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

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

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.

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education and Skills Funding Agency.

Tangible fixed assets

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet.

For the purposes of these financial statements, freehold land is deemed to have no commercial value on the basis that the original lease agreements specify that the land can only be used for educational purposes and those outlined in the funding agreement.

Depreciation on the relevant assets is charged directly to the restricted fixed asset funds 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. Any fixed assets which are donated are recognised at fair value on the date of donation.

Principal Accounting Policies Year to 31 August 2020

Tangible fixed assets (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

• Freehold property	2%
• Long leasehold property	2% - 10%
• Motor vehicles	33.3%
• Furniture and equipment	33.3%
• Computer equipment	33.3%

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

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

Investments

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

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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.

Liabilities and provisions

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

Liabilities and provisions (continued)

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.

Operating leases

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

At the start of the year AET had 5 academies where the buildings are subject to a contract under the Private Finance Initiative (PFI). During the course of the year, one of these academies left the Trust. Under each contract the school premises are maintained and managed for a period of up to 25 years by the PFI contractor subject to contractual annual fees payable by the academy. Upon expiry of the PFI contract the residual benefit of the premises passes to the academy.

This transaction is accounted for as a leasing transaction. As the academy only enjoys the benefit of the premises subject to the restrictions under the PFI agreement, in the opinion of the Board, the academy does not hold substantially all the risks and rewards of ownership of the premises and the property is therefore accounted for as an operating lease. The premises are therefore not recognised as assets in the financial statements of AET. The annual charges under the PFI agreement are subject to a fixed formula but will vary over time, therefore the annual charges are expensed to the profit and loss account in the year they relate to as this treatment is considered to be more appropriate than recognition on a strict straight-line basis.

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

Principal Accounting Policies Year to 31 August 2020

Pensions benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Critical accounting estimates and assumptions

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 are;

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 the notes to the financial statements, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

Principal Accounting Policies Year to 31 August 2020

Critical accounting estimates and assumptions (continued)

Critical areas of judgement

There have been no judgements made in the preparation of these financial statements which are considered to have had a significant impact.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, one academy within the AET group, Unity City Academy, was subject to limits at 31 August 2020 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.

Unity City Academy did not exceed this limit during the year ended 31 August 2020.

Notes to the financial statements 31 August 2020

1. Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000	2019 Total funds £'000
2020					
Capital grants	—	—	6,409	6,409	8,588
Donated fixed assets	—	—	—	—	2,121
Donations	121	364	—	485	489
	121	364	6,409	6,894	11,198

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2019 Total funds £'000
2019				
Capital grants	—	—	8,588	8,588
Donated fixed assets	—	—	2,121	2,121
Donations	245	244	—	489
	245	244	10,709	11,198

2. Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
2020				
Hire of facilities	967	—	967	1,707
Miscellaneous income	343	—	343	388
	1,310	—	1,310	2,095

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
2019			
Hire of facilities	1,707	—	1,707
Miscellaneous income	388	—	388
	2,095	—	2,095

3. Investment income

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
2020				
Interest receivable	222	—	222	188
	222	—	222	188

3. Investment income (continued)

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
2019			
Interest receivable	188	—	188
	188	—	188

4. Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
2020				
DfE/ESFA grants				
General Annual Grants (GAG)	—	168,452	168,452	179,652
Start-up grants	—	12	12	17
Other DfE/ESFA grants	—	28,699	28,699	23,097
National College	—	31	31	7
	—	197,194	197,194	202,773
Other government grants				
Local authority grants	—	12,794	12,794	12,000
	—	12,794	12,794	12,000
Exceptional government funding				
Coronavirus Job Retention Scheme grant	—	159	159	—
	—	159	159	—
Other income				
Trip income	915	—	915	2,479
Catering income	954	—	954	1,473
Other funding for the Trust's educational operations	1,296	—	1,296	1,662
2020 total funds	3,165	210,147	213,312	220,387

The Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding". The Trust furloughed some of its staff under the government's CJRS. The funding received of £159,000 relates to staff costs which are included within note 7.

4. Funding for the Academy Trust's educational operations (continued)

2019	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
DfE/ESFA grants			
General Annual Grants (GAG)	—	179,652	179,652
Start-up grants	—	17	17
Other DfE/ESFA grants	—	23,097	23,097
National College	—	7	7
	<u>—</u>	<u>202,773</u>	<u>202,773</u>
Other government grants			
Local authority grants	—	12,000	12,000
	<u>—</u>	<u>12,000</u>	<u>12,000</u>
Other income			
Trip income	2,479	—	2,479
Catering income	1,473	—	1,473
Other funding for the Trust's educational operations	1,662	—	1,662
2019 total funds	<u>5,614</u>	<u>214,773</u>	<u>220,387</u>

5. Expenditure

	Staff costs £'000	Premises £'000	Non pay expenditure Other costs £'000	2020 Total funds £'000	2019 Total funds £'000
2020					
Expenditure on raising funds					
Direct costs	3	—	19	22	71
Allocated support costs	5	2	4	11	38
	<u>8</u>	<u>2</u>	<u>23</u>	<u>33</u>	<u>109</u>
Trust's educational operations (note 6)					
Direct costs	125,139	13,780	19,699	158,618	157,450
Allocated support costs	38,095	2,998	34,910	76,003	84,298
	<u>163,234</u>	<u>16,778</u>	<u>54,609</u>	<u>234,621</u>	<u>241,748</u>
Teaching School	—	—	—	—	97
Loss on disposal of fixed assets	—	—	1,573	1,573	—
Transfers out of academies (note 25)	—	—	46,488	46,488	10,676
2020 total funds	<u>163,242</u>	<u>16,780</u>	<u>102,693</u>	<u>282,715</u>	<u>252,630</u>

