

**London Academies
Enterprise Trust**

**Annual Report and Financial
Statements**

31 August 2020

Company Limited by Guarantee
Registration Number
07211219 (England and Wales)



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Reference and administrative information 31 August 2020

Member	Academies Enterprise Trust
Trustees	D Hall, Chair J Chin C J Drinkall A Thraves
Company registration number	07211219 (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 & Communications	J Allen
Director of Business Development	L Cooper
National Director of Primary & SEND	L Costello
National Director of Secondary	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 & Compliance	J Wheeldon
External auditor	Buzzacott LLP 130 Wood St 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 auditor	RSM UK 25 Farringdon Street London EC4A 4AB

Trustees' Report 31 August 2020

The Trustees present their annual report which includes the strategic report together with the audited financial statements of London Academies Enterprise Trust ("the Trust") for the year ended 31 August 2020. This 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).

PRINCIPAL OBJECT

The principal object of the Trust is the advancement of education for the public benefit in London through the operation of a group of Academies. In 2019/20, the Trust operated three Academies as follows (2019: four Academies): Aylward Academy, Bexleyheath Academy and Kingsley Academy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee (registration number 07211219) and an exempt charity. The Trust's Memorandum and Articles of Association dated 1 April 2010 is the primary governing document. The Trustees of the Trust are also the directors of the charitable company for the purposes of company law. The Trust is a wholly owned subsidiary of Academies Enterprise Trust, a company limited by guarantee and an exempt charity, and is part of the AET Group of companies. Funding for educational activities is governed by a master funding agreement between the Trust and the Secretary of State for Education.

On 31 August 2020, Trustees transferred the business as a going concern to Academies Enterprise Trust (Company number: 06625091), and assigned the funding agreements to Academies Enterprise Trust for each of the schools.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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. The Chair consults with existing Trustees and the Chief Executive on new appointments, and all new Trustees are interviewed by the Board prior to appointment.

The Trustees are appointed in accordance with the provisions set out in the Articles. The Members can appoint up to twelve Trustees and their initial term of office will be four years. 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.

Trustees' term of office

Trustees are appointed for a period of four years. This can be extended for a further four-year term. The Chairman is elected annually by the Trustees.

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 completes an induction programme that includes visits to the Trust's Academies and meetings with the Group Chief Executive and members of the executive team. The 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

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

The Trust has agreed a scheme of delegation that sets out the matters reserved to the Members and to the Trustees. Matters not reserved to the Members or Trustees are delegated to the Trust's committees or to the Group Chief Executive. The matters reserved to the Members include:

- ◆ Changes to the Articles;
- ◆ Appointment of Trustees; and
- ◆ Disposal of significant assets.

The matters reserved to Trustees include:

- ◆ Oversight of performance;
- ◆ Strategy;
- ◆ Policy;
- ◆ Corporate structure;
- ◆ Membership of committees;

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

- ◆ Scheme of delegation;
- ◆ Financial reporting and controls; and
- ◆ Remuneration.

The Trust has established Local Governing Bodies for each Academy with clear terms of reference.

The Principal/Headteacher of each Academy is accountable to the relevant Phase Director and to a Local Governing Board or Management Board, which has a focus on school improvement and outcomes for pupils.

Arrangements for determining remuneration of key management personnel

The key management personnel refers to the Trustees and the senior leadership team as documented on page 1. The salary arrangements for key management personnel within the Group are determined by the Remuneration Committee of the AET Board. HAY Group were originally commissioned by the Group to advise on, and develop, appropriate pay ranges for senior roles and they used appropriate benchmarking data in the public and private sector in this regard. Pay progression within the range is linked to performance in accordance with the relevant Pay Policy and is reviewed annually through a robust appraisal process.

Relevant union officials

The number of employees who were relevant union officials during the period from 1 April 2019 until 31 March 2020 is four (FTE – 2.5).

The percentage of time spent on facility time is as follows:

Percentage of time	Number of employees
0%	2
1% - 50%	1
51% - 99%	1
100%	0

The percentage of pay bill spent on facility time is as follows:

Total cost of facility time	£nil
Total pay bill	£12,001,000
Percentage of the total pay bill spent on facility time	0%

The time spent on paid trade union activities is as follows: No paid union officials

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Related parties and other connected charities and organisations

The Trust has connections with the following organisations:

- ♦ Academies Enterprise Trust ("the Parent Charity"), which provides a range of services to the Trust and its Academies.
- ♦ AET Solutions Limited, a trading company for the Group which is currently dormant.
- ♦ Unity City Academy Trust, a subsidiary of the Parent Charity.

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 Group 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 2020 involved each of the Group's 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 Group 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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

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.

Equal opportunities policy

It is the Trust's policy to ensure equality of opportunities is afforded to staff, students and other stakeholders. Training, career development and promotion opportunities are available to all employees.

Disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitude and abilities. In the event of employees becoming disabled then every effort is made to retrain them in order that their employment within the Trust may continue.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Trust's charitable objects are set out in its Articles. In summary, the Trust's purpose is to advance for the public benefit education in the United Kingdom, in particular by being the proprietor of Academies.

To do this, the Trust aims to:

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

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.

OBJECTIVES AND ACTIVITIES (continued)

Public benefit (continued)

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

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

STRATEGIC REPORT

Achievements and performance

In 2020, 67% of LAET pupils were awarded a grade 4 or above and 42% of pupils achieved a grade 5 or above in both English and mathematics as either a centre assessed grade or calculated grade (where higher). This compares with 45% and 23% respectively in 2019.

The percentage of pupils awarded a grade 4 or above in English was 78% and grade 5 or above was 56%. This compares with 61% and 40% respectively in 2019.

The percentage of pupils awarded a grade 4 or above in mathematics was 73% and grade 5 or above was 50%. This compares with 54% and 29% respectively in 2019.

Key financial performance indicators

Key financial performance indicators;

- ◆ funds, excluding fixed asset and pension funds, as a % of total income (excluding transfer of buildings income) 0.0% (2019: -3.3%)
- ◆ current ratio of 1.00 (current assets to current liabilities) (2019: 0.60)
- ◆ percentage of total income received from DfE (excluding transfer of buildings income) 98% (2019: 98%)

% spend on core support services:

£1.1m (2019: £1.3m) of Academy income was used to support the AET central services functions, which equates to 4.4% (2019: 4.3%) of the Trust's total expenditure for the year and 4.4% (2019: 4.1%) of the Trust's total income.

Financial performance

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

STRATEGIC REPORT (continued)

Financial performance (continued)

The SOFA reports total income for the year of £25.7m (2019: £30.3m), of which £25.4m (2019: £29.6m) was restricted funding received from the DfE and ESFA, and total expenditure for the year (excluding transfers) of £25.6m (2019: £31.0m).

Other losses for the year amounted to £0.8m (2019: losses of £1.3m), which related to actuarial losses for the LGPS pension fund, resulting in a net movement in funds for the year (excluding transfers) of negative £0.7m (2019: negative £2.0m).

Total funds at 31 August 2020 were zero due to the transfer of the activities, assets and liabilities of the academies in full to Academies Enterprise Trust (2019: £45.6m).

The majority of Academy buildings are leased from Local Authorities for a peppercorn rent. In accordance with the Charities SORP FRS 102 and the Academies Accounts Direction, the buildings on long term (typically 125 year) leases from Local Authorities have been recognised as tangible fixed assets in the financial statements and the value of the buildings was treated as voluntary income in the financial statements, in the year of transfer to LAET. In accordance with the Charities SORP FRS 102, such gifts are reported within the restricted fixed asset fund in the SOFA.

The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

The buildings of one Academy are leased under a Private Finance Initiative (PFI) contract. The commitment under the PFI contract has been treated as an operating lease and as such no valuation is included within fixed assets on the Balance Sheet for these buildings.

Movements in tangible fixed assets are reported in note 11 to the financial statements. The assets were used exclusively for providing education and associated support services to the pupils of LAET Academies.

The deficit in LGPS pension funds is recognised on the balance sheet in accordance with the provisions of FRS102. Movements in the pension fund are reported in note 17 to the financial statements.

STRATEGIC REPORT (continued)

Reserves policy and financial position

The Trust's reserves policy was that each Academy should build and maintain a sufficient level of funds in order to create stability and sustainability, and to serve the Academy's short and long term plans, including future capital expenditure. The Trust aims to maintain a minimum level of funds, excluding fixed asset and pension funds, of 5% of total annual income, or £1.5m. Prior to the transfer to Academies Enterprise Trust on 31 August 2020, the Trust had funds equivalent to 2.1% of total annual income (2019: 3.3% of total annual income).

Going concern

On 31 August 2020 the Trust transferred the activities, assets and liabilities of all three academies to the Parent Charity.

The Trustees intend to formally wind up LAET within the next twelve months.

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.

Promoting the success of the company

The Trust's charitable objective is the advancement of education for the public benefit in London through the operation of a group of academies. This is the sole aim 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 objective the Trust has a positive impact on the communities around each Academy as it provides an excellent education 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 Nolan Seven Principles of Public life;

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

STRATEGIC REPORT (continued)

Fundraising

The Trust receives the vast majority of its income from the Department of Education in the form of grants to operate Academies. 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. The Trust is not registered with the Fundraising Regulator, but does adhere to all good standards of practice. Any complaints relating to fundraising are dealt with in the first instance by the Trust who follow the Parent Trust's complaints procedure. No complaints were received in the year.

Funds held as custodian on behalf of others and agency arrangements

The Trust receives 16-19 bursary payments from the Education and Skills Funding Agency. The Trust does not recognise this income as its own income and pays out all monies received for its primary purpose to the relevant parties.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have assessed the principal risks to which the Trust is exposed, in particular those related to the charitable operations, principal activities and also finances of the Trust, and are satisfied that systems and procedures are in place to mitigate its exposure to major risks.

