

Registered number: 7211219 (England & Wales)

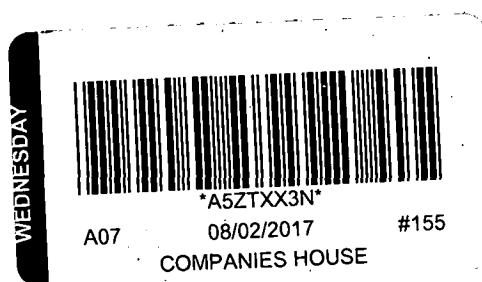
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**LONDON ACADEMIES ENTERPRISE TRUST**  
(A Company Limited by Guarantee)

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**Annual Report and Financial Statements**

**For the Year Ended 31 August 2016**



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**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**

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**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**

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**Reference and Administrative Details of the Academy trust, its Trustees and Advisers**  
**For the Year Ended 31 August 2016**

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**Members**

Academies Enterprise Trust  
I Foster

**Trustees**

I Comfort, Chief Executive  
M Walker, Trustee  
M Lees, Trustee  
I Foster, Chair of Trustees (resigned 25 May 2016)  
J Deslandes, Trustee (resigned 15 October 2015)

**Company registered number**

7211219 (England and Wales)

**Company name**

London Academies Enterprise Trust

**Principal and registered office**

Kilnfield House  
Station Approach  
Hockley  
Essex  
SS5 4HS

**Chief executive officer**

I Comfort

**Senior management team**

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

**Independent auditors**

Crowe Clark Whitehill LLP  
Chartered Accountants  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

**Bankers**

HSBC plc  
60 Queen Victoria Street  
London  
EC4N 4TR

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**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Reference and Administrative Details of the Academy trust, its Trustees and Advisers**  
**For the Year Ended 31 August 2016**

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**Advisers (continued)**

**Solicitors**

Mills & Reeve LLP  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1PH

**Internal Auditors**

RSM UK  
25 Farringdon Street  
London  
EC4A 4AB

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**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Trustees' Report**  
**For the Year Ended 31 August 2016**

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

**Structure, governance and management**

**a. CONSTITUTION**

London Academies Enterprise Trust ("the Trust") is a charitable company limited by guarantee and an exempt charity. The Trust's memorandum and articles of association ("the Articles") are the primary governing documents of the Trust. The Trustees of the Trust are also the directors of the charitable company for the purposes of company law. The Trust 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.

The Academy trust is constituted under a Memorandum of Association dated 1 April 2010.

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

**b. MEMBERS' LIABILITY**

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

**c. TRUSTEES' INDEMNITIES**

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

**d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

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

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

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

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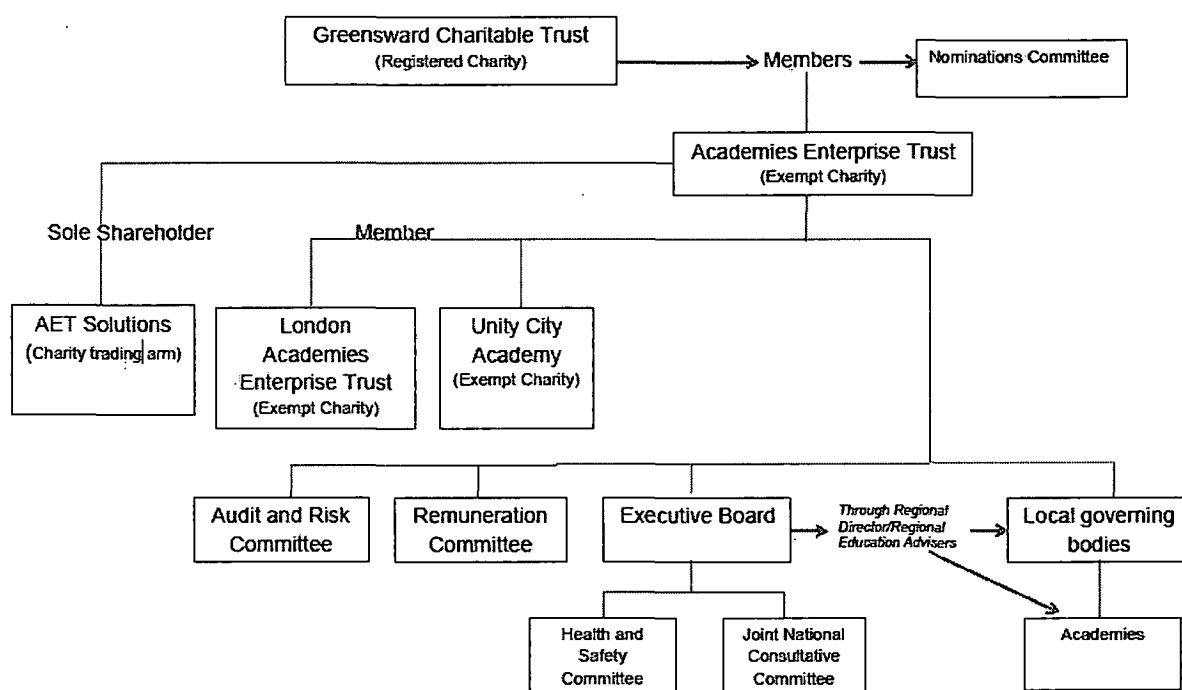
**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

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**f. 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.