5. Expenditure (continued)

2019	Staff costs £'000	Non pay expenditure		2019 Total funds £'000
		Premises £'000	Other costs £'000	
<i>Expenditure on raising funds</i>				
· Direct costs	17	—	54	71
· Allocated support costs	19	7	12	38
	36	7	66	109
<i>Trust's educational operations</i>				
· Direct costs	126,271	13,436	17,743	157,450
· Allocated support costs	41,560	1,805	40,933	84,298
	167,831	15,241	58,676	241,748
<i>Teaching School</i>	79	—	18	97
<i>Transfers out of academies</i>	—	—	10,676	10,676
2019 total funds	167,946	15,248	69,436	252,630

	2020 £'000	2019 £'000
Net expenditure for the year includes:		
Operating lease rentals	6,112	5,995
Depreciation	10,967	9,688
Fees payable to auditor for		
· Audit	96	96
· Other services	21	32

6. Expenditure on educational operations:

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
2020				
Direct costs – educational operations	1,863	156,755	158,618	157,450
Support costs – educational operations	—	76,003	76,003	84,298
	1,863	232,758	234,621	241,748

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
2019			
Direct costs – educational operations	3,317	154,133	157,450
Support costs – educational operations	—	84,298	84,298
	3,317	238,431	241,748

6. Expenditure on educational operations: (continued)

Analysis of support costs	2020 Total funds £'000	2019 Total funds £'000
Support staff costs	38,095	41,560
Technology costs	2,998	1,805
Premises costs	12,597	14,833
Legal costs – other	206	258
Other support costs	21,886	25,711
Governance costs	221	131
Total support costs	76,003	84,298

7. Staff costs

Staff costs during the year were:

	2020 Total funds £'000	2019 Total funds £'000
Wages and salaries	115,277	122,572
Social security costs	11,487	12,224
Pension costs	31,331	26,227
	158,095	161,023
Supply staff costs	3,770	5,683
Staff restructuring costs	1,377	1,240
	163,242	167,946

Staff restructuring costs comprise	2020 £'000	2019 £'000
Redundancy payments	558	416
Severance payments	572	824
Other restructuring costs	247	—
	1,377	1,240

Included within staff restructuring costs are non-statutory/non-contractual severance payments totalling £558,111 (2019: £254,995). Individually, the payments were: £4,725, £12,075, £10,238, £1,000, £4,728, £6,525, £25,184, £9,710, £3,361, £4,828, £25,000, £5,438, £4,200, £12,203, £2,917, £13,000, £10,414, £10,763, £12,529, £1,641, £9,566, £8,328, £6,100, £4,064, £11,768, £6,610, £11,995, £5,659, £4,068, £4,915, £10,642, £8,414, £791, £11,025, £5,932, £4,318, £2,920, £5,197, £10,763, £7,571, £3,655, £9,144, £5,903, £13,913, £32,000, £6,300, £13,285, £15,781, £8,685, £15,142, £1,000, £3,000, £5,189, £16,571, £315, £3,374, £1,567, £4,500, £25,110, £2,000, £1,095, £7,791, £10,000, £9,500, £3,195, £15,329, and £3,645.

(2019: £45,999, £45,999, £23,734, £15,394, £15,100, £13,901, £12,640, £11,500, £11,027, £9,543, £9,501, £6,713, £5,707, £4,890, £4,000, £3,600, £3,272, £3,054, £3,054, £2,477, £2,219 and £1,671).

7. Staff costs (continued)

Staff numbers

The number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2020 expressed as average headcount and full time equivalents was as follows:

	2020 No.	2019 No.
Teachers	1,886	2,026
Administration and support	3,009	3,333
Management	67	48
	4,962	5,407
	2020 FTE	2019 FTE
Teachers	1,727	1,811
Administration and support	1,663	1,682
Management	67	48
	3,457	3,541

Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2020 No.	2019 No.
£60,001 - £70,000	66	60
£70,001 - £80,000	33	30
£80,001 - £90,000	12	11
£90,001 - £100,000	13	11
£100,001 - £110,000	5	6
£110,001 - £120,000	7	3
£120,001 - £130,000	1	2
£130,001 - £140,000	2	—
£140,001 - £150,000	—	2
£150,001 - £160,000	2	1
£160,001 - £170,000	—	1
£170,001 - £180,000	1	2
£180,001 - £190,000	1	—
£190,001 - £200,000	—	1
£280,001 - £290,000	1	—
£290,001 - £300,000	—	1

The above employees participated in both the Teachers' Pension Scheme and the Local Government Pension Scheme.

The key management personnel of the Trust comprises the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employee pension contributions and employer's national insurance contributions) received by key management personnel for their services to the Trust was £1,742,000 (2019: £1,374,000).

8. Trustees' remuneration and expenses

The CEO has been paid remuneration from his employment with the Trust but only receives remuneration in respect of services he provides in his role as Trust CEO under a contract of employment, and not in respect of his role as CEO.

The remuneration and other benefits receivable by this individual was as follows:

	2020 £'000	2019 £'000
C J Drinkall, CEO		
Remuneration	285 – 290	295 – 300

During the year ended 31 August 2020, travel and subsistence expenses totalling £1,966 were reimbursed or paid directly to three Trustees (2019: £4,860 to five Trustees).

9. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust 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 31 August 2020 is not separately identifiable from total insurance costs for the current or previous year.

10. Central services

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

- ◆ Human resources;
- ◆ Financial services;
- ◆ Legal services;
- ◆ Educational support services;
- ◆ Fundraising services;
- ◆ Marketing services;
- ◆ IT services; and
- ◆ Estates and facilities services.