In terms of the major risks to which the Trust is currently exposed and the actions taken to mitigate those risks, these relate to:

- ◆ **Safeguarding**

The safety of students and staff is of the 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.

The implementation and effectiveness of these policies, which conform to the latest DfE guidance, are monitored regularly.

- ◆ **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.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

◆ **Governance**

Throughout the year, Trustees have worked collaboratively with the Parent Charity with the aim of streamlining the AET group's corporate structure. Following a rigorous due diligence process, Trustees agreed to transfer the schools to the Parent Charity on 31 August 2020 and begin the process of winding up the Trust. Trustees strongly believe this will lead to a more unified, effective and robust governance system and will ultimately benefit the three Academies within the Trust.

◆ **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 program of top class training along with a wide range of opportunities for greater career development.

◆ **Finance**

The financial risks to the Trust have all been transferred to the Parent Charity on 31 August 2020.

PLANS FOR THE FUTURE

The AET Group'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.

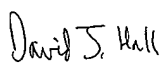
On 31 August 2020 the Trust transferred all of the activities, assets and liabilities of the three Academies to AET. The plan is to dissolve LAET early in 2021.

AUDITORS

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

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

The Trustees' report, incorporating a strategic report, was approved by the order of the Board of Trustees and signed on its behalf by:



D Hall
Chair

Date: 16 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.

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 AET Group Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met five times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Board members	Number of meetings attended	Out of a possible
D Hall, Chair	5	5
J Chin	5	5
A Thraves	5	5
C J Drinkall, Group Chief Executive	5	5

The Board has maintained effective oversight of funds by undertaking monthly review of management accounts.

Review of value for money

As Accounting Officer, the AET Group 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 AET Group Board of Trustees where value for money can be improved. The following value for money improvements have been delivered across the Group this year:

- ◆ improvements in educational outcomes at all key stages;
- ◆ consolidation of procurement and supplier spend across the Trust, leveraging the buying power of the Trust as the largest multi-academy trust. 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;

Review of value for money (continued)

- ◆ 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
- ◆ 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.

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 Trust follows the system of internal control for the AET Group.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at 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.

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;

Governance Statement Year to 31 August 2020

The risk and control framework (continued)

- ♦ regular reviews by the AET Group Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ♦ setting targets to measure financial and other performance;
- ♦ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ♦ delegation of authority and segregation of duties; and
- ♦ identification and management of risks.

The AET Group Board of Trustees has considered the need for a specific internal audit function and has engaged RSM as its internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the AET Group's financial systems. On a quarterly basis, the internal auditor reports to the Board of Trustees 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 conducted during the year.


Review of effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the AET Group Audit & Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



D Hall
Chair



C J Drinkall
Accounting Officer

Date: 16 December 2020

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

As Accounting Officer for London Academies Enterprise Trust ('the Trust'), I have considered my responsibility to notify the Trust's Board of Trustees, Audit & Risk Committee and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the Funding Agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

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
AET Group Chief Executive
and Accounting Officer

Date: 16 December 2020

The Trustees of London Academies Enterprise Trust ('the Trust') (who are also the directors of the Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency (ESFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

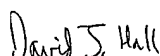
- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles of the Charities SORP FRS 102 and the Academies' Accounts Direction 2019 to 2020;
- ♦ make judgements and accounting estimates that are reasonable and prudent;
- ♦ state whether applicable 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 16 December 2020 and signed on its behalf by:



D Hall
Chair
Date 16 December 2020

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

Opinion

We have audited the financial statements of London Academies Enterprise Trust (the 'charitable company' for the year ended 31 August 2020 which comprise the statement of financial activities incorporating the income and expenditure account, the balance sheet, the statement of cash flows, principal accounting policies and the notes to the financial statements. 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).

In our opinion the financial statements:

- ♦ give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its income and expenditure for the year then ended;
- ♦ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ♦ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ♦ have been prepared in accordance with the Charities SORP 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Transfer of assets and going concern

We draw attention to pages 9 and 11 of the Trustees' Report, the principal accounting policies on page 26 and note 22 of the financial statements, which explain that the Board of Directors approved the transfer of all the Academy Trust's activities, assets and liabilities were transferred to Academies Enterprise Trust on 31 August 2020.

As a result, the London Academies Enterprise Trust has been inactive since this date and the intention is for the Academy Trust to remain dormant for the foreseeable future to meet its legal, regulatory and filing obligations before being dissolved.

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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report included within the Trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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 London 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 London 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.

Respective responsibilities of London 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.

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

Independent reporting accountant's report on regularity 31 August 2020

Approach (continued)

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.

Use of this report

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.