**Corporate Structure**



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

The principal/headteacher of each academy is accountable to the Regional Director and to a local governing body or management board, which has a focus on school improvement and outcomes for pupils.

**g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

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

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**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

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**h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The Trust has connections with the following organisations:

- Academies Enterprise Trust ("the Parent Company"), which provides a range of services to the Trust and its academies.
- AET Solutions Limited, a subsidiary of the Parent Company, which provides a range of staff benefits to the Trust's employees.
- Unity City Academy Trust, a subsidiary of the Parent Company.

**Objectives and Activities**

**a. OBJECTS AND AIMS**

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

In order to achieve its objects the Trust aims to:

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

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

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

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

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

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

**c. PUBLIC BENEFIT**

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

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

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

**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

**Achievements and performance**

The percentage of pupils achieving A\*-C in English and mathematics has increased by 7 percentage points to 42% (from 35% in 2015).

Results in English have increased significantly from 45% in 2015 to 60% of pupils achieving A\*-C in 2016.

- This bucks the national trend where a 5.2 percentage point drop was seen in English Language and a 0.5 percentage point drop was seen in English Literature.
- Results increased in all of our LAET academies.

Results in mathematics fell slightly from 52% in 2015 to 51% of pupils achieving A\*-C in 2016.

- A larger decrease was seen nationally (2.3 percentage points).
- Results increased in one of our LAET academies.

The percentage of pupils entered for the EBacc increased by nine percentage points to 24% in 2016. The percentage of pupils achieving the EBacc increased slightly to 9%

Provisional reported Progress 8 scores should be interpreted with caution, as estimates based on the 2015 model are likely to be different to those based on the actual 2016 model (due to changes in Key Stage 2 and Key Stage 4 accountability). Three LAET academies are currently reporting a positive Progress 8 score.

Indicator	2015 Result (LAET)	2016 Prediction (LAET)	2016 Result (LAET)	Difference compared to 2015	Difference compared to prediction	2016 result (National)
% of pupils achieving A*-C in English and Mathematics	35%	48%	42%	+7 ▲	-6 ▼	tba
% of pupils Achieving A*-C in English(best of Language & Literature)	45%	61%	60%	+15 ▲	-1 ▼	La 60% Lit 75%
% of pupils achieving A*-C in Mathematics	52%	56%	51%	-1 ▼	-5 ▼	61%
% of pupils achieving the EBacc	8%	13%	9%	+1 ▲	-4 ▼	tba
% of pupils entered for the EBacc	15%	-	24%	+9 ▲	-	tba



**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

**a. KEY ACADEMIC PERFORMANCE INDICATORS**

	2015	2016 (provisional)		
	LAET Outcome	LAET Outcome	National Outcomes - All Schools	National Outcome-Sponsored Academies
<b>OFSTED JUDGEMENTS</b>				
% Ofsted reports where academy is judged good or better	50%	25%	86%	62%
<b>Key Stage 4</b>				
% of pupils achieving A*-C in English and Mathematics	35%	42%	63%	53%
% of pupils entered for the EBacc	15%	24%	40%	30%
% of pupils achieving EBacc	8%	9%	25%	15%
Attainment 8	41.2	42.1	49.8	45.8
Progress 8	-0.1	-0.03	-0.03	-0.14

**b. KEY FINANCIAL PERFORMANCE INDICATORS**

**Funds, excluding fixed asset and pension funds, as a % of total income**

Funds, excluding fixed asset and pension funds, as a % of total income:

-8.5% (2015: -1.6%)

**Cash ratio (cash to current liabilities) & Current ratio (current assets to current liabilities)**

Cash ratio of 0.004 (2015: 0.5)

Current ratio of 0.3 (2015: 0.9)

% spend on core support services

£1,507,000 (2015: £1,267,000) of academy income was used to support the AET central services functions, which equates to 4.1% (2015: 3.4%) of the Trust's total expenditure for the year and 4.7% (2015: 3.7%) of the Trust's total income.

**c. GOING CONCERN**

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

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

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

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

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

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**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

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**d. FINANCIAL REVIEW**

The majority of academy income is obtained from the Department for Education (DfE) and Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to the Trust's educational objectives. The grants received from the DfE and EFA during the year ended 31 August 2015 and the associated expenditure are reported as restricted funds in the Statement of Financial Activities (SOFA).

The SOFA reports total incoming resources for the year of £31,921,000 (2015: £34,522,000), of which £31,009,000 was restricted funding received from the DfE and EFA, and total resources expended for the year of £37,067,000 (2015: £37,792,000).

Other losses for the year amounted to £5,915,000 (2015: £190,000 loss), which related to LGPS pension fund movements, resulting in a net movement in funds for the year of negative £11,061,000 (2015: negative £3,460,000).

Total funds at 31 August 2016 were £36,238,000 (2015: £47,299,000), of which £50,609,000 were restricted fixed asset funds including unspent capital funds, £282,000 were other restricted funds, £3,004,000 were unrestricted deficit funds and £11,649,000 were Local Government Pension Scheme pension fund deficits.

Total funds excluding fixed asset and pension funds at 31 August 2016 were a deficit of £2,722,000 (2015: deficit £549,000).

Two academies had funds deficits at 31 August 2015, excluding fixed asset and pension funds. Note 17 to the Financial Statements details the level of each deficit along with our actions taken and plans to address this going forward.

