

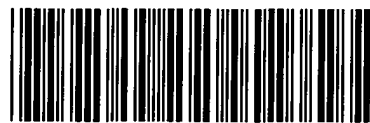
Registered number: 7211219

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2014

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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)

Reference and Administrative Details of the Trust, its Trustees and Advisers
For the Year Ended 31 August 2014

Trustees

I Foster, Chair of Trustees
I Comfort, Chief Executive (appointed 1 September 2013)
S Leverett, Trustee
J Delandes, Trustee
D Triggs (resigned 6 September 2013)
M Walker, Trustee
M Lees, Trustee

Company registered number

7211219

Principal and registered office

Kilfield House, Foundry Business Park, Station Approach, Hockley, Essex, SS5 4HS

Chief executive officer

I Comfort

Senior management team

I Comfort, Group Chief Executive
I Deans, Group Finance Director
R Bassett, Regional Director
K Parish, HR Director

Independent auditors

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

Bankers

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

Solicitors

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

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report
For the Year Ended 31 August 2014

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of London Academies Enterprise Trust (the Trust) for the year ended 31 August 2014. The Trustees confirm that the Annual Report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. CONSTITUTION

The Trust is a company limited by guarantee and an exempt charity. The Trust's Memorandum and Articles of Association are its primary governing documents. The trustees are also directors of the charitable company for the purposes of company law.

The Trust is constituted under a Memorandum of Association dated 01/04/2010.

b. MEMBERS' LIABILITY

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

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. Trustees are subject to retirement after four years but are eligible for appointment at the meeting at which they retire.

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

The training and induction provided for new trustees depends on their existing experience. The training offered is on charity and educational, legal and financial matters. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

e. ORGANISATIONAL STRUCTURE

The management structure consists of three levels: the trustees, the executive and the local governing bodies in academies. The Trust has a funding agreement with the Secretary of State for Education. As a multi-academy trust in receipt of public funding, the Chief Executive Officer ("CEO") also holds the role of government Accounting Officer. The current management structure is based on devolved responsibility that encourages involvement in decision making at all levels. The Executive Board, Audit and Risk Committee and Remuneration Committee report to the Board.

The local governing bodies are responsible for setting general policy within the Trust's overall policy framework, adopting an annual plan and budget, monitoring the Academies by the use of budgets and making operational decisions about the running of the Academies, capital expenditure and senior staff appointments.

Some local governing bodies have established sub-committees, which have delegated responsibilities for specific areas. These committees are often Finance and Premises, Personnel, Standards and Discipline. Each committee has clear terms of reference and reports back to the main local governing body meetings.

f. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

LAET is a subsidiary company of Academies Enterprise Trust (AET). This relationship is discussed in note 28, Related party transactions. Full details are disclosed in AET group accounts.

LONDON ACADEMIES ENTERPRISE TRUST
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Trustees' Report (continued)
For the Year Ended 31 August 2014

g. RISK MANAGEMENT

The Trustees have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. Please refer to the risk management section of the Strategic Report for more information.

h. TRUSTEES' INDEMNITIES

A qualifying third party indemnity provision is in force for the benefit of one or more directors of the company.

Objectives and Activities

a. OBJECTS AND AIMS

The principal object of the Trust is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies, by offering a broad curriculum with a strong emphasis on numeracy and literacy.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The Greensward Charitable Trust when deciding to set up LAET articulated our moral purpose as:

"...to provide outstanding education to all children and young people. We are fully inclusive in our provision in terms of social background, ability, ethnicity, religion, gender, or sexuality. We strive to ensure access for all to educational excellence in preparing young people for their futures, seeking to continually improve levels of attainment and progress for all, and secure the highest levels of achievement appropriate to the individual learner. We believe that education should be a seamless experience from pre-school to adulthood, that is challenging and inspiring, and which makes a significant contribution to the social and economic well-being of the local community and the nation".

The Trust holds us all to account for the delivery of this moral purpose and receives regular updates from the board through general meetings of the members of LAET.

We have a clear and challenging vision:

To deliver world-class learning outcomes; employing and developing world-class staff, and enabling sustainable world-class communities".

Our vision is supported by three core values that are integral to our success.

We aim to be:

The education provider of choice for pupils and students

Our ambition as the education provider of choice for children and young people is to do everything we can to ensure that our pupils and students achieve outstanding results at all stages and ages appropriate to their ability. In order to do that, we need our pupils and students to attend school and enjoy learning. Part of that enjoyment is in co-curricular activities that give our pupils and students opportunities to engage in sport, performing arts and activities that develop teamwork and leadership.

The investment of choice for parents

Our aim is to make each of our 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. We want our parents to be assured that their child receives high quality tuition, provided by teachers who are all assessed as good or outstanding and who are skilled in the subject/phase they are teaching.