The Trust charges individual academies for these services at 5% of the school's GAG funding allocation.

The actual amounts charged for the year were as follows:

	2020 £'000	2019 £'000
Anglesey Primary Academy	119	117
Ashingdon Primary Academy	37	38
Aylward Academy	429	419
Barton Hill Academy	143	137
Beacon Primary Academy	72	74
Bexleyheath Academy	466	357
Brockworth Primary Academy	62	59
Broadlands Academy	149	125
Caldicotes Primary Academy	51	51

Notes to the financial statements 31 August 2020

10. Central services (continued)

	2020 £'000	2019 £'000
Charles Warren Academy	48	48
Clacton Coastal Academy	430	322
Columbus School and College	125	89
Cottingley Primary Academy	62	60
Felixstowe Academy	—	292
Feversham Primary Academy	89	88
Firth Park Academy	308	299
Four Dwellings Academy	182	171
Four Dwellings Primary Academy	91	94
Greenwood Academy	261	267
Greensward Academy	327	316
Hall Road Academy	71	70
Hamford Primary Academy	63	57
Hazlewood Academy	41	40
Hockley Academy	45	34
Hillsview Academy	—	147
Kingsley Academy	241	250
Kingswood Academy	311	201
Langer Primary Academy	—	35
Lea Forest Primary Academy	110	107
Maltings Academy	254	263
Meadstead Primary Academy	46	43
Montgomery Primary Academy	131	135
New Forest Academy	118	109
New Rickstones Academy	188	167
Newington Academy	70	67
Newlands Academy	35	36
Nightingale Academy	—	229
Noel Park Primary Academy	124	129
North Ormesby Primary Academy	56	51
North Thoresby Primary Academy	21	19
Offa's Mead Academy	36	39
Percy Shurmer Academy	100	97
The Pioneer School	76	74
Plumberow Primary Academy	105	104
The Rawlett School	242	231
Richmond Park Academy	257	231
The Ridge Academy	20	20
The Ryde Academy	295	263
Severn View Primary Academy	18	19
Shafton Primary Academy	46	45
Sir Herbert Leon Academy	183	184
St Helens Primary Academy	52	55
St James the Great Academy	40	43
Swallow Hill Community College	—	12
Tamworth Enterprise College	155	168
Tendring Technology College	457	454

Notes to the financial statements 31 August 2020

10. Central services (continued)

	2020	2019
	£'000	£'000
The Green Way Academy	93	92
Trinity Primary Academy	108	108
Unity City Academy	260	232
Utterby Primary Academy	15	15
Westerings Primary Academy	63	59
Winton Community Academy	164	144
Wishmore Cross Academy	35	35
Total	8,196	8,336

Notes to the financial statements 31 August 2020

11. Comparative information:

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Restricted fixed asset funds 2019 £'000	Total funds 2019 £'000
Income from:				
Donations and capital grants:	245	244	10,709	11,198
Transfer from local authority on conversion	9	(512)	2,040	1,537
Charitable activities				
Funding for the Trust's educational operations	5,614	214,773	—	220,387
Teaching School	—	62	—	62
Other trading activities	2,095	—	—	2,095
Investments	188	—	—	188
Total income	8,151	214,567	12,749	235,467
Expenditure on:				
Raising funds	109	—	—	109
Charitable activities				
Trust's educational operations	3,317	224,995	13,436	241,748
Teaching School	—	97	—	97
Transfers out of academies	—	(4,531)	15,207	10,676
Total expenditure	3,426	220,561	28,643	252,630
Net income/(expenditure) before transfers	4,725	(5,994)	(15,894)	(17,163)
Transfers between funds	—	(551)	551	—
Net income (expenditure) for the year	4,725	(6,545)	(15,343)	(17,163)
Actuarial losses on defined benefit pension scheme	—	(17,601)	—	(17,601)
Net movement in funds	4,725	(24,146)	(15,343)	(34,764)
Reconciliation of funds				
Total fund balances brought forward at 1 September 2018	1,413	(82,935)	455,677	374,155
Total fund balances carried forward at 31 August 2019	6,138	(107,081)	440,334	339,391

Notes to the financial statements 31 August 2020

12. Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Assets under construction £'000	Motor vehicles £'000	Total £'000
Cost/valuation							
At 1 September 2019	58,808	440,529	6,894	15,371	14	280	521,896
Additions	1,096	3,808	394	2,429	322	53	8,102
Disposals	(26)	(1,778)	(35)	(19)	—	—	(1,858)
Reclassifications	14	—	—	—	(14)	—	—
Transfers out (note 24)	—	(58,264)	(755)	(1,583)	—	—	(60,602)
At 31 August 2020	59,892	384,295	6,498	16,198	322	333	467,538
Depreciation							
At 1 September 2019	8,923	58,067	6,452	13,749	—	222	87,413
Charge in year	1,196	7,652	359	1,714	—	46	10,967
Disposals	(6)	(225)	(35)	(19)	—	—	(285)
Transfers out (note 24)	—	(7,112)	(743)	(1,517)	—	—	(9,372)
At 31 August 2020	10,113	58,382	6,033	13,927	—	268	88,723
Net book value							
At 31 August 2020	49,779	325,913	465	2,271	322	65	378,815
At 31 August 2019	49,885	382,462	442	1,622	14	58	434,483