Total cash balances at 31 August 2016 were £14,000 (2014: £1,538,000).

The majority of academy buildings are leased from Local Authorities for a peppercorn rent. In accordance with the Charities SORP 2015 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 were treated as voluntary income in the Financial Statements, in the year of transfer to AET. In accordance with the Charities SORP 2015, such gifts are reported within the restricted fixed asset fund in the SOFA. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

The buildings of one academy are leased under a Private Finance Initiative (PFI) contract. The commitment under the PFI contract is disclosed as operating leases in note 22 and as such no valuation is included within fixed assets on the Balance Sheet for these buildings.

At 31 August 2016 the net book value of tangible fixed assets was £50,595,000 (2015: £52,756,000). Movements in tangible fixed assets are reported in note 13 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. The total deficit in the scheme at 31 August 2016 was £11,649,000 (2015: £5,204,000). Movements in the pension fund are reported in note 21 to the Financial Statements.

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

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**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

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**e. RESERVES POLICY**

The Trust's reserves policy is that each academy should build and maintain a sufficient level of funds in order to create stability and sustainability, and to serve the academy's short and long term plans, including future capital expenditure. The Trust aims to maintain a minimum level of funds, excluding fixed asset and pension funds, of 5% of total annual income, or £1,596,000. At 31 August 2016 the Trust had deficit funds, excluding fixed asset and pensions funds, of £2,722,000 representing -8.5% of total annual income (2015: -1.6%).

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

The Trust's deficit has increased from £549,000 in 2015 to £2,722,000 in 2016. The increased deficit is a result of large deficits in two of the academies of the trust and in-year deficits in both of the other academies. The deficit is managed by the centralised bank account of the parent company, Academies Enterprise Trust. The Trustees note that the deficit levels of reserves held by the Trust do not meet the current reserves policy but the support of Academies Enterprise Trust means that the Trust is not restricted in its day to day operation.

**f. 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.

**g. PRINCIPAL RISKS AND UNCERTAINTIES**

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

**Governance**

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

**People**

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

**Finance**

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

**Academy performance**

The Trust has an unrelenting focus on improving the performance of its academies and securing the best possible outcomes for its pupils. There is a significant risk to the Trust's success if it fails to continue to maintain and improve the Ofsted profile of its academies. The Trust has risk assessed each of its academies and keeps this under review.

The Trust is aware that the performance of too many of its secondary academies, particularly at Key Stage 4 remains a concern and needs improvement.

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**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

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**Plans for future periods**

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

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

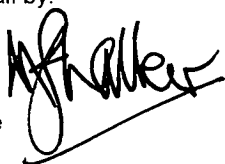
**DISCLOSURE OF INFORMATION TO AUDITORS**

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

- so far as 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.

This report was approved by order of the board of trustees as the company directors, on 15 December 2016 and signed on its behalf by:

Trustee



DR. M.J. WALKER

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**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Governance Statement**

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**SCOPE OF RESPONSIBILITY**

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

The board of trustees has delegated the day-to-day responsibility to the Group Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between London Academies Enterprise 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 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
I Comfort, Chief Executive	3	3
M Walker, Trustee	3	3
M Lees, Trustee	1	3
I Foster, Chair of Trustees	2	3

**FINANCIAL NOTICE TO IMPROVE**

The EFA issued a Financial Notice to Improve on 23 October 2014 as a consequence of concerns about the financial management and governance of the Trust. Specific concerns at the time about financial management related to the ability of the Trust to forecast and secure finances across the Group and the structures and processes for oversight of the financial management of the Trust and its academies. The Trust has subsequently strengthened its financial management processes and procedures, including strengthening the mechanisms and culture for holding academies accountable for financial performance.

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Group Chief Executive has responsibility for ensuring that the parent company (AET) delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the parent company (AET)'s use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the parent company (AET) has delivered improved value for money during the year through the following:

- Improvements in educational outcomes at all key stages;
- The work of our central Head of Procurement to consolidate procurement and supplier spend across the Trust, and taking advantage of our buying power as a large multi-academy Trust;
- Supporting our academies in undertaking tenders and obtaining supplier quotations. Through this support the Trust has lowered costs, improved value for money, and enabled academy staff to focus on front line services and spend less time on procurement processes, whilst giving confidence that all relevant procurement regulations are adhered to;
- Improving procurement practice, resulting in group savings of £252,242 in year across a range of areas, including paper, stationery, ICT hardware and broadband services, telephone calls, copiers, line rental, mobile phones, minibuses, cleaning materials, gas, catering services, food supplies and classroom materials.
- Negotiating improved discounts and reduced prices with a number of key suppliers. These new arrangements offer

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**Governance Statement (continued)**

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move favourable pricing and terms than academies have obtained in the past individually.

- Conducting a benchmarking exercise on the current costs of supply teaching compared to using an alternative method of provision, which estimated that an average saving of 13% could be achieved by moving to the new model. A pilot of this new supply model is being implemented in 2016/17.