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Report (continued)
For the Year Ended 31 August 2014

The employer of choice for staff

Our aim is to make our organisation and our academies the first choice for leaders, teachers and support staff. We want to recruit, develop and retain the best staff, provide them with good conditions of service and flexible benefits. We aim to reward success through effective appraisal and support our people by providing opportunities for on-going professional development.

Implicit in these core values and underpinning the way that we work is our belief in:

- Respect for individuals - we work together to create a culture based on trust, respect and dignity.
- Integrity - we are open, honest and direct in our dealings
- Collaboration – we know that there is strength in working together, communicating, sharing ideas and best practice and finding more efficient and effective ways to deliver our objectives
- Continual improvement – we are a learning organisation that strives always to 'make our best better.'
- Accountability – we hold ourselves accountable and take ownership of those things for which we are responsible.

c. PUBLIC BENEFIT

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. A review of the significant activities has been undertaken by the Trustees in the financial year 2013/14 to further the charitable purposes for the public benefit.

The purpose of the Trust is to offer a world class education to 5 -19 year olds within the communities that we operate.

Inextricably linked with this purpose is the aim of contributing to the public good. Through the provision of incidental educational activities and other activities, the LAET aims to contribute considerable benefits to the local community. Over the last year such events have included the following:-

- The opening of an all-weather 3G Astro-turf pitch which is available to local sports groups for out of school hour use.
- Health and Social Care students organised an Activity Day at a local school for children with severe learning difficulties tailored to meet their special needs.
- Community Arts Project with feeder primaries working with an artist in residence leading to a public gallery exhibition.
- Community Workshop with parents and a feeder primary school to design and build carnival floats on the theme of Fantastic Mr Fox for the City of London Festival.
- Secondary summer school open to Year 5 primary school children to develop their literacy and numeracy skills.
- After school activities working with the local premiership football club and the police to provide a safe multi-sports environment open to children in the area.

The LAET has given a high priority to providing public benefit to a cross section of the community, but perhaps the greatest benefit that the LAET offers is the provision of an education that maximises the potential to develop principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society.

LONDON ACADEMIES ENTERPRISE TRUST
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Trustees' Report (continued)
For the Year Ended 31 August 2014

STRATEGIC REPORT

Achievements and performance

a. GOING CONCERN

The Education Funding Agency has 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 Education Funding Agency, 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.

The Trust has provided the Education Funding Agency with an action plan to address the Notice which will be reviewed by March 2015, when the Trust expects the Notice to be lifted.

The directors 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, Strategic Report, Governance Statement and Statement of Regularity and Propriety.

Noting the above, and after making appropriate enquiries, the board of Trustees has a reasonable expectation that the company has adequate resources to continue its activities for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies. The trustees via the LAET Board gain assurance of future plans following review and approval of medium and long term corporate plans, budgets and discussions.

b. KEY PERFORMANCE INDICATORS

With the first two Mayor's Academies opening in September 2010 (Nightingale and Aylward), the London Academies Enterprise Trust (LAET) has now grown to four secondary academies with Bexleyheath Academy joining on 1 September 2012 and Kingsley Academy opening 1 April 2013.

Financial KPIs:

	AY 13/14	AY12/13	ATY11/12
GAG & Pupil Premium% Total income (excluding capital)	95%	92%	88%
Funding reserves (general & unrestricted as % Income)	1.4%	3.2%	1.0%
Cash balances ratio	9%	8%	6%
Current ratio (current assets/creditors)	1.3	1.4	1.2

The trending of these KPIs demonstrates the focus and attention the Trust has to its liquidity, reserves and funding streams.

Education performance and achievement:

The LAET GCSE results, for the 4 academies combined, improved between 2012 and 2013. In 2013, we saw an increase of 1 percentage point in the measure of 5 GCSEs at grade C or above, including English and mathematics ("5ACEM") compared to a decrease nationally of 0.8 percentage points. However in 2014, major changes were made to Key Stage 4 performance measures, which has resulted in a drop in overall performance. 44% of students achieved 5ACEM compared to 46% in 2013.

Students are expected to make three levels of progress between Key Stage 2 and Key Stage 4 separately in English and mathematics. The percentage of students in LAET academies making expected progress by subject are as follows:

- English: 72% (up 5 percentage points from 67% in 2013)
- Mathematics: 61% (down 8 percentage point from 69% in 2013)

The national English result for 2014 was 71% of students making three levels of progress (70% in 2013) and for mathematics it was 65% (71% in 2013). Further analysis is taking place to understand the dip in the mathematics result.

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Trustees' Report (continued)
For the Year Ended 31 August 2014

To ensure that standards are continually moving forward the LAET operates with the objective of making our best better. This is done by constant challenge, support and monitoring of all aspects of the academies including a programme of lesson observation, visits by inspectors and analysis of data that highlights areas for intervention and improvement. Assessment and results can be tracked from entry through each Key Stage to assess progress and can be compared across the LAET and nationally. All of the academies undergo an Ofsted based review in preparation for the official Ofsted inspections and all receive training from Ofsted inspectors. These reviews are very helpful in raising standards and ensuring that all students/pupils are achieving their full potential.