21 December 2020

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of Financial Activities Year to 31 August 2020
(Including the 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	—	11	77	88	195
Charitable activities						
· Funding for the Academy Trust's educational operations	2	121	25,361	—	25,482	29,830
Other trading activities	3	138	—	—	138	274
Total income		259	25,372	77	25,708	30,299
Expenditure on:						
Raising funds		—	—	—	—	24
Charitable activities						
· Academy Trust's educational operations	5	133	24,382	1,039	25,554	30,988
Building disposals	11	—	—	—	—	22
Transfer of academy to AIM Academies	22	(1,585)	(1,077)	16,580	13,918	—
Transfer of academies to AET	22	(356)	(5,580)	36,969	31,033	—
Total expenditure	4	(1,808)	17,725	54,588	70,505	31,034
Net income / (expenditure) before transfers		2,067	7,647	(54,511)	(44,797)	(735)
Transfers between funds	15	91	(520)	429	—	—
Net income (expenditure) for the year		2,158	7,127	(54,082)	(44,797)	(735)
Actuarial losses on defined benefit pension scheme	17	—	(833)	—	(833)	(1,296)
Net movement in funds		2,158	6,294	(54,082)	(45,630)	(2,031)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019		(2,158)	(6,294)	54,082	45,630	47,661
Total fund balances carried forward at 31 August 2020		—	—	—	—	45,630

All of the Trust's activities derived from continuing operations until 31 August 2020. On 31 August 2020, the activities, assets and liabilities of the Trust were transferred as a going concern into Academies Enterprise Trust (Company Registration Number 06625091) (See note 22).

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

Balance sheet 31 August 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible fixed assets	11		—		54,082
Current assets					
Stock	12	—		6	
Debtors	13	—		1,462	
Cash at bank and in hand		—		—	
		—		1,468	
Liabilities					
Creditors: amounts falling due within one year	14	—		(2,456)	
Net current liabilities			—		(988)
Total assets less current liabilities			—		53,094
Net assets excluding pension scheme liabilities			—		53,094
Defined benefit pension scheme liabilities	17		—		(7,464)
Total net assets			—		45,630
Funds of the Academy Trust:					
Restricted funds					
. Restricted fixed asset funds	15		—		54,082
. Restricted general funds	15		—		1,170
. Pension reserve	15		—		(7,464)
			—		47,788
Unrestricted funds					
. Unrestricted general funds	15		—		(2,158)
Total funds			—		45,630

The financial statements on pages 22 to 50 were approved by the Board of Trustees of London Academies Enterprise Trust (Company Registration Number 07211219) and signed on its behalf by:

David J. Hall

David Hall
Chair

Date: 16 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	652	344
Cash flows from investing activities			
Cash flows from investing activities	B	(429)	(426)
Cash flows from transfers to other Trusts	22	(161)	—
Change in cash and cash equivalents in the year		62	(82)
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2019		(62)	20
Cash and cash equivalents at 31 August 2020	C	—	(62)
A Reconciliation of net expenditure to net cash flow from operating activities			
		2020 £'000	2019 £'000
Net expenditure for the year (as per the statement of financial activities)		(44,797)	(735)
Adjusted for:			
Depreciation charge		1,039	1,397
Building disposals		—	22
Decrease in stocks		6	—
Net transfers of assets on academies leaving the Trust		44,951	—
Decrease (increase) in debtors		1,462	(809)
(Decrease) increase in creditors		(2,456)	47
Capital grants from DfE and other capital income		(77)	(150)
Defined benefit pension scheme cost less contributions payable		391	409
Defined benefit pension scheme finance cost		133	163
Net cash provided by operating activities		652	344
B Cash flows from investing activities			
		2020 £'000	2019 £'000
Purchase of tangible fixed assets		(506)	(576)
Capital grants from DfE/ESFA		77	150
Net cash used in investing activities		(429)	(426)
C Analysis of cash and cash equivalents			
		2020 £'000	2019 £'000
Cash at bank and in hand		—	(62)
Total cash and cash equivalents		—	(62)

Statement of cash flows Year to 31 August 2020

D Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 August 2020 £'000
Overdraft facility repayable on demand	(62)	96	(34)	—
Total	(62)	96	(34)	—

Principal Accounting Policies 31 August 2020

London 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.

Going concern

The Trust transferred its operations to Academies Enterprise Trust on 31 August 2020 as a going concern. All assets and liabilities were transferred on that date, and the Trustees considered that there was no need for any adjustment to carrying values or other fair value adjustment in light of the transfer.

The Trustees intend to formally wind up LAET within the next twelve months.

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.

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.

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 inclusive 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.

Expenditure on raising funds includes all expenditure incurred by the Academy 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 Academy Trust's educational operations, including support costs and those costs relating to the governance of the Academy Trust.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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.

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 term leasehold property | 2%-10% |
| • Motor vehicles | 33.3% |
| • Fixtures and fittings | 33.3% |
| • Computer equipment | 33.3% |

Tangible fixed assets (continued)

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.

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 Academy 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 Academy 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.

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.

London Academies Enterprise Trust has one Academy where the buildings are subject to a contract under the Private Finance Initiative (PFI). Under this 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 Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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.

Pension benefits

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

Pension benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 17, 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 Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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.