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

- Procuring a managed service provider for IT support, as part of the parent company's broader IT strategy. The IT strategy will be implemented during 2016/17, with projected annual savings of approximately £3 million.
- Awarding a contract for a single academies management information system, across all of the group's academies, improving data capabilities and delivering projected annual savings of £0.7 million from April 2017.
- Awarding a contract for a new HR system and Payroll service which, once fully implemented across all group academies, will deliver annual savings of £112,000 compared to current costs. Implementation is planned for completion in May 2017.
- Consolidating our energy procurement requirements to derive additional value for money and to identify opportunities to reduce consumption and therefore cost. This has delivered some initial savings in energy costs and has also allowed us reclaim monies previously paid out for climate change levies and invoices that were incorrectly issued by suppliers. Further savings will follow as energy efficiency investments are implemented.

#### **THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

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

#### **CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the parent company (AET) is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the parent company (AET)'s significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

#### **THE RISK AND CONTROL FRAMEWORK**

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

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

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

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**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Governance Statement (continued)**

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The internal auditor's role includes giving advice on financial matters and performing a range of checks on the parent company (AET)'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.

**REVIEW OF EFFECTIVENESS**

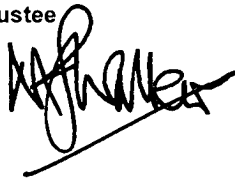
As Accounting Officer, the Group Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the parent company (AET) who have responsibility for the development and maintenance of the internal control framework.

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

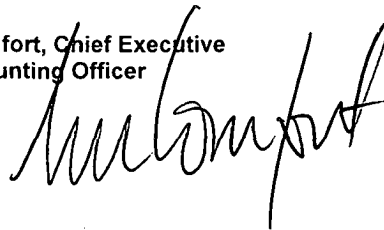
Approved by order of the members of the board of trustees on 15 December 2016 and signed on their behalf, by:

Trustee



DR. M. J. WALKER

I Comfort, Chief Executive  
Accounting Officer



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**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**

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**Statement on Regularity, Propriety and Compliance**

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

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

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

  
**I Comfort**  
**Accounting Officer**



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**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**

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

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

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


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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable 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 members of the board of trustees on 15 December 2016 and signed on its behalf by:

Trustee   
DR. M. J. WALKER

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**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**

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

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

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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

**EMPHASIS OF MATTER**

**Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.3 to the financial statements that LAET's ability to continue as a going concern depends on the cost saving initiatives being undertaken and the support of the Parent Charity until LAET is able to eliminate the current deficit on unrestricted funds. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

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**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**

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

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- 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.



Tina Allison (Senior Statutory Auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Chartered Accountants  
Statutory Auditors

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

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**LONDON ACADEMIES ENTERPRISE TRUST**  
(A Company Limited by Guarantee)

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

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In accordance with the terms of our engagement letter dated 24th October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by London Academies Enterprise Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of London Academies Enterprise Trust's funding agreement with the Secretary of State for Education dated [enter date here], and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Crowe Clark Whitehill LLP*

**Crowe Clark Whitehill LLP**  
Chartered Accountants  
Statutory Auditors  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

Date: 16 December 2016

**LONDON ACADEMIES ENTERPRISE TRUST**  
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and capital grants	2	2	-	-	2	35
Charitable activities	5	216	31,276	-	31,492	34,143
Other trading activities	3	419	-	-	419	330
Investments	4	8	-	-	8	14
<b>TOTAL INCOME</b>		<b>645</b>	<b>31,276</b>	<b>-</b>	<b>31,921</b>	<b>34,522</b>
<b>EXPENDITURE ON:</b>						
Raising funds		446	-	-	446	432
Charitable activities		1,483	32,645	2,493	36,621	37,360
<b>TOTAL EXPENDITURE</b>	6	<b>1,929</b>	<b>32,645</b>	<b>2,493</b>	<b>37,067</b>	<b>37,792</b>
<b>NET EXPENDITURE BEFORE TRANSFERS</b>		<b>(1,284)</b>	<b>(1,369)</b>	<b>(2,493)</b>	<b>(5,146)</b>	<b>(3,270)</b>
Transfers between Funds	17	(29)	(21)	50	-	-
<b>NET EXPENDITURE BEFORE OTHER GAINS AND LOSSES</b>		<b>(1,313)</b>	<b>(1,390)</b>	<b>(2,443)</b>	<b>(5,146)</b>	<b>(3,270)</b>
Actuarial losses on defined benefit pension schemes		-	(5,915)	-	(5,915)	(190)
<b>NET MOVEMENT IN FUNDS</b>		<b>(1,313)</b>	<b>(7,305)</b>	<b>(2,443)</b>	<b>(11,061)</b>	<b>(3,460)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		(1,691)	(4,062)	53,052	47,299	50,759
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>(3,004)</b>	<b>(11,367)</b>	<b>50,609</b>	<b>36,238</b>	<b>47,299</b>


**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**  
**Registered number: 7211219**

**Balance Sheet**  
**As at 31 August 2016**

	Note	£000	2016 £000	2015 £000
<b>FIXED ASSETS</b>				
Tangible assets	13		50,595	52,756
<b>CURRENT ASSETS</b>				
Stocks	14	33		36
Debtors	15	1,296		1,258
Cash at bank and in hand		14		1,538
		<u>1,343</u>		<u>2,832</u>
<b>LIABILITIES</b>				
<b>CREDITORS:</b> amounts falling due within one year	16	(4,051)		(3,085)
<b>NET CURRENT LIABILITIES</b>			(2,708)	(253)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			47,887	52,503
Defined benefit pension scheme liability			(11,649)	(5,204)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>36,238</u>	<u>47,299</u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted funds :				
Restricted income fund	17	282		1,142
Restricted fixed asset funds	17	50,609		53,052
Restricted funds excluding pension liability		<u>50,891</u>		<u>54,194</u>
Pension reserve	21	(11,649)		(5,204)
Total restricted funds			39,242	48,990
Unrestricted funds	17		(3,004)	(1,691)
<b>TOTAL FUNDS</b>			<u>36,238</u>	<u>47,299</u>

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

Trustee

 **DR. M. J. WALKER**

The notes on pages 22 to 40 form part of these financial statements.