Trust	Freehold land and buildings £'000	Leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Assets under construction £'000	Motor vehicles £'000	Total £'000
Cost/valuation							
At 1 September 2019	58,761	351,596	4,488	9,409	14	261	424,529
Additions	1,068	3,471	250	2,387	322	27	7,525
Disposals	(26)	(1,778)	(35)	(19)	—	—	(1,858)
Reclassifications	14	—	—	—	(14)	—	—
Transfers in (note 23)	75	42,245	1,214	1,595	—	—	45,129
Transfers out (note 25)	—	(38,122)	(238)	(526)	—	—	(38,886)
At 31 August 2020	59,892	357,412	5,679	12,846	322	288	436,439
Depreciation							
At 1 September 2019	8,921	42,440	4,173	8,048	—	203	63,786
Charge in year	1,195	6,268	248	1,590	—	37	9,338
Disposals	(6)	(225)	(35)	(19)	—	—	(285)
Transfers in (note 23)	3	5,602	1,055	1,500	—	—	8,160
Transfers out (note 25)	—	(3,506)	(227)	(503)	—	—	(4,236)
At 31 August 2020	10,113	50,579	5,214	10,616	—	240	76,762
Net book value							
At 31 August 2020	49,779	306,833	465	2,230	322	48	359,677
At 31 August 2019	49,840	309,156	315	1,361	14	58	360,743

13. Stock

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
Finished goods and goods for resale	35	35	63	57

14. Debtors

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
Trade debtors	561	556	480	450
VAT recoverable	3,298	3,290	1,450	1,328
Other debtors	207	207	112	123
Prepayments and accrued income	3,748	3,618	3,967	3,374
	7,814	7,671	6,009	5,275

15. Creditors: Amounts falling due within one year

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
Trade creditors	8,929	8,889	4,804	4,296
Taxation and social security	2,713	2,629	2,951	2,490
ESFA funding recovery	2,115	2,115	3,140	2,115
Amount due to group undertakings	—	928	—	1,561
Other creditors	3,293	3,225	2,446	2,131
Accruals and deferred income	8,651	8,585	9,128	8,684
	25,701	26,371	22,469	21,277
Deferred income (included above)				
Deferred income at 1 September 2019	1,902	1,804	1,902	1,804
Released during the year	(1,902)	(1,804)	(1,902)	(1,804)
Resources deferred in the year	1,306	1,163	1,730	1,586
Deferred income at 31 August 2020	1,306	1,163	1,730	1,586

Deferred income above includes amounts relating to Universal Infant Free School Meals for the 2020/21 year.

16. Creditors: Amounts falling due after more than one year

Group and Trust	2020 £'000	2019 £'000
Loans	6,272	6,083
	6,272	6,083

The above balance includes a loan of £578,000 from the ESFA in agreement with Salix Finance Ltd for a Salix energy efficiency fund which is provided for on the following terms; repaid in equal instalments biannually over a 7-year period.

In addition, a loan of £5,694,000 from the ESFA has been provided in line with the Trust's Turnaround Strategy. This is an interest free loan, and repayment is not due until the Trust's general reserves exceed £12m.

17. Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	1,811	168,452	(167,891)	(1,763)	609
Start Up Grant	—	12	(12)	—	—
Pupil Premium	—	11,934	(11,934)	—	—
Other DfE/ ESFA	—	16,765	(16,765)	—	—
Pension reserve	(108,892)	—	(9,028)	(9,313)	(127,233)
	<u>(107,081)</u>	<u>197,163</u>	<u>(205,630)</u>	<u>(11,076)</u>	<u>(126,624)</u>
Other restricted funds					
Local authority grants	—	12,794	(12,794)	—	—
Other restricted funds	—	554	(554)	—	—
	<u>—</u>	<u>13,348</u>	<u>(13,348)</u>	<u>—</u>	<u>—</u>
Total restricted funds	<u>(107,081)</u>	<u>210,511</u>	<u>(218,978)</u>	<u>(11,076)</u>	<u>(126,624)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	440,334	6,409	(15,353)	(48,999)	382,391
Total fixed asset funds	<u>440,334</u>	<u>6,409</u>	<u>(15,353)</u>	<u>(48,999)</u>	<u>382,391</u>
Unrestricted funds					
General funds	6,138	4,818	(1,896)	(960)	8,100
Total unrestricted funds	<u>6,138</u>	<u>4,818</u>	<u>(1,896)</u>	<u>(960)</u>	<u>8,100</u>
Total funds	<u>339,391</u>	<u>221,738</u>	<u>(236,227)</u>	<u>(61,035)</u>	<u>263,867</u>

Restricted funds

Restricted funds represent the balance of funds available from revenue grants received from local/central government and other donors, the application of which is limited to the conditions imposed by the grantor/donor. The principal funding receivable from the government is the General Annual Grant (GAG) provided by the Education and Skills Funding Agency. Under the funding agreement with the Secretary of State, no academies in the Trust were not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020. Unity City Academy, a related Trust, had limits on the amount of GAG it could carry forward but did not breach those limits during the year.

Restricted funds also include the pension reserve which identifies the pension deficit inherited from the Local Authority upon conversion to academy status, and through which the pension scheme movements are recognised.

Restricted fixed asset funds

This fund equates to the net book value of the Trust's tangible fixed assets plus any capital funding received from central/local government and other donors which has not been expended by the balance sheet date. The capital funding may be used to complete capital projects or undertaken maintenance works on existing tangible fixed assets.

17. Funds (continued)

Restricted fixed asset funds (continued)

The fund balance includes the carrying value of school buildings (and other tangible fixed assets) inherited by the Trust where a school has converted or joined from another academy Trust, and the carrying value of all other assets donated to the Trust.

Unrestricted funds

The unrestricted general funds represent monies which may be applied for any purpose within Academies Enterprise Trust's charitable objects.