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.

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					
Donations	—	11	—	11	45
DfE / ESFA capital grants	—	—	77	77	150
	—	11	77	88	195

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2019 Total funds £'000
2019				
Donations	1	44	—	45
DfE / ESFA capital grants	—	—	150	150
	1	44	150	195

2. Funding for the Academy 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)	—	22,726	22,726	27,600
Other DfE/ESFA revenue grants	—	2,323	2,323	1,701
	—	25,049	25,049	29,301
Other government grants				
Local authority grants	—	312	312	307
	—	312	312	307
Other income				
Catering income	6	—	6	24
Trip income	22	—	22	133
Other funding for the Academy Trust's educational operations	93	—	93	65
2020 total funds	121	25,361	25,482	29,830

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

	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2019 Total funds £'000</i>
2019			
DfE/ESFA grants			
General Annual Grants (GAG)	—	27,600	27,600
Other DfE/ESFA revenue grants	—	1,701	1,701
	<u>—</u>	<u>29,301</u>	<u>29,301</u>
Other government grants			
Local authority grants	—	307	307
	<u>—</u>	<u>307</u>	<u>307</u>
Other income			
Catering income	24	—	24
Trip income	133	—	133
Other funding for the Academy Trust's educational operations	65	—	65
	<u>222</u>	<u>29,608</u>	<u>29,830</u>
2019 total funds	<u>222</u>	<u>29,608</u>	<u>29,830</u>

3. Income from other trading activities

	<i>Unrestricted fund £'000</i>	<i>Restricted funds £'000</i>	2020 Total funds £'000	<i>2019 Total funds £'000</i>
2020				
Lettings	135	—	135	256
Sale of other goods and services	3	—	3	18
	<u>138</u>	<u>—</u>	<u>138</u>	<u>274</u>

	<i>Unrestricted fund £'000</i>	<i>Restricted funds £'000</i>	<i>2019 Total funds £'000</i>
2019			
Lettings	256	—	256
Sale of other goods and services	18	—	18
	<u>274</u>	<u>—</u>	<u>274</u>

4. Expenditure

2020	Non pay expenditure			2020 Total funds £'000	2019 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000		
Expenditure on raising funds					
· Direct costs	—	—	—	—	15
· Allocated support costs	—	—	—	—	9
Academy Trust's educational operations					
· Direct costs	14,174	1,039	1,320	16,533	19,430
· Allocated support costs	2,640	1,825	4,556	9,021	11,558
2020 total funds	16,814	2,864	5,876	25,554	31,012

2019	Non pay expenditure			2019 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000	
Expenditure on raising funds				
· Direct costs	15	—	—	15
· Allocated support costs	3	2	4	9
Academy Trust's educational operations				
· Direct costs	15,828	1,397	2,205	19,430
· Allocated support costs	4,445	2,484	4,629	11,558
2019 total funds	20,291	3,883	6,838	31,012

Net income for the year includes:	2020 £'000	2019 £'000
Operating lease rentals	1,639	1,892
Depreciation	1,039	1,397

5. Expenditure on charitable activities: Academy Trust's educational operations

2020	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Direct costs – educational operations	—	16,533	16,533	19,430
Support costs – educational operations	133	8,888	9,021	11,558
	133	25,421	25,554	30,988

2019	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Direct costs – educational operations	—	19,430	19,430
Support costs – educational operations	164	11,394	11,558
	164	30,824	30,988

5. Expenditure on charitable activities: (continued)

	2020 Total funds £'000	2019 Total funds £'000
Analysis of support costs		
Support staff costs	2,640	4,445
Technology costs	44	106
Premises costs	1,825	2,484
Other support costs	4,508	4,520
Governance costs	4	3
Total support costs	9,021	11,558

6. Staff costs

Staff costs during the year were:

	2020 Total funds £'000	2019 Total funds £'000
Wages and salaries	12,001	14,771
Social security costs	1,287	1,554
Pension costs	2,816	2,623
Apprenticeship levy	61	91
	16,165	19,039
Supply staff costs	261	1,071
Staff restructuring costs	388	181
	16,814	20,291

	2020 £'000	2019 £'000
Staff restructuring costs comprise		
Redundancy payments	388	181

Included within staff restructuring costs are non-statutory/non-contractual severance payments totalling £40,178. Individually, the payments were: £15,328, £12,075, £4,725, £4,064, £3,195, and £791.

Staff numbers

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

	2020 No.	2019 No.
Teachers	200	207
Administration and support	175	309
Management	3	12
	378	528

6. Staff costs (continued)

Staff numbers (continued)

	2020 FTE	2019 FTE
Teachers	180	186
Administration and support	92	176
Management	3	12
	275	374

Higher paid staff

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

	2020 No.	2019 No.
£60,001 - £70,000	12	7
£70,001 - £80,000	2	4
£80,001 - £90,000	1	2
£90,001 - £100,000	2	—
£120,001 - £130,000	—	1
£130,001 - £140,000	1	—

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

Key management personnel

The key management personnel of the Academy Trust comprise the Senior Leadership Team as listed on page 1. The total amount of employee and consultant benefits (including employer pension contributions) received by key management personnel for their services to the Trust together with the cost of employer's social security costs in respect of these individuals has been paid for by the Parent Trust, Academies Enterprise Trust. The Senior Leadership Team are not directly employed by the Trust.