**LONDON ACADEMIES ENTERPRISE TRUST**  
(A Company Limited by Guarantee)

**Statement of Cash Flows**  
**For the Year Ended 31 August 2016**

	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	(1,476)	(901)
<b>Cash flows from investing activities:</b>			
Interest and rents		6	14
Purchase of tangible fixed assets		(54)	(641)
<b>Net cash used in investing activities</b>		(48)	(627)
<b>Change in cash and cash equivalents in the year</b>		(1,524)	(1,528)
Cash and cash equivalents brought forward		1,538	3,066
<b>Cash and cash equivalents carried forward</b>		14	1,538

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**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

**1.2 Reconciliation with previous Generally Accepted Accounting Practice**

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

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

**1.3 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that, due to the support provided by the parent charity, Academies Enterprise Trust, the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.4 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 Department for Education 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 Department for Education.



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**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Income**

All income is recognised once the academy 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 Incorporating Income and Expenditure Account 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 Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

**1.6 Expenditure**

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

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

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

All resources expended are inclusive of irrecoverable VAT.

**1.7 Termination benefits**

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

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**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Tangible fixed assets and depreciation**

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

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

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

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

**1.9 Operating leases**

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

**1.10 Stocks**

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

**1.11 Interest receivable**

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

**1.12 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.

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**LONDON ACADEMIES ENTERPRISE TRUST**  
**(A Company Limited by Guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.13 Debtors**

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

**1.14 Cash at Bank and in hand**

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

**1.15 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

**1.16 Financial instruments**

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

At the balance sheet date the company held financial assets at amortised cost of £807,000 (2015: £2,273,000) and financial liabilities at amortised cost of £3,477,000 (2015: £2,579,000). There are no financial assets or liabilities held at fair value through profit or loss.

**1.17 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 , 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.

**LONDON ACADEMIES ENTERPRISE TRUST**  
(A Company Limited by Guarantee)

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

**1. ACCOUNTING POLICIES (continued)**

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

**1.18 Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Donations	2	-	-	2	35

In 2015, of the total income from donations and capital grants, £35,000 was to unrestricted funds and £NIL was to restricted funds

**LONDON ACADEMIES ENTERPRISE TRUST**  
(A Company Limited by Guarantee)

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

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Hire of facilities	227	-	227	169
Provided services	7	-	7	1
Sale of other goods and services	36	-	36	37
Academy trips	149	-	149	123
	<u>419</u>	<u>-</u>	<u>419</u>	<u>330</u>

In 2015, of the total income from other trading activities, £330,000 was to unrestricted funds and £NIL was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Investment income - local cash	8	-	8	14
	<u>8</u>	<u>-</u>	<u>8</u>	<u>14</u>

In 2015, of the total investment income, £14,000 was to unrestricted funds and £NIL was to restricted funds.

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**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	28,808	28,808	31,300
Start Up Grants	-	5	5	20
Pupil Premium	-	1,671	1,671	1,817
Other EFA Grants	-	389	389	393
Other DfE Grants	-	136	136	140
	-	31,009	31,009	33,670
<b>Other government grants</b>				
Local Authority Grants	-	242	242	320
Other Government Grants	-	25	25	80
	-	267	267	400
<b>Other funding</b>				
Sundry Income	216	-	216	73
	216	-	216	73
	216	31,276	31,492	34,143

In 2015, of the total income from charitable activities, £73,000 was to unrestricted funds and £34,070,000 was to restricted funds.

There were no unfulfilled conditions relating to any of the government funding received.

**6. EXPENDITURE**

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Expenditure on fundraising trading	102	80	264	446	432
Trust's Educational:					
Direct costs	21,902	1,882	2,005	25,789	26,366
Support costs	3,132	2,504	5,196	10,832	10,994
	25,136	4,466	7,465	37,067	37,792

In 2016, of the total expenditure, £1,929,000 (2015 - £2,555,000) was to unrestricted funds and £34,949,000 (2015 - £35,237,000) was to restricted funds.