Comparative information for the year to 31 August 2019:

	Balance at 1 September 2018 restated £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	3,926	179,652	(181,216)	(551)	1,811
Start Up Grant	—	17	(17)	—	—
Pupil Premium	—	12,859	(12,859)	—	—
Other DfE/ ESFA	—	10,300	(10,300)	—	—
Pension reserve	(86,861)	(512)	(3,918)	(17,601)	(108,892)
	(82,935)	202,316	(208,310)	(18,152)	(107,081)
Other restricted funds					
Local authority grants	—	12,000	(12,000)	—	—
Other restricted funds	—	251	(251)	—	—
	—	12,251	(12,251)	—	—
Total restricted funds	(82,935)	214,567	(220,561)	(18,152)	(107,081)
Restricted fixed asset funds					
DfE/ESFA capital grants	455,677	12,749	(28,643)	551	440,334
Total fixed asset funds	455,677	12,749	(28,643)	551	440,334
Unrestricted funds					
General funds	1,413	8,151	(3,426)	—	6,138
Total unrestricted funds	1,413	8,151	(3,426)	—	6,138
Total funds	374,155	235,467	(252,630)	(17,601)	339,391

17. Funds (continued)

Total funds analysis by academy

In accordance with our ethos of #OneAET, funds have been pooled at year end as follows:

	Total 2020 £'000	Total 2019 £'000
London Academies Enterprise Trust	—	(1,616)
Unity City Academy	820	308
Academies Enterprise Trust	7,889	9,257
Total before fixed asset and pension reserve	8,709	7,949
Restricted fixed asset funds	382,391	440,334
Pension reserve	(127,233)	(108,892)
Total funds	263,867	339,391

On the 31st August 2020, LAET transferred control of its three academies to the Trust.

Analysis of net assets between funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2020 £'000
Fund balances at August 2020 are represented by:				
Tangible fixed assets	—	—	378,815	378,815
Current assets	8,100	32,582	3,576	44,258
Current liabilities	—	(25,701)	—	(25,701)
Non-current liabilities	—	(6,272)	—	(6,272)
Pension scheme liability	—	(127,233)	—	(127,233)
Total net assets	8,100	(126,624)	382,391	263,867

Analysis of net assets between funds at 31 August 2019:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2019 £'000
Fund balances at August 2019 are represented by:				
Tangible fixed assets	—	—	434,483	434,483
Current assets	6,138	30,363	5,851	42,352
Current liabilities	—	(22,469)	—	(22,469)
Non-current liabilities	—	(6,083)	—	(6,083)
Pension scheme liability	—	(108,892)	—	(108,892)
Total net assets	6,138	(107,081)	440,334	339,391

17. Funds (continued)

Analysis of expenditure by academy

Expenditure incurred by each academy during the year excluding loss on disposals and transfers out was as follows:

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other Costs (excluding depn) £'000	Total 2020 £'000	Total 2019 £'000
Anglesey Primary Academy	1,980	177	174	296	2,627	2,688
Ashingdon Primary Academy	542	157	46	69	814	847
Barton Hill Academy	2,727	267	201	223	3,418	3,415
Beacon Primary Academy	1,503	141	133	336	2,113	2,515
Broadlands Academy	3,016	506	351	281	4,154	4,277
Brockworth Primary Academy	964	170	31	113	1,278	1,469
Caldicotes Primary Academy	912	70	91	207	1,280	1,394
Charles Warren Academy	813	77	51	132	1,073	1,059
Clacton Coastal Academy	4,850	821	439	2,384	8,494	8,850
Columbus School and College	3,252	319	113	1,110	4,794	4,543
Cottingley Primary Academy	1,116	69	97	233	1,515	1,605
Felixstowe Academy	—	—	—	—	—	5,919
Feversham Primary Academy	1,465	138	98	243	1,944	2,031
Firth Park Academy	4,446	955	438	515	6,354	6,298
Four Dwellings Academy	2,240	675	232	1,902	5,049	3,520
Four Dwellings Primary Academy	1,382	180	168	209	1,939	2,165
Greensward Academy	4,763	631	508	545	6,447	6,308
Greenwood Academy	3,955	753	447	447	5,602	5,803
Hockley	1,037	84	98	136	1,355	1,331
Hall Road Academy	1,175	119	102	231	1,627	1,745
Hamford Primary Academy	1,112	161	62	140	1,475	1,400
Hazlewood Academy	785	91	50	133	1,059	1,040
Hillview Academy	—	—	—	—	—	4,235
Kingswood Academy	3,534	303	629	1,881	6,347	5,806
Langer Primary Academy	—	—	—	—	—	818
Lea Forest Primary Academy	1,730	229	164	399	2,522	2,504
Meadstead Primary Academy	1,015	66	41	159	1,281	1,336
Montgomery Primary Academy	1,947	265	237	329	2,778	2,862
Maltings Academy	3,246	701	331	482	4,760	5,222
New Forest Academy	1,640	314	159	253	2,366	2,306
New Rickstones Academy	2,623	522	239	497	3,881	3,619
Newington Academy	1,147	82	93	270	1,592	1,558
Newlands Academy	1,307	242	118	1	1,668	1,813
Noel Park Primary Academy	2,120	318	173	166	2,777	3,021
North Ormesby Primary Academy	922	135	98	130	1,285	1,323
North Thoresby Primary Academy	363	9	33	53	458	449
Offa's Mead Primary Academy	559	98	53	82	792	927
Percy Shurmer Primary Academy	1,586	332	326	241	2,485	2,414
The Pioneer School	1,979	328	50	193	2,550	2,794

17. Funds (continued)

Analysis of expenditure by academy (continued)