By July 2014, 75% of LAET academies were judged good or better by Ofsted compared to 50% at July 2013.

We have been able to broaden the range of opportunities for our students by creating partnerships with a number of businesses, large and small. This includes developing innovative programmes with large employers such as Transport for London, which has co-funded a Classroom to Boardroom challenge that has not only improved the confidence, motivation, team work and leadership skills of the students that participated in the programme, but it has also opened up access to work experience and apprenticeships in the transport sector across a range of disciplines, including engineering.

We firmly believe that all young people deserve to become world class learners, to learn, enjoy, succeed and thrive in a world class educational environment, which has the best facilities, the best teaching and the most up to date resources available to them.

Our ambition is to ensure that they have every opportunity available to achieve their full potential, broaden their horizons and become active, prosperous and successful citizens in the world around them. To achieve this, each academy, whether from the primary, secondary or special phase, will become high performing as quickly as possible.

Our core principle is to devolve accountability to the nearest point of delivery including the governors of academies, the leaders at every level and to students and teachers in classrooms. We want to ensure that each and every one of us working in and across our academies is held to account, to maintain and continually improve what we do for the benefit of all, to maximise educational opportunity for all and to live and breathe our vision and values. We are committed to doing everything we can to ensure that our students can compete on the world stage with the skills, confidence and flair to generate new ideas and new initiatives.

Our Mission is to inspire all to make their best better.

Our Vision is to ensure we deliver world-class learning outcomes, employing and developing world-class staff, and enabling sustainable communities, as fundamental outcomes of our corporate social responsibility strategy.

LAET's plans for the future will focus on three clear goals for the organisation:

- i) Sustainable improvement in attainment and progress outcomes overall for pupils in our academies;
- ii) Academies in a category making speedier progress, moving out of a category quickly and not slipping back in; and
- iii) the Ofsted profile for LAET academies shifting in two years towards at least two-thirds good or outstanding.

To achieve these goals the following strategic priorities are becoming more operational throughout the organisation:

- Provide strong governance, leadership and accountability;
- Build the capacity of our academies to continually improve their performance;
- Close the gap in educational outcomes by having high expectations of all children and young people;
- Improve our organisation capability by investing in our people;
- Deliver high quality, value-for-money support services.

c. FINANCIAL REVIEW

Most of the Academies' income is obtained from the DFE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DFE during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The buildings of Bexleyheath Academy are leased under a PFI contract, the commitments under the PFI contract are disclosed as operating lease commitments in Note 27. The rest of the Academies' buildings are leased from Local Authorities for a peppercorn rent. In accordance with SSAP21, 'Accounting for Leases and Hire Purchase Contracts', the buildings on long (typically 125 year) leases from County Council and Local Authorities have been recognised as tangible fixed assets in the accounts and the value of the buildings treated as voluntary income in the accounts, in the year of

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Trustees' Report (continued)
For the Year Ended 31 August 2014

transfer to the LAET. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such gifts are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2014, total expenditure of £48,043,000 was entirely covered by recurrent grant funding from the DfE together with other incoming resources. Excluding fixed assets and pension funds, there was an in-year deficit of £544,000. Restricted general fund balances have reduced from £326,000 at 31 August 2013 to a deficit of £222,000 at 31 August 2014, due to a GAG reclaim of £1M. Unrestricted fund balances have increased from £729,000 to £733,000 over the same period.

At 31 August 2014 the net book value of fixed assets was £54,287,000. Movements in tangible fixed assets are shown in note 16 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 the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with the provisions of FRS17. There is an overall deficit in the scheme of £4,655,000. The in-year deficit of £269,000 was due to an excess of costs over contributions of £201,000 and an actuarial loss of £68,000.

Financial review

a. FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

As outlined in our risk management policy, risk management is a central part of our strategic management and culture. It is the process whereby the Trust methodically addresses the risks attached to its activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.

The trustees have implemented a risk management process to identify, evaluate and manage risks across the organization through corporate, departmental and operational risk registers. Special focus is around operational areas (e.g. in relation to teaching, health and safety, bullying, vetting of new staff and visitors, supervision of school grounds and school trips) and also in relation to the control of finances. Where significant financial risk still remains the trustees have ensured that they have adequate insurance cover.

As trustees, we acknowledge we have overall responsibility for ensuring that the Trust has an effective, sound and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust which enables us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities while complying with relevant laws and regulations.

Our system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties, monitoring of controls, training of staff and a system of delegation and accountability.

The purpose of the Trust's Finance Regulations manual is to: provide instruction and guidance to chairs of local governing bodies, academy principals and heads, academy finance officers and our central support staff; and ensure that each academy within the Trust and its subsidiaries ("the Group") maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management.