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**Notes to the Financial Statements**  
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**7. CHARITABLE ACTIVITIES**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>DIRECT COSTS</b>		
Direct costs - educational operations	25,789	26,366
	<u>25,789</u>	<u>26,366</u>
<b>SUPPORT COSTS</b>		
Staff costs	3,132	3,127
Depreciation	332	326
Technology costs	234	291
Premises	2,090	2,267
Other support costs	5,031	4,930
Governance	13	53
Total support costs	<u>10,832</u>	<u>10,994</u>
Total Direct and Support costs	<u><u>36,621</u></u>	<u><u>37,360</u></u>

**8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets:		
- owned by the charity	2,215	2,172
Auditors' remuneration - audit	7	6
Auditors' remuneration - other services	-	3
Operating lease rentals	144	164
PFI Leases	<u>1,589</u>	<u>1,623</u>

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**Notes to the Financial Statements**  
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**9. STAFF COSTS**

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	19,307	19,660
Social security costs	1,781	1,633
Operating costs of defined benefit pension schemes	2,739	2,455
	<u>23,827</u>	<u>23,748</u>
Agency staff costs	1,143	1,428
Staff restructuring costs	166	136
	<u>25,136</u>	<u>25,312</u>

Staff restructuring costs comprise:

	2016 £000	2015 £000
Redundancy payments	124	8
Severance payments	42	128
	<u>166</u>	<u>136</u>

There were no non-statutory/non-contractual severance payments made in the period (2015: £NIL)

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

	2016 No.	2015 No.
Teachers	273	278
Administration & Support	278	306
Management	54	51
	<u>605</u>	<u>635</u>

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

	2016 No.	2015 No.
In the band £ 60,001 - £ 70,000	10	6
In the band £ 70,001 - £ 80,000	6	6
In the band £ 80,001 - £ 90,000	1	0
In the band £ 90,001 - £100,000	1	0
In the band £100,001 - £110,000	1	2
In the band £120,001 - £130,000	1	1

All of the above employees participated in the Teachers' Pension Scheme.

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1. None of these key management personnel receive remuneration from the Trust, but remuneration of key management personnel is disclosed in the accounts of the parent company, Academies Enterprise Trust.



**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**10. CENTRAL SERVICES**

LAET does not provide central services to its academies. These services are provided to the academies of the LAET by the parent company, Academies Enterprise Trust.

**11. TRUSTEES' REMUNERATION AND EXPENSES**

During the year, no Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

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

**13. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost</b>				
At 1 September 2015	55,993	1,394	2,253	59,640
Additions	29	-	25	54
At 31 August 2016	56,022	1,394	2,278	59,694
<b>Depreciation</b>				
At 1 September 2015	4,713	759	1,412	6,884
Charge for the year	1,120	448	647	2,215
At 31 August 2016	5,833	1,207	2,059	9,099
<b>Net book value</b>				
At 31 August 2016	50,189	187	219	50,595
At 31 August 2015	51,280	635	841	52,756

**14. STOCKS**

	2016 £000	2015 £000
Finished goods and goods for resale	33	36

**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**15. DEBTORS**

	2016 £000	2015 £000
Trade debtors	121	90
Amounts owed by group undertakings	350	295
VAT recoverable	279	488
Other debtors	23	44
Prepayments and accrued income	523	341
	<u>1,296</u>	<u>1,258</u>

**16. CREDITORS: Amounts falling due within one year**

	2016 £000	2015 £000
Trade creditors	535	992
Amounts owed to group undertakings	970	-
Other taxation and social security	406	382
Other creditors	275	265
Accruals and deferred income	1,865	1,446
	<u>4,051</u>	<u>3,085</u>

	2016 £000	2015 £000
<b>Deferred income</b>		
Deferred income at 1 September 2015	124	110
Resources deferred during the year	168	124
Amounts released from previous years	(124)	(110)
Deferred income at 31 August 2016	<u>168</u>	<u>124</u>

At the balance sheet date the academy trust was holding funds received in advance for Devolved Formula Capital Grant, Rates relief and SEN funding.

**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**17. STATEMENT OF FUNDS**

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
<b>Unrestricted funds</b>						
General Funds - all funds	(1,691)	645	(1,929)	(29)	-	(3,004)
<b>Restricted funds</b>						
General Annual Grant (GAG)	1,142	28,635	(29,482)	(21)	-	274
Other DfE/EFA	-	2,188	(2,180)	-	-	8
Other restricted	-	453	(453)	-	-	-
Pension reserve	(5,204)	-	(530)	-	(5,915)	(11,649)
	(4,062)	31,276	(32,645)	(21)	(5,915)	(11,367)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	52,756	-	(2,215)	54	-	50,595
Capital fund	296	-	(278)	(4)	-	14
	53,052	-	(2,493)	50	-	50,609
Total restricted funds	48,990	31,276	(35,138)	29	(5,915)	39,242
Total of funds	47,299	31,921	(37,067)	-	(5,915)	36,238

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

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

Transfers between funds relate to the purchase of fixed assets from GAG and from unrestricted funds.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
Aylward Academy	(1,468)	(502)
Bexleyheath Academy	12	377
Kingsley Academy	282	943
Nightingale Academy	(1,548)	(1,367)
Total before fixed asset fund and pension reserve	(2,722)	(549)
Restricted fixed asset fund	50,609	53,052
Pension reserve	(11,649)	(5,204)
Total	36,238	47,299

**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**17. STATEMENT OF FUNDS (continued)**

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

Name of academy	Amount of deficit £
Aylward Academy	1,468
Nightingale Academy	1,548

**Aylward Academy**

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

**Nightingale Academy**

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

At Group level, financial planning review and cost reduction strategies are being implemented through 2016/17 and beyond. IT and Support services will be transformed to reduce academy operational costs and improve efficiencies locally, in clusters and Group-wide. Curriculum and financial sustainability reviews are being undertaken in key academies, including many with existing reserve deficits below, comprising curriculum staffing reviews, future pupil and income projections, and the effectiveness and efficiency of bought-in services. This will accelerate the speed of such deficits being eradicated.