	Teaching and Educational Support Staff costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs excluding depn £'000	Total 2020 £'000	Total 2019 £'000
Plumberow Primary Academy	1,731	103	102	226	2,162	2,235
Richmond Park Academy	3,660	323	119	560	4,662	4,958
Sandown Bay Academy	—	—	—	—	—	18
Severn View Primary Academy	319	86	4	42	451	570
Shafton Primary Academy	708	91	42	118	959	1,046
Swallow Hill Community College	—	—	—	—	—	376
Sir Herbert Leon Academy	2,455	424	243	602	3,724	4,035
St Helens Primary Academy	798	82	65	178	1,123	1,398
St James the Great Academy	713	77	39	113	942	1,019
Tamworth Enterprise College	2,017	243	199	476	2,935	3,535
Tendring Technology College	6,801	1,454	649	646	9,550	9,866
The Green Way Academy	1,520	124	86	331	2,061	2,090
The Rawlett School	3,487	458	293	462	4,700	4,998
The Ridge Academy	876	150	45	123	1,194	1,030
The Ryde Academy	4,685	474	326	578	6,063	6,651
Trinity Primary Academy	1,850	147	119	263	2,379	2,468
Utterby Primary Academy	218	56	14	41	329	343
Westerings Primary Academy	1,000	209	70	168	1,447	1,384
Winton Community Academy	2,332	331	290	322	3,275	3,046
Wishmore Cross Academy	1,099	176	48	136	1,459	1,871
Aylward Academy	5,768	776	497	972	8,013	8,243
Bexleyheath Academy	5,628	581	496	2,451	9,156	9,753
Kingsley Academy	3,185	483	184	632	4,484	4,963
Nightingale Academy	—	—	—	—	—	4,649
Unity City Academy	3,773	562	559	655	5,549	5,328
Central Services	2,065	11,893	7,830	15,850	37,638	33,225
Total expenditure	126,441	29,808	18,993	40,966	216,208	232,327

18. Capital Commitments

At 31 August 2020, the Academy and Trust had capital commitments as follows:

	2020 £'000	2019 £'000
Contracted for, but not provided in the financial statements	2,247	2,140
	2,247	2,140

19. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and various Local Government Pension Schemes (LGPS) for non-teaching staff, which are managed by 25 different Local Authorities:

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 Council Pension Fund
West Yorkshire Pension Fund
Wiltshire Pension Fund

The TPS and the various LGPS are all multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS, 31 March 2019.

Contributions amounting to £2,673,000 were payable to the schemes at 31 August 2020 (2019: £2,348,000) and are included within creditors.

19. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £15,889,000 (2019: £15,748,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pension Scheme website](#).

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

19. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £9,441,000 (2019: £10,462,000), of which employer's contributions totalled £7,425,000 (2019: £8,169,000) and employees' contributions totalled £2,016,000 (2019: £2,293,000). 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 an Academy Trust 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 following are the average principal assumptions used in the 25 local authority pension funds.

Principal Actuarial Assumptions	At 31 August 2020 %	At 31 August 2019 %
Rate of increase in salaries	3.15	3.15
Rate of increase for pensions in payment / inflation	2.15	2.15
Discount rate for scheme liabilities	1.70	1.90
Inflation assumption (CPI)	2.15	2.15

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

	At 31 August 2020 (years)	At 31 August 2019 (years)
<i>Retiring today</i>		
Males	21.3	21.5
Females	23.5	23.7
<i>Retiring in 20 years</i>		
Males	22.4	22.8
Females	25.0	25.3

19. Pension commitments (continued)

Local Government Pension Scheme (continued)

The effect on the net pension liability as a result of changes in actuarial assumption would be as follows:

	At 31 August 2020 £'000	At 31 August 2019 £'000
Discount rate +0.1 %	(5,864)	(5,586)
Discount rate -0.1 %	6,005	5,720
Mortality assumption - 1 year increase	7,111	6,239
Mortality assumption - 1 year decrease	(6,347)	(5,605)
CPI rate +0.1%	5,254	4,963
CPI rate -0.1%	(5,146)	(4,861)

The Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	75,920	79,725
Bonds	20,334	22,961
Property	9,735	11,279
Cash	3,076	3,145
Other	17,630	16,220
Total market value of assets	126,695	133,330
Present value of scheme liabilities		
Funded	(253,928)	(242,222)
Deficit in the scheme	(127,233)	(108,892)

The actual return on scheme assets was (£1,178,000) (2019: £9,347,000).

	2020 £'000	2019 £'000
Amounts recognised in Statement of Financial Activities		
Current service cost (net of employee contributions)	(13,708)	(12,797)
Net interest cost	(1,904)	(2,144)
Past service costs	(685)	(1,688)
Administration costs	(156)	(108)
Total amount recognised in the SOFA	(16,453)	(16,737)

19. Pension commitments (continued)

Local Government Pension Scheme (continued)

	2020 £'000	2019 £'000
Changes in the present value of defined benefit obligations		
Scheme obligations as at 1 September 2019	242,222	211,729
Transferred in on academies joining the Trust	—	869
Current service cost	13,708	12,797
Interest cost	4,269	5,435
Employee contributions	2,016	2,293
Actuarial losses	11,004	23,657
Benefits paid	(2,115)	(2,491)
Transferred out on academies leaving the Trust	(17,861)	(13,755)
Past service costs	685	1,688
At 31 August 2020	253,928	242,222

	2020 £'000	2019 £'000
Changes in the fair value in the Trust's share of scheme assets		
Fair value of scheme assets at 1 September 2019	133,330	124,868
Transferred in on academies joining the Trust	—	357
Interest income	2,365	3,291
Actuarial (loss) gain	(3,543)	6,056
Employer contributions	7,425	8,169
Employee contributions	2,016	2,293
Benefits paid	(2,115)	(2,491)
Administration costs	(156)	(108)
Transferred out on academies leaving the Trust	(12,627)	(9,105)
At 31 August 2020	126,695	133,330

20. Operating lease commitments

At 31 August 2020 the total of the Trust's future minimum lease payments under non-cancellable operating leases were as follows:

	2020 £'000	2019 £'000
Amounts due within one year	6,112	5,995
Amounts due between one and five years	23,383	22,352
Amounts due after five years	49,006	50,658
	78,501	79,005

The majority of the Trust's future minimum lease payments relate to PFI contracts for the four schools at the trust which operate their buildings under such agreements.