In addition, the trustees have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the Trust it should, as a publicly funded body, adopt these guidelines as best practice.

Baker Tilly as an independent internal audit function provides further assurance to the trustees. Baker Tilly carries out a risk based analysis and review process of the core financial areas in each academy on an annual basis, reporting back to the executive and the Audit and Risk Committee with recommendations. A Responsible Officer (RO) role remains for each academy and includes giving advice on financial matters and performing a range of checks on each academy's financial systems.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions

LONDON ACADEMIES ENTERPRISE TRUST
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Trustees' Report (continued)
For the Year Ended 31 August 2014

are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

b. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks have been identified as:

Reputational – the continued success of attracting sufficient numbers of students to the academies by maintaining and improving educational standards and maintaining the LAET moral purpose and offering.

Government funding / Financial – the trust has considerable reliance on the continued government funding through the EFA/DfE and there is no assurance that government policy or practise will remain the same and funding will remain at the same levels or on the same basis. A national funding formula and the funding of higher needs students is being implemented in 2014/15.

Staffing – the ability to retain, recruit and train quality staff and managers.

Safeguarding and child protection – our moral purpose is to seek to secure a place in a good school as a fundamental entitlement for every child and ensure the highest standards of selection and monitoring of staff, the operation of child protection policies, health and safety and discipline.

Governance and Management – the risk is the failure to effectively manage the academies' finances, controls and education and operational performance.

Maintaining adequate funding of pension liabilities – the financial statements report the increase in pension scheme deficit under the requirements of FRS17. This may fluctuate over time based on economic and Local Authority investment policy.

This is a long-term liability where it is hoped that it will reduce in future by employer contributions and additional lump sum payments.

c. RESERVES POLICY

The Trustees review the reserve levels of the each Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The revenue and capital policy of each academy is to carry forward a prudent level of resources to meet the long-term cyclical needs of renewal and fund future capital expenditure including where possible any other unforeseen contingencies, subject to the level of constraints on annual resources.

Note 20 includes details of funds currently in deficit along with our plans to address this going forward.

d. MATERIAL INVESTMENTS POLICY

London Academies Enterprise Trust (LAET) aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, LAET aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Surplus funds identified from time to time above a protected base level for working capital can be invested with or via the following Instruments;

- Interest bearing Bank Deposit accounts
- Bonds
- Treasury Bills
- Money Market Funds via Financial Conduct Authority banks

It is the intention of LAET to make investments in ways that are consistent with the values of the LAET as expressed in the mission statement and ethos.

LONDON ACADEMIES ENTERPRISE TRUST
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Trustees' Report (continued)
For the Year Ended 31 August 2014

Plans for future periods

a. PLANS FOR FUTURE PERIODS

We firmly believe that all young people deserve to become world class learners, to learn, enjoy, succeed and thrive in a world class educational environment, which has the best facilities, the best teaching and the most up to date resources available to them.

Our ambition is to ensure that they have every opportunity available to achieve their full potential, broaden their horizons and become active, prosperous and successful citizens in the world around them. To achieve this, each academy, whether from the primary, secondary or special phase, will become high performing as quickly as possible.

Our core principle is to devolve accountability to the nearest point of delivery including the governors of academies, the leaders at every level and to students and teachers in classrooms. We want to ensure that each and every one of us working in and across our academies is held to account, to maintain and continually improve what we do for the benefit of all, to maximise educational opportunity for all and to live and breathe our vision and values. We are committed to doing everything we can to ensure that our students can compete on the world stage with the skills, confidence and flair to generate new ideas and new initiatives.

Our Mission is to inspire all to make their best better.

Our Vision is to ensure we deliver world-class learning outcomes, employing and developing world-class staff, and enabling sustainable communities, as fundamental outcomes of our corporate social responsibility strategy.

LAET's plans for the future will focus on three clear goals for the organisation:

- i) Sustainable improvement in attainment and progress outcomes overall for pupils in our academies;
- ii) Academies in a category making speedier progress, moving out of a category quickly and not slipping back in, and;
- iii) the Ofsted profile for LAET academies shifting in two years towards at least two-thirds good or outstanding.

To achieve these goals the following strategic priorities are becoming more operational throughout the organisation:

- Provide strong governance, leadership and accountability;
- Build the capacity of our academies to continually improve their performance;
- Close the gap in educational outcomes by having high expectations of all children and young people;
- Improve our organisation capability by investing in our people;
- Deliver high-quality, value-for-money support services.

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 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report, incorporating the Strategic Report, was approved by order of the board of Trustees, as the company directors, on 9 September 2014 and signed on the board's behalf by:


I Foster
Chair of Trustees


I Comfort
Accounting Officer

LONDON ACADEMIES ENTERPRISE TRUST
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Governance Statement

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 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 Trustees' Responsibilities Statement. 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 Foster, Chair of Trustees	3	3
I Comfort, Chief Executive	3	3
S Leverett, Trustee	2	3
J Delandes, Trustee	3	3
M Walker, Trustee	1	3
M Lees, Trustee	2	3

During the year, David Triggs resigned and Ian Comfort was appointed as Chief Executive.