7. Trustees' remuneration and expenses

During the year no Trustees received any remuneration nor other benefits from the Academy Trust (2019: £nil).

During the year ended 31 August 2020, no Trustees received any reimbursement of expenses (2019: £nil).

8. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2020 was not separately identifiable.

9. Central services

The AET 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 AET Group charges individual academies for these services at 5% of each school's GAG funding allocation.

The actual amounts charged by AET Group during the year were as follows:

	2020 £'000	2019 £'000
Aylward Academy	429	419
Bexleyheath Academy	466	357
Kingsley Academy	241	250
Nightingale Academy	—	229
Total	1,136	1,255

10. 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	1	44	150	195
Charitable activities				
· Funding for the Academy Trust's educational operations	222	29,608	—	29,830
Other trading activities	274	—	—	274
Total income	497	29,652	150	30,299
Expenditure on:				
Raising funds	24	—	—	24
Charitable activities				
· Academy Trust's educational operations	164	29,427	1,397	30,988
Building disposals	—	—	22	22
Total expenditure	188	29,427	1,419	31,034
Net income / (expenditure) before transfers	309	225	(1,269)	(735)
Transfers between funds	—	(393)	393	—
Net income (expenditure) for the year	309	(168)	(876)	(735)
Actuarial losses on defined benefit pension scheme	—	(1,296)	—	(1,296)
Net movement in funds	309	(1,464)	(876)	(2,031)
Reconciliation of funds				
Total fund balances brought forward at 1 September 2018	(2,467)	(4,830)	54,958	47,661
Total fund balances carried forward at 31 August 2019	(2,158)	(6,294)	54,082	45,630

11. Tangible Fixed Assets

	Freehold land and buildings £'000	Long-term leasehold property £'000	Furniture and equipment £'000	Computer equipment £'000	Total £'000
Cost					
At 1 September 2019	47	62,093	1,587	2,610	66,337
Transfers out (note 22)	(75)	(62,386)	(1,730)	(2,652)	(66,843)
Additions	28	293	143	42	506
At 31 August 2020	—	—	—	—	—
Depreciation					
At 1 September 2019	1	8,361	1,460	2,433	12,255
Transfers out (note 22)	(2)	(9,207)	(1,571)	(2,514)	(13,294)
Charge for the year	1	846	111	81	1,039
At 31 August 2020	—	—	—	—	—
Net book value					
At 31 August 2020	—	—	—	—	—
At 31 August 2019	46	53,732	127	177	54,082

12. Stock

	2020 £'000	2019 £'000
Finished goods and goods for resale	—	6
	—	6

13. Debtors

	2020 £'000	2019 £'000
Trade debtors	—	21
Other debtors	—	3
Amounts owed by group undertakings	—	986
Prepayments and accrued income	—	365
VAT recoverable	—	87
	—	1,462

14. Creditors: Amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	—	282
Taxation and social security	—	389
Bank overdraft (see below)	—	62
Accruals and deferred income	—	1,458
Other creditors	—	265
	—	2,456

The LAET bank account balance was positive at 31 August 2019; the above balance is a book overdraft only arising from timing differences on payments and receipts to the Parent Trust.

	2020 £'000	2019 £'000
Deferred income (included above)		
Deferred income at 1 September 2019	104	55
Resources deferred during the year	(104)	(55)
Amounts released from previous years	—	104
Deferred income at 31 August 2020	—	104

15. 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)	1,170	22,726	(21,212)	(2,684)	—
Pupil Premium	—	1,139	(1,139)	—	—
Other DfE/ ESFA	—	1,184	(1,184)	—	—
Pension reserve	(7,464)	—	(524)	7,988	—
	<u>(6,294)</u>	<u>25,049</u>	<u>(24,059)</u>	<u>5,304</u>	<u>—</u>
Other restricted funds					
Local authority grants	—	312	(312)	—	—
Other restricted funds	—	11	(11)	—	—
	<u>—</u>	<u>323</u>	<u>(323)</u>	<u>—</u>	<u>—</u>
Total restricted funds	<u>(6,294)</u>	<u>25,372</u>	<u>(24,382)</u>	<u>5,304</u>	<u>—</u>
Restricted fixed asset funds					
DfE/ ESFA capital grants	54,082	77	(1,039)	(53,120)	—
	<u>54,082</u>	<u>77</u>	<u>(1,039)</u>	<u>(53,120)</u>	<u>—</u>
Unrestricted funds					
General funds	(2,158)	259	(133)	2,032	—
Total unrestricted funds	<u>(2,158)</u>	<u>259</u>	<u>(133)</u>	<u>2,032</u>	<u>—</u>
Total funds	<u>45,630</u>	<u>25,708</u>	<u>(25,554)</u>	<u>(45,784)</u>	<u>—</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, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

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.