21. Related party transactions

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

The following related party transactions took place at the Trust in the period of accounts:

Jude Chin is a director and shareholder in SSAT (The Schools' Network) which provides services to Academies Enterprise Trust. During the year AET Academies purchased services from SSAT totalling £4,528 (2019: £51,599) and received payment for services provided to SSAT of £nil (2019: £113). The creditor balance at balance sheet date was £336 (2019: £nil). London Academies Enterprise Trust, a connected Trust, also made purchases from SSAT for a total of £4,479 (2019: £113). Unity City Academy Trust, a connected Trust, also made purchases from SSAT for a total of £2,795 (2019: £nil).

Andrew Thraves a Director of Optimus Education Ltd which provides services to Academies Enterprise Trust. During the year AET academies purchased services from Optimus Education Ltd totalling £8,477 (2019: £1,378) and received payments for services provided to Optimus of £nil (2019: £780). The creditor balance at balance sheet date was £nil (2019: £nil).

Deborah Eyre a Director of Eyre's High Performance Learning Ltd which provides services to Academies Enterprise Trust. During the year AET academies purchased services from Eyre's High Performance Learning Ltd totalling £19,995 (2019: £nil). The creditor balance at balance sheet date was £nil (2019: £nil). Unity City Academy Trust, a connected Trust, also made purchases from High Performance Learning Ltd for a total of £19,995 (2019: £nil).

Jane Ramsey a Non-Executive member of ENGIE Scrutiny Board which provides services to Academies Enterprise Trust. During the year AET academies purchased services from ENGIE totalling £1,205 (2019: £nil). The creditor balance at balance sheet date was £nil (2019: £nil).

The Academy Trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures. Where, for goods or services exceeding £2,500 cumulatively in the year, the element above £2,500 has been provided at no more than cost.

22. Teaching School trading account

	2020 £'000	2019 £'000
Income		
.Teaching School Grants	—	62
Total income	—	62
Expenditure		
Direct costs	—	(18)
.Staff costs	—	(79)
Total direct costs	—	(97)
Other costs		
.Recruitment and support	—	—
.Other support costs	—	—
Total other costs	—	—
Total expenditure	—	(97)
Deficit for the year	—	(35)

23. Transfer in on academies joining the Trust

During the year ended 31 August 2020, the 3 academies managed by London Academies Enterprise Trust were transferred into the Trust. At the date of transfer, the operations and assets and liabilities were transferred to the Trust for £nil consideration. All academies joining the Trust in the year ended 31 August 2020 included a transfer of assets when joining, as set out below:

Aylward Academy

On 31 August 2020, Aylward Academy transferred from LAET to AET.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000
Tangible fixed assets				
. Leasehold land and buildings	—	—	19,812	19,812
. Other tangible fixed assets	—	—	66	66
	—	—	19,878	19,878
LGPS pension deficit	—	(2,227)	—	(1,522)
Other liabilities	—	(74)	—	(9)
Cash at bank	—	(54)	—	(54)
Debtors	—	107	—	107
Net (liabilities) assets	—	(2,248)	19,878	17,630

23. Transfer in on academies joining the Trust (continued)

Bexleyheath Academy

On 31 August 2020 Bexleyheath Academy transferred from LAET to AET.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000
Tangible fixed assets				
Freehold land and buildings	—	—	72	72
Other tangible fixed assets	—	—	140	140
	—	—	212	212
LGPS pension deficit	—	(1,964)	—	(1,964)
Borrowing obligations	(256)	(254)	—	(510)
Cash at bank	—	(19)	—	(19)
Other identified assets and liabilities	—	1,555	—	1,555
Net assets (liabilities)	(256)	(642)	212	(938)

Kingsley Academy

On 31 August 2020 Kingsley Academy transferred from LAET to AET.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000
Tangible fixed assets				
Leasehold land and buildings	—	—	16,831	16,831
Other tangible fixed assets	—	—	48	48
	—	—	16,879	16,879
LGPS pension deficit	—	(3,554)	—	(3,554)
Borrowing obligations	(100)	(156)	—	(256)
Cash at bank	—	(51)	—	(51)
Other identified assets and liabilities	—	1,111	—	1,111
Net assets (liabilities)	(100)	(2,650)	16,879	14,129

24. Transfers from Local Authority on conversion

During the year ended 31 August 2019, one academy, Hockley Primary School, transferred into the Trust.

The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

24. Transfers from Local Authority on conversion (continued)

Hockley Primary School

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2019 Total funds £'000
Tangible fixed assets				
Freehold land and buildings	—	—	350	350
Leasehold property	—	—	1,690	1,690
	—	—	2,040	2,040
LGPS pension deficit	—	(512)	—	(512)
Current assets	9	—	—	9
Net assets (liabilities)	9	(512)	2,040	1,537

25. Transfers out of academies leaving the Trust

On 1 September 2019, 4 academies transferred out of the Trust. At the date of transfer, the operations and assets and liabilities were transferred out of the Trust for £nil consideration.