The board of the LAET reports to the board of its parent company, Academies Enterprise Trust and therefore has no sub-committees of its own.

FINANCIAL NOTICE TO IMPROVE

The Education Funding Agency 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 Education Funding Agency, 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 has provided the Education Funding Agency with an action plan to address the Notice which will be reviewed by March 2015, when the Trust expects the Notice to be lifted. During the period that Academies Enterprise Trust is under the Notice, the action plan will be monitored and updated by the Executive Board, meeting on a weekly basis, and the Governing Body, meeting on a monthly basis. A structured process for providing updates on progress to the Education Funding Agency has been created.

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 2013 to 31 August 2014 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

LONDON ACADEMIES ENTERPRISE TRUST
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Governance Statement (continued)

significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 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 appointed Baker Tilly as internal auditor.

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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 AET 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 9 December 2014 and signed on its behalf, by:


I Foster
Chair of Trustees


I Comfort
Accounting Officer

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of London Academies Enterprise Trust I have considered my responsibility to notify the parent Company (AET) 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 parent Company (AET) and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the parent Company (AET) board of Trustees are able to identify any material, irregular or improper use of funds by the parent Company (AET), or material non-compliance with the terms and conditions of funding under the parent Company (AET)'s funding agreement and the Academies Financial Handbook (2013).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. I have reached this conclusion after consideration of all matters arising in relation to the Financial Notice to Improve issued by the EFA on 23 October 2014. 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

Date: 9 December 2014

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Trustees' Responsibilities Statement
For the Year Ended 31 August 2014

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 (including the Strategic 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 9 December 2014 and signed on its behalf by:



I Foster
Chair of Trustees

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report to the Board of Trustees of London Academies Enterprise Trust

We have audited the financial statements of London Academies Enterprise Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account and Statement of Total Recognised Gains and Losses), the Balance Sheet, the Cash Flow Statement and the related notes, numbered 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 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 the company's 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 Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable 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 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, Strategic Report, Governance Statement and other surrounding information 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 2014 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 including the Academies' Accounts Direction 2013 to 2014 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

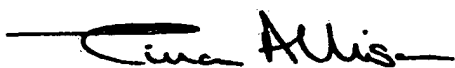
LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Independent Auditors' Report to the Board of Trustees of London Academies Enterprise Trust

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept; 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
Date: 12 December 2014

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 24 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the governing body 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 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 ACCOUNTANT

The accounting officer is responsible, under the requirements of London Academies Enterprise Trust's funding agreement with the Secretary of State for Education dated 21 January 2014, and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 issued by 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes a review of the design and implementation of the academy trust's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy trust and specific transactions identified by our review.

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Craig Clark Whitehill LLP

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

Date: *12 December 2014*

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Statement of Financial Activities
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
For the Year Ended 31 August 2014

	Note	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Capital income transferred from AET	2	-	-	16,725	16,725	12,230
Other voluntary income	2	32	10	-	42	78
Activities for generating funds	3	380	-	-	380	308
Investment income	4	13	-	-	13	5
Incoming resources from charitable activities	5	76	35,157	58	35,291	32,246
TOTAL INCOMING RESOURCES		501	35,167	16,783	52,451	44,867
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs	3	439	-	-	439	303
Charitable activities	8	58	35,762	11,759	47,579	32,926
Governance costs	9	-	25	-	25	12
TOTAL RESOURCES EXPENDED	7	497	35,787	11,759	48,043	33,241
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		4	(620)	5,024	4,408	11,626
Transfers between Funds	20	-	(129)	129	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		4	(749)	5,153	4,408	11,626
Actuarial (losses) on defined benefit pension schemes	25	-	(68)	-	(68)	(1,392)
NET MOVEMENT IN FUNDS FOR THE YEAR		4	(817)	5,153	4,340	10,234
Total funds at 1 September 2013		729	(4,060)	49,750	46,419	54,322
Prior year adjustment	30	-	-	-	-	(18,137)
TOTAL FUNDS AT 31 AUGUST 2014	20	733	(4,877)	54,903	50,759	46,419

All activities relate to continuing operations.
The Statement of Financial Activities includes all gains and losses recognised in the year.
The notes on pages 21 to 43 form part of these financial statements.