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2016 £000	Total 2015 £000
Aylward Academy	7,306	1,072	150	2,265	10,793	11,253
Bexleyheath Academy	6,770	958	121	3,357	11,206	10,873
Kingsley Academy	4,377	619	212	1,204	6,412	6,535
Nightingale Academy	3,494	578	73	1,528	5,673	6,810
LAET	-	-	-	-	-	9
	<u>21,947</u>	<u>3,227</u>	<u>556</u>	<u>8,354</u>	<u>34,084</u>	<u>35,480</u>

**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	50,595	50,595	52,756
Current assets	282	1,047	14	1,343	2,832
Creditors due within one year	(3,286)	(765)	-	(4,051)	(3,085)
Provisions for liabilities and charges	-	(11,649)	-	(11,649)	(5,204)
	<u>(3,004)</u>	<u>(11,367)</u>	<u>50,609</u>	<u>36,238</u>	<u>47,299</u>

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

	2016 £000	2015 £000
Net expenditure for the year (as per Statement of financial activities)	(5,146)	(3,270)
<b>Adjustment for:</b>		
Depreciation charges	2,215	2,172
Dividends, interest and rents from investments	(6)	(14)
Decrease/(increase) in stocks	3	(1)
(Increase)/decrease in debtors	(38)	539
Increase/(decrease) in creditors	966	(686)
Defined benefit pension scheme cost less contributions payable	530	359
<b>Net cash used in operating activities</b>	<u>(1,476)</u>	<u>(901)</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £000	2015 £000
Cash in hand	14	1,538
<b>Total</b>	<u>14</u>	<u>1,538</u>

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**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**21. PENSIONS AND SIMILAR OBLIGATIONS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the 3 different Local Government Pension Funds. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £268,000 were payable to the schemes at 31st August 2016 (2015 - £255,000) and are included within creditors.

**Teachers' Pension Scheme**  
**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £1,908,000 (2015: £1,700,000).

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

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**Notes to the Financial Statements**  
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**21. PENSIONS AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £1,084,000 (2015: £1,071,000) of which employer's contributions totalled £797,000 (2015: £778,000) and employees' contributions totalled £287,000 (2015: £293,000). The agreed contribution rates for future years are variable based on pay.

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

The LGPS is in a deficit position and an agreement has been made for the Trust to make additional contributions in addition to the normal funding levels. These contributions amounted to £161,512 for the year to 31 August 2016.

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

London Borough of Bexley Pension Fund  
London Borough of Enfield Pension Fund  
London Borough of Hounslow Pension Fund

**Summary**

The following figures are a summary of the named Local Government Pension Funds which provide pensions for the Trust's employees. In the 3 schemes above there were 4 academies (2015: 4).

	2016 £000	2015 £000
Equities	6,791	4,925
Government bonds/gilts	1,048	566
Other bonds	1,118	1,335
Property	1,019	792
Cash/Liquidity	393	342
Other	2,260	1,782
<b>Total market value of assets</b>	<b>12,629</b>	<b>9,742</b>
<b>Present value of scheme liabilities:</b>		
- Funded	(24,278)	(14,946)
- Unfunded	-	-
<b>Deficit in the scheme</b>	<b>(11,649)</b>	<b>(5,204)</b>

The actual return on scheme assets was £1,945,000 (2015: £268,000).

**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**21. PENSIONS AND SIMILAR OBLIGATIONS (continued)**

**Amounts recognised in the Statement of Financial Activities**

	2016 £000	2015 £000
Current service cost (net of employee contributions)	1,114	1,122
Past service cost	-	30
Net interest cost	199	129
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	14	2
<b>Total operating charge</b>	<b>1,327</b>	<b>1,283</b>

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

	2016 £000	2015 £000
<b>At 1 September</b>	<b>14,946</b>	<b>13,183</b>
Current service cost	1,114	1,122
Interest cost	596	527
Employee contributions	287	293
Actuarial losses (gains)	7,464	(84)
Benefits paid	(129)	(125)
Past service cost	-	30
Plan introductions, benefit changes, curtailments & settlements	-	-
<b>At 31 August</b>	<b>24,278</b>	<b>14,946</b>

**Movements in the fair value of the Trust's share of scheme assets were as follows:**

	2016 £000	2015 £000
<b>At 1 September</b>	<b>9,742</b>	<b>8,528</b>
Interest income	397	398
Actuarial gain / (loss)	1,549	(128)
Administration costs	(14)	(2)
Employer contributions	797	778
Employee contributions	287	293
Benefits paid	(129)	(125)
Plan introductions, benefit changes, curtailments & settlements	-	-
<b>At 31 August</b>	<b>12,629</b>	<b>9,742</b>



**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**21. PENSIONS AND SIMILAR OBLIGATIONS (continued)**

The following are the principal assumptions used in the 3 local authority pension funds.