15. 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 the Academy Trust's charitable objects.

Transfers between funds

Transfers from either restricted general funds or unrestricted funds to the restricted fixed asset funds are made where a shortfall exists in capital reserves available to fully fund the cost of tangible fixed assets purchased by the Academy Trust in the year.

Comparative information for the year to 31 August 2019:

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains/ (Losses) and Transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	766	27,600	(26,803)	(393)	1,170
Pupil Premium	—	1,433	(1,433)	—	—
Other DfE/ ESFA	—	268	(268)	—	—
Pension reserve	(5,596)	—	(572)	(1,296)	(7,464)
	<u>(4,830)</u>	<u>29,301</u>	<u>(29,076)</u>	<u>(1,689)</u>	<u>(6,294)</u>
Other restricted funds					
Local authority grants	—	307	(307)	—	—
Other restricted funds	—	44	(44)	—	—
	<u>—</u>	<u>351</u>	<u>(351)</u>	<u>—</u>	<u>—</u>
Total restricted funds	<u>(4,830)</u>	<u>29,652</u>	<u>(29,427)</u>	<u>(1,689)</u>	<u>(6,294)</u>
Restricted fixed asset funds					
DfE/ ESFA capital grants	54,958	150	(1,419)	393	54,082
	<u>54,958</u>	<u>150</u>	<u>(1,419)</u>	<u>393</u>	<u>54,082</u>
Unrestricted funds					
General funds	(2,467)	497	(188)	—	(2,158)
Total unrestricted funds	<u>(2,467)</u>	<u>497</u>	<u>(188)</u>	<u>—</u>	<u>(2,158)</u>
Total funds	<u>47,661</u>	<u>30,299</u>	<u>(31,034)</u>	<u>(1,296)</u>	<u>45,630</u>

15. Funds (continued)

Total funds analysis by Academy

In accordance with our funding agreement and our group ethos of #OneAET, funds have been pooled at year end and a breakdown between Academies is not applicable.

Analysis of net assets between funds at 31 August 2020

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
Fund balances at August 2020 are represented by:					
Tangible fixed assets	—	—	—	—	54,082
Current assets	—	—	—	—	1,468
Current liabilities	—	—	—	—	(2,456)
Pension scheme liability	—	—	—	—	(7,464)
Total net assets	—	—	—	—	45,630

Comparative information for the year to 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	—	—	54,082	54,082
Current assets	(2,158)	3,626	—	1,468
Current liabilities	—	(2,456)	—	(2,456)
Pension scheme liability	—	(7,464)	—	(7,464)
Total net assets	(2,158)	(6,294)	54,082	45,630

16. Analysis of expenditure by Academy

Expenditure (excluding transfers out to other Trusts) incurred by each Academy during the year was as follows:

	Teaching and Educational Support Staff costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding dep'n) £'000	Total 2020 £'000	Total 2019 £'000
Aylward Academy	5,768	776	485	2,028	9,057	8,985
Bexleyheath Academy	5,628	581	507	3,084	9,800	10,139
Kingsley Academy	3,181	483	188	1,278	5,130	5,430
Nightingale Academy	—	—	—	—	—	5,083
	14,577	1,840	1,180	6,390	23,987	29,637

	Teaching and Educational Support Staff costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding dep'n) £'000	Total 2019 £'000
Aylward Academy	5,404	1,222	651	1,708	8,985
Bexleyheath Academy	5,133	1,091	832	3,083	10,139
Kingsley Academy	3,209	723	289	1,209	5,430
Nightingale Academy	2,822	685	318	1,258	5,083
	16,568	3,721	2,090	7,258	29,637

17. Pension commitments

The Academy 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 three different Local Authorities (London Borough of Enfield, London Borough of Bexley and London Borough of Hounslow). The TPS and the various LGPS are all multi-employer defined benefit pension schemes.

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

There were no contributions payable to the schemes at 31 August 2020 (2019: £202,000).

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.

17. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury 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 period amounted to £1,917,000 (2019: £2,398,000).

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 Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

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 £553,000 (2019: £844,000), of which employer's contributions totalled £440,000 (2019: £657,000) and employees' contributions totalled £113,000 (2019: £187,000). The agreed contribution rates for future years are variable based on pay.

17. Pension commitments (continued)

Local Government Pension Scheme (continued)

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 local authority pension funds.