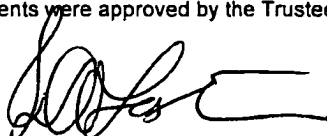
LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)
Registered number: 7211219

Balance Sheet
As at 31 August 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Tangible assets	16		54,287		49,750
CURRENT ASSETS					
Stocks	17	35		23	
Debtors	18	1,797		1,479	
Cash at bank and in hand		3,066		2,486	
		<u>4,898</u>		<u>3,988</u>	
CREDITORS: amounts falling due within one year	19	<u>(3,771)</u>		<u>(2,933)</u>	
NET CURRENT ASSETS			<u>1,127</u>		<u>1,055</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>55,414</u>		<u>50,805</u>
Defined benefit pension scheme liability	25		<u>(4,655)</u>		<u>(4,386)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>50,759</u></u>		<u><u>46,419</u></u>
FUNDS OF THE ACADEMY					
Restricted funds :					
General funds	20	(222)		326	
Fixed asset funds	20	54,903		49,750	
		<u>54,681</u>		<u>50,076</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(4,655)</u>		<u>(4,386)</u>	
Total restricted funds			<u>50,026</u>		<u>45,690</u>
Unrestricted funds	20		<u>733</u>		<u>729</u>
TOTAL FUNDS			<u><u>50,759</u></u>		<u><u>46,419</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2014 and are signed on their behalf, by:

I Foster
Chair of Trustees



The notes on pages 21 to 43 form part of these financial statements.

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Cash Flow Statement
For the Year Ended 31 August 2014

	Note	2014 £000	2013 £000
Net cash (outflow)/inflow from operating activities	22	(9,676)	542
Returns on investments and servicing of finance	23	13	5
Capital expenditure and financial investment	23	10,243	(5)
Cash transferred on conversion to an academy trust	23	-	208
INCREASE IN CASH IN THE YEAR		580	750

Reconciliation of Net Cash Flow to Movement in Net Funds
For the Year Ended 31 August 2014

	2014 £000	2013 £000
Increase in cash in the year	580	750
MOVEMENT IN NET FUNDS IN THE YEAR	580	750
Net funds at 1 September 2013	2,486	1,736
NET FUNDS AT 31 AUGUST 2014	3,066	2,486

The notes on pages 21 to 43 form part of these financial statements.

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2014

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the Trust's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Education Funding Agency has 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 Education Funding Agency, 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.

The Trust has provided the Education Funding Agency with an action plan to address the Notice which will be reviewed by March 2015, when the Trust expects the Notice to be lifted.

The directors 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, Strategic Report, Governance Statement and Statement of Regularity and Propriety.

Noting the above, and after making appropriate enquiries, the board of trustees has a reasonable expectation that the company has adequate resources to continue its activities for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies. The trustees via the LAET Board gain assurance of future plans following review and approval of medium and long term corporate plans, budgets and discussions.

1.6 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

The policy with respect to impairment reviews of fixed assets is to carry out an impairment review if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

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

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2014

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are stated at cost less depreciation. 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
Motor vehicles	-	33.3% on cost
Fixtures, fittings and equipment	-	33.3% on cost
Computer equipment	-	33.3% on cost

1.7 Operating leases

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

LAET has one Academy (Bexleyheath Academy) where the buildings are subject to a contract under the Private Finance Initiative (PFI). Under this contract the school premises are maintained and managed for a period of up to 25 years by the PFI contractor subject to contractual annual fees paid by the Academy. Upon expiry of the PFI contract the residual benefit of the premises passes to the Academy.

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

1.8 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.

1.9 Taxation

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

1.10 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2014

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.11 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration.

In the prior year the assets and liabilities, other than fixed assets transferred on conversion from London Borough of Hounslow to an academy trust, were valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for London Academies Enterprise Trust. Fixed assets transferred on conversion were valued at their depreciated replacement cost. The amounts were recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

1.12 Apportionment of Costs

Where necessary, costs have been apportioned using the following estimation bases:
Depreciation has been added to direct and support costs using a 75%/25% split respectively;
A proportion of staff, premises and administrative costs has been allocated to trading accounts according to the nature of the trading income.

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2014

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Transfer on conversion	-	-	-	12,230
Transfer from parent company	-	16,725	16,725	-
Subtotal detailed disclosure	-	16,725	16,725	12,230
Donations	32	-	32	78
Lottery funding	-	10	10	-
Subtotal	32	10	42	78
Voluntary income	32	16,735	16,767	12,308

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Charity trading income				
Hire of Facilities	155	-	155	92
Catering income	-	-	-	10
Provided Services	17	-	17	71
Trading income	41	-	41	25
Academy Trips	167	-	167	110
	380	-	380	308
Fundraising trading expenses				
Hire of facilities	136	-	136	72
Catering	6	-	6	10
Provided services	17	-	17	71
Cost of Sales	40	-	40	21
Academy trips	240	-	240	129
	439	-	439	303
Net (expenditure)/income from activities for generating funds	(59)	-	(59)	5