**Principal actuarial assumptions**

	----- 2016 -----			----- 2015 -----		
	From %	To %	Average %	From %	To %	Average %
Rate of increase in salaries <sup>1</sup>	3.3	4.1	3.6	3.6	4.5	4.0
Rate of increase for pensions in payment / inflation	1.9	2.3	2.0	2.1	2.7	2.4
Discount rate for scheme liabilities	2.0	2.2	2.1	3.8	4.0	3.9
Inflation assumption (CPI)	1.8	2.3	2.0	2.1	2.7	2.4
Commutation of pensions to lump sums (pre April 2008/April 2010 service)	50.0	70.0	56.7	50.0	70.0	56.7
Commutation of pensions to lump sums (post April 2008/April 2010 service)	50.0	70.0	56.7	50.0	70.0	56.7

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

	----- 2016 -----			----- 2015 -----		
	From yrs	To yrs	Average yrs	From yrs	To yrs	Average yrs
<i>Retiring today</i>						
Males	22.1	24.6	23.3	22.1	24.5	23.2
Females	25.6	27.8	26.7	25.5	27.7	26.6
<i>Retiring in 20 years</i>						
Males	24.4	26.7	25.5	24.2	26.6	25.4
Females	28.5	30.1	29.2	28.4	30.0	29.1

<sup>1</sup> Actuaries used the lowest rate in 2 academies and the highest in 1 academy.

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**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**22. OPERATING LEASE COMMITMENTS**

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

	2016 £000	2015 £000
<b>Amounts payable:</b>		
Within 1 year	1,795	1,728
Between 1 and 5 years	6,772	6,822
After more than 5 years	19,911	21,500
<b>Total</b>	<b>28,478</b>	<b>30,050</b>

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

**23. 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 transactions took place with related parties during the period:

With Academies Enterprise Trust, parent company

Recharge of staff costs - £22,173

Recharge of centrally purchased services - £152,828

At the balance sheet date LAET academies owed the parent company £970,483 relating to academy creditor balances, the August central services charge and the deficit underwritten by the parent company.

At the balance sheet date the parent company owed LAET academies £112,299 relating to VAT refunded by HMRC.

**24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The parent company and ultimate controlling party is Academies Enterprise Trust, 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 Kilnfield House, Station Approach, Hockley, Essex SS5 4HS.

**25. MEMBERS' LIABILITY**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

**26. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

**LONDON ACADEMIES ENTERPRISE TRUST**  
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**Detailed Income and Expenditure Account**  
**For the Year Ended 31 August 2016**

	2016 £000	2015 £000
<b>INCOME</b>		
General Annual Grant (GAG)	28,808	31,300
Start Up Grants	5	20
Pupil Premium	1,671	1,817
Other EFA Grants	389	393
Other DfE Grants	136	140
Local Authority Grants	242	320
Other Government Grants	25	80
Sundry Income	216	74
Donations	2	35
Bank interest	8	14
Hire of facilities income	227	169
Provided services income	7	4
Sale of other goods and services	36	33
Academy trips	149	123
<b>TOTAL INCOME</b>	<b>31,921</b>	<b>34,522</b>

**LONDON ACADEMIES ENTERPRISE TRUST**  
(A Company Limited by Guarantee)

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

	2016 £000	2015 £000
<b>LESS: EXPENDITURE</b>		
<b>Staff costs</b>		
Teaching staff	16,598	16,455
Educational support staff	4,146	4,448
Premises staff	392	449
Admin & Clerical staff	2,331	2,289
Midday supervisory staff	198	220
Agency staff	1,143	1,428
Redundancy costs	166	136
LGPS deficit contributions	161	98
FRS17 costs	341	140
	<u>25,476</u>	<u>25,663</u>
<b>Maintenance of premises</b>		
Buildings maintenance	643	753
Grounds maintenance	34	36
	<u>677</u>	<u>789</u>
<b>Other occupancy costs</b>		
Cleaning	581	536
Water	53	115
Fuel	544	621
Rent	-	8
Rates	187	135
Insurance	121	128
Security	9	7
PFI Management fee	1,589	1,623
Other	28	28
	<u>3,112</u>	<u>3,201</u>
<b>Educational supplies and services</b>		
Books	55	55
Educational equipment	207	264
Stationery & materials	117	141
Transport	49	48
Examination fees	458	520
Professional fees - educational	346	372
Licences & subscriptions	17	19
Offsite provision	116	184
School trips & activities	181	234
	<u>1,546</u>	<u>1,837</u>
<b>Other supplies and services</b>		
Catering	620	700
Legal & professional fees	332	469
Central services	1,361	1,258
Auditor's remuneration	7	9

**LONDON ACADEMIES ENTERPRISE TRUST**  
(A Company Limited by Guarantee)

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

	2016 £000	2015 £000
Bank interest & charges	2	3
Pupil recruitment & support	151	174
Office expenses	296	376
Equipment rental & leasing	111	164
	<u>2,880</u>	<u>3,153</u>
<b>Other costs</b>		
Furniture & equipment	24	17
Technology costs	316	386
Staff development & recruitment	471	519
Non recoverable VAT expenditure	21	22
Charitable donations	140	-
	<u>34,663</u>	<u>35,587</u>
<b>TOTAL EXPENDITURE</b>		
	<u>(2,742)</u>	<u>(1,065)</u>
<b>NET EXPENDITURE FROM CHARITABLE SOURCES</b>		
<b>OTHER EXPENDITURE</b>		
<b>Sub-Header</b>		
Depreciation	(2,215)	(2,172)
	<u>(4,957)</u>	<u>(3,237)</u>
<b>NET EXPENDITURE FOR THE YEAR</b>		