The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

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

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000
Combined				
Tangible fixed assets				
Leasehold land and buildings	—	—	51,152	51,152
Other tangible fixed assets	—	—	78	78
	—	—	51,230	51,230
Budget surplus on ESFA and LA funds	—	1,150	—	1,150
Cumulative deficit on other school funds	(1,585)	—	—	(1,585)
LGPS pension deficit	—	(5,234)	—	(5,234)
Borrowing obligations	—	(126)	—	(126)
Current assets	—	317	—	317
Intercompany write off	—	736	—	736
Net (liabilities) assets	(1,585)	(3,157)	51,230	46,488

25. Transfers out of academies leaving the Trust (continued)

Felixstowe Academy

On 1 September 2019, Felixstowe Academy transferred from AET to Unity Schools Partnership.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	19,893	19,893
· Other tangible fixed assets	—	—	20	20
	—	—	19,913	19,913
LGPS pension deficit	—	(2,386)	—	(2,386)
Other liabilities	—	(10)	—	(10)
Current assets	—	99	—	99
Intercompany write off	—	13	—	13
Net (liabilities) assets	—	(2,284)	19,913	17,629

Hillsview Academy

On 1 September 2019, Hillsview Academy transferred from AET to Outward Grange Academies Trust.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	13,379	13,379
· Other tangible fixed assets	—	—	11	11
	—	—	13,390	13,390
Budget surplus on ESFA and LA funds	—	1,150	—	1,150
LGPS pension deficit	—	(1,560)	—	(1,560)
Other liabilities	—	(33)	—	(33)
Current assets	—	42	—	42
Intercompany write off	—	41	—	41
Net (liabilities) assets	—	(360)	13,390	13,030

25. Transfers out of academies leaving the Trust (continued)

Langer Academy

On 1 September 2019, Langer Academy transferred from AET to Unity Schools Partnership.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	1,342	1,342
· Other tangible fixed assets	—	—	5	5
	—	—	1,347	1,347
LGPS pension deficit	—	(212)	—	(212)
Current assets	—	3	—	3
Intercompany write off	—	20	—	20
Net (liabilities) assets	—	(189)	1,347	1,158

Nightingale Academy

On 1 September 2019, Nightingale Academy transferred from AET to Aim Academies Trust.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	16,538	16,538
· Other tangible fixed assets	—	—	42	42
	—	—	16,580	16,580
Cumulative deficit on ESFA and LA funds	(1,585)	—	—	(1,585)
LGPS pension deficit	—	(1,076)	—	(1,076)
Other liabilities	—	(83)	—	(83)
Current assets	—	173	—	173
Intercompany write off	—	662	—	662
Net (liabilities) assets	(1,585)	(324)	16,580	14,671

Included in the above figures, AET incurred additional charges of £753,000 since the date at which Nightingale left the trust.

25. Transfers out of academies leaving the Trust (continued)

Two academies transferred out of the Trust during 2018/19.

Combined	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2019 Total funds £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	15,195	15,195
· Other tangible fixed assets	—	—	12	12
	—	—	15,207	15,207
LGPS pension deficit	—	(4,650)	—	(4,650)
Borrowing obligations	—	(444)	—	(444)
Current assets	—	19	—	19
Current assets relating to prior year leaver	—	61	—	61
Intercompany write off	—	483	—	483
Net (liabilities) assets	—	(4,531)	15,207	10,676

Sandown Bay Academy

Sandown Bay Academy transferred to their Local Authority, Isle of Wight Council, on 1 September 2018. At this date, the following assets and liabilities were transferred.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2019 Total funds £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	15,195	15,195
· Other tangible fixed assets	—	—	7	7
	—	—	15,202	15,202
LGPS pension deficit	—	(3,783)	—	(3,783)
Borrowing obligations	—	(122)	—	(122)
Current assets	—	11	—	11
Intercompany write off	—	124	—	124
Net (liabilities) assets	—	(3,770)	15,202	11,432

25. Transfers out of academies leaving the Trust (continued)

Swallow Hill Academy

Swallow Hill Academy transferred to Dixons Academy Trust on 1 October 2018. At this date, the following assets and liabilities were transferred.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets				
Other tangible fixed assets	—	—	5	5
	—	—	5	5
LGPS pension deficit	—	(867)	—	(867)
Borrowing obligations	—	(322)	—	(322)
Current assets	—	8	—	8
Intercompany write off	—	359	—	359
Net (liabilities) assets	—	(822)	5	(817)

26. Principal Subsidiaries

Unity City Academy

Company registration number: 04357009

Total assets as at 31 August 2020: £20,219,000

Total liabilities as at 31 August 2020: £5,413,000

Total equity as at 31 August 2020: £14,806,000

Income for the year ended 31 August 2020: £6,635,000

Expenditure for the year ended 31 August 2020: £7,125,000

Loss for the year ended 31 August 2020: £490,000

London Academies Enterprise Trust

Company registration number: 07211219

Total assets as at 31 August 2020: £nil

Total liabilities as at 31 August 2020: £nil

Total equity as at 31 August 2020: £nil

Income for the year ended 31 August 2020: £25,708,000

Expenditure for the year ended 31 August 2020 (including transfers of schools out of the trust): £70,505,000

Deficit for the year ended 31 August 2020: £44,797,000

AET Solutions Limited

Company registration number: 07003257

Total assets as at 31 August 2020: £15,017

Total liabilities as at 31 August 2020: £nil

Total equity as at 31 August 2020: £15,017

Turnover for the year ended 31 August 2020: £nil

Expenditure for the year ended 31 August 2020: £nil

Result for the year ended 31 August 2020: £nil