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2014

4. INVESTMENT INCOME

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Bank interest	13	-	13	5

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	31,946	31,946	28,500
Start Up Grants	-	27	27	318
Pupil Premium	-	1,983	1,983	1,669
Other EFA Grants	-	443	443	229
Other DfE Grants	-	202	202	137
PFI Grant	-	-	-	286
	-	34,601	34,601	31,139
Other government grants				
Local Authority Grants	-	470	470	298
Other Government Grants	-	144	144	310
	-	614	614	608
Other funding				
Sundry Income	76	-	76	186
Other income received from parent	-	-	-	313
	76	-	76	499
	76	35,215	35,291	32,246

6. CAPITAL GRANTS TRANSFERRED FROM AET

AET received £1.8m (2013: £14.9m) from the EFA for the construction and refurbishment of property at Aylward Academy and Nightingale Academy. On completion of the projects in 2014, assets and revenue costs (total £16.7m) have been transferred to LAET in line with the terms and conditions set out in the contracts between LAET and the EFA. See note 2 for further details.

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7. RESOURCES EXPENDED

	Staff costs	Non Pay	Expenditure	Total	Total
	2014	Premises	Other costs	2014	2013
	£000	2014	2014	£000	£000
		£000	£000		
Fundraising expenses	87	50	302	439	303
Costs of generating funds	87	50	302	439	303
Direct costs	21,561	1,650	3,767	26,978	23,164
Allocated support costs	3,182	12,057	5,362	20,601	9,762
Trust's educational operations	24,743	13,707	9,129	47,579	32,926
Governance	-	-	25	25	12
	24,830	13,757	9,456	48,043	33,241

8. CHARITABLE ACTIVITIES - ACADEMY EDUCATIONAL OPERATIONS

Direct Costs

	Trust's Educational Operations £000	Total 2013 £000
Educational supplies	725	644
IT supplies	255	265
Examination Fees	497	550
Redundancy costs	552	522
Educational consultancy	318	359
Tuition fees	404	357
Other staff costs	1,016	493
Wages and salaries	17,888	15,879
National insurance	1,514	1,354
Pension cost	2,369	1,968
Depreciation	1,650	773
	26,978	23,164

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Support Costs

	Trust's Educational Operations £000	Total 2013 £000
Technology Costs	182	200
Pupil Recruitment & Support	239	174
Maintenance of Premises & Equipment	10,111	1,089
PFI Management Fee	1,564	1,503
Cleaning	537	474
Rent & Rates	233	221
Insurance	204	119
Security & Transport	92	83
Catering	616	495
Legal & Professional Fees	2,661	1,665
Bank Interest	3	3
Office expenses	474	357
Other staff costs	207	168
Wages and salaries	2,484	2,377
National insurance	181	173
Pension cost	517	403
Depreciation	296	258
	<u>20,601</u>	<u>9,762</u>

Total Direct & Support Costs

	2014 £000	2013 £000
Direct costs	26,978	23,164
Support costs	20,601	9,762
	<u>47,579</u>	<u>32,926</u>

9. GOVERNANCE COSTS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Governance Internal audit costs	-	4	4	1
Governance Auditors' remuneration	-	9	9	6
Governance support costs	-	7	7	5
Support costs - Governance	-	5	5	-
	<u>-</u>	<u>25</u>	<u>25</u>	<u>12</u>

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10. INCOMING/OUTGOING RESOURCES FOR THE YEAR

This is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the charity	1,946	1,030
Operating leases	1,669	1,670
	<u> </u>	<u> </u>

11. AUDITORS' REMUNERATION

	2014 £000	2013 £000
Fees payable to the Trust's auditor and its associates for the audit of the Trust's annual accounts	9	6
	<u> </u>	<u> </u>

12. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	20,260	18,367
Social security costs	1,695	1,526
Pension costs	2,875	2,370
	<u> </u>	<u> </u>
	24,830	22,263
Agency staff costs	1,060	588
Compensation payments	162	72
	<u> </u>	<u> </u>
	26,052	22,923
	<u> </u>	<u> </u>

b. Staff severance payments

Included in compensation payments are non-statutory/non-contractual severance payments totalling £15,701. One of the non-statutory/non-contractual payments exceeded £5,000, and this was for £6,792.

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12. STAFF (continued)

c. Staff numbers

The average number of persons employed by the Trust during the year expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
Teachers	299	328
Administration and Support	232	228
Management	30	28
	<hr/> 561 <hr/>	<hr/> 584 <hr/>

d. Higher paid staff

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

	2014	2013
	No.	No.
In the band £ 60,001 - £ 70,000	7	10
In the band £ 70,001 - £ 80,000	4	5
In the band £ 90,001 - £100,000	2	1
In the band £100,001 - £110,000	2	1
In the band £110,001 - £120,000	1	1
	<hr/> 16 <hr/>	<hr/> 18 <hr/>

15 of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £126,000 (2013: £172,000)

1 of the above employees participated in the Local Government Pension Scheme. During the year ended 31 August 2014 pension contributions for this member of staff amounted to £10,000 (2013: nil)

13. 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.