	At 31 August 2020 %	At 31 August 2019 %
Principal Actuarial Assumptions		
Discount rate for scheme liabilities	3.15	3.15
Rate of increase in salaries	2.15	2.15
Rate of increase for pensions in payment / inflation	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	21.9	22.1
Females	24.3	24.9
<i>Retiring in 20 years</i>		
Males	22.9	23.4
Females	25.6	26.4

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 %	(447)	(532)
Discount rate -0.1 %	457	543
Mortality assumption - 1 year increase	609	548
Mortality assumption - 1 year decrease	(544)	(492)
CPI rate +0.1%	371	434
CPI rate -0.1%	(364)	(427)

17. Pension commitments (continued)

Local Government Pension Scheme (continued)

The Academy'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	—	8,948
Gilts	—	—
Corporate bonds	—	3,598
Property	—	1,254
Cash and other liquid assets	—	444
Other	—	3,053
Total market value of assets	—	17,297
Present value of scheme liabilities		
Funded	—	(24,761)
Deficit in the scheme	—	(7,464)

The actual return on scheme assets was (£34,000) (2019: £1,554,000).

	2020 £'000	2019 £'000
Amounts recognised in statement of financial activities:		
Current service cost (net of employee contributions)	(774)	(893)
Administration costs	(15)	(18)
Past service costs	(57)	(173)
Net interest cost	(118)	(145)
Total amount recognised in the SOFA	(964)	(1,229)
Analysis of pension finance income (costs)		
Expected return on pension scheme assets	244	431
Interest on pension liabilities	(362)	(576)
Pension finance costs	(118)	(145)

	2020 £'000	2019 £'000
Changes in the present value of defined benefit obligations:		
At 1 September 2019	24,761	20,904
Current service cost	774	893
Interest cost	362	576
Employee contributions	113	187
Actuarial losses	555	2,419
Benefits paid	(89)	(391)
Transferred out on existing academies leaving the Academy Trust	(26,533)	—
Past service costs	57	173
At 31 August 2020	—	24,761

17. Pension commitments (continued)

Local Government Pension Scheme (continued)

The Academy Trust's share of the assets in the schemes were:

Changes in the fair value in the Trust's share of scheme assets	2020 £'000	2019 £'000
At 1 September 2019	17,297	15,308
Interest income	244	431
Actuarial gain	(278)	1,123
Employer contributions	440	657
Employee contributions	113	187
Benefits paid	(89)	(391)
Administration costs	(15)	(18)
Transferred out on existing academies leaving the Academy Trust	(17,712)	—
At 31 August 2020	—	17,297

18. Operating lease commitments

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

	2020 £'000	2019 £'000
Within 1 year	—	1,639
Between 1 and 5 years	—	6,452
After more than 5 years	—	7,495
Total commitment	—	15,586

Operating lease commitments include commitments due under PFI contracts for the buildings of Bexleyheath Academy.

19. 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 Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the year ended 31 August 2020:

- ♦ J Chin is a director and shareholder in SSAT (The Schools' Network) which provide services to the Parent Charity, Academies Enterprise Trust. LAET Academies made purchases totalling £4,479 from SSAT during the year (2019: £113).
- ♦ With the parent company, Academies Enterprise Trust: The central services charge amounted to £1,136,000 (2019: £1,255,000). At the balance sheet date, London Academies Enterprise Trust owed the Parent Charity £nil (2019: £986,000).

19. Related party transactions (continued)

The Academy Trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including, where relevant, 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.

20. Ultimate parent undertaking and controlling party

The parent company and ultimate controlling party is Academies Enterprise Trust (company number 06625091), a company registered in England and limited by guarantee. The results of LAET are included within the consolidated financial statements of Academies Enterprise Trust which are available from 183 Eversholt Street, London, NW1 1BU.

21. Members' liability

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

22. Transfers out on academies leaving the Trust

Nightingale Academy

On 1 September 2019 the activities, assets and liabilities of Nightingale Academy were transferred to AIM Academies. 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				
· Leasehold land and buildings	—	—	16,538	16,538
· Other tangible fixed assets	—	—	42	42
LGPS pension deficit	—	(1,076)	—	(1,076)
Other liabilities	(1,585)	(160)	—	(1,745)
Cash at bank	—	159		159
Net (liabilities) assets	(1,585)	(1,077)	16,580	13,918

22. Transfers out on academies leaving the Trust (continued)

On 31 August 2020, under the terms of a Transfer Agreement, all assets, liabilities, funds and operations of the three remaining academies were transferred as a going concern to Academies Enterprise Trust (company number 06625091). The carrying value of assets and liabilities at the date of transfer comprised:

	2020 £'000
Tangible fixed assets	
Freehold land and buildings	72
Leasehold land and buildings	36,643
Other tangible fixed assets	254
	36,969
Current assets	
Debtors: amounts falling due within one year	2,774
Current liabilities	
Creditors: amounts falling due within one year	(125)
Cash at bank and in hand	(840)
	(965)
Pensions	
Pension scheme liability	(7,745)
Net assets at transfer date	31,033

The net assets were represented by:

	2020 £'000
Restricted funds	
Pension reserve	(7,745)
Fixed asset fund	36,969
Restricted income fund	2,165
	31,389
Unrestricted fund	
General funds	(356)
Net assets at transfer date	31,033