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14. TRUSTEES' REMUNERATION AND EXPENSES

The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Trustees. Any such remuneration is paid centrally by the parent Company, AET. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their role as Trustees.

During the year, no Trustees received any reimbursement of expenses (2013 - nil).

15. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £4,145 (2013 - £2,608). The cost of this insurance is included in the total insurance cost.

16. TANGIBLE FIXED ASSETS

	Assets under construction £000	L/Term Leasehold Property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At 1 September 2013	92	52,033	50	341	52,516
Additions	-	-	35	93	128
Transfers from AET	-	3,582	1,278	1,496	6,355
Transfer between classes	(92)	92	-	-	-
At 31 August 2014	-	55,707	1,363	1,929	58,999
Depreciation					
At 1 September 2013	-	2,501	40	225	2,766
Charge for the year	-	1,096	276	574	1,946
At 31 August 2014	-	3,597	316	799	4,712
Net book value					
At 31 August 2014	-	52,110	1,047	1,130	54,287
At 31 August 2013	92	49,532	10	116	49,750

17. STOCKS

	2014 £000	2013 £000
Finished goods and goods for resale	35	23

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18. DEBTORS

	2014 £000	2013 £000
Trade debtors	107	444
Amounts owed by group undertakings	726	76
Other debtors	554	399
Prepayments and accrued income	410	560
	<u>1,797</u>	<u>1,479</u>

19. CREDITORS:
Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	1,057	1,725
Amounts owed to group undertakings	143	12
Other taxation and social security	373	417
Other creditors	359	545
Accruals and deferred income	1,839	234
	<u>3,771</u>	<u>2,933</u>

	£000
Deferred income	
Deferred income at 1 September 2013	159
Resources deferred during the year	110
Amounts released from previous years	(159)
Deferred income at 31 August 2014	<u>110</u>

Deferred income comprises Devolved formula capital funding not yet receivable.

20. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers In/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
General Funds - all funds	664	451	(436)	-	-	679
Private Funds	65	50	(61)	-	-	54
	<u>729</u>	<u>501</u>	<u>(497)</u>	<u>-</u>	<u>-</u>	<u>733</u>

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20. STATEMENT OF FUNDS (continued)

Restricted funds

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Restricted Funds -						
GAG funds	6	31,846	(32,286)	(129)	-	(563)
Start up grants	158	27	(185)	-	-	-
Restricted Other	122	3,284	(3,065)	-	-	341
Capital Fund	40	10	(50)	-	-	-
Pension reserve	(4,386)	-	(201)	-	(68)	(4,655)
	<u>(4,060)</u>	<u>35,167</u>	<u>(35,787)</u>	<u>(129)</u>	<u>(68)</u>	<u>(4,877)</u>

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	49,750	16,783	(11,759)	129	-	54,903
Total restricted funds	<u>45,690</u>	<u>51,950</u>	<u>(47,546)</u>	<u>-</u>	<u>(68)</u>	<u>50,026</u>
Total of funds	<u>46,419</u>	<u>52,451</u>	<u>(48,043)</u>	<u>-</u>	<u>(68)</u>	<u>50,759</u>

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.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £000
Aylward Academy	467
Bexleyheath Academy	92
Kingsley Academy	954
Nightingale Academy	(1,002)
Total before fixed asset fund and pension reserve	<u>511</u>
Restricted fixed asset fund	54,903
Pension reserve	(4,655)
Total	<u>50,759</u>

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20. STATEMENT OF FUNDS (continued)

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £000
Nightingale Academy	1,002

Nightingale Academy had a reduction of 141 pupils in 2013/14 resulting in an EFA clawback of £1,015,000. A 3 year payback is to be confirmed with the EFA in 2014/15.

The Trust is taking the following action to return the academy to surplus:

Staff reduction during 2013/14 has taken out 38 members of staff giving a year on year saving of £873,000. The curriculum is being revisited again in the Autumn Term 2014 and a recovery plan/restructure programme is being initiated.

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 £000
Aylward Academy	6,457	1,317	283	2,540	10,597
Bexleyheath Academy	6,464	832	181	3,386	10,863
Kingsley Academy	3,702	967	294	1,369	6,332
Nightingale Academy	4,982	1,215	113	2,026	8,336
	<u>21,605</u>	<u>4,331</u>	<u>871</u>	<u>9,321</u>	<u>36,128</u>

SUMMARY OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General funds	729	501	(497)	-	-	733
Restricted funds	(4,060)	35,167	(35,787)	(129)	(68)	(4,877)
Restricted fixed asset funds	49,750	16,783	(11,759)	129	-	54,903
	<u>46,419</u>	<u>52,451</u>	<u>(48,043)</u>	<u>-</u>	<u>(68)</u>	<u>50,759</u>

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21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Tangible fixed assets	-	-	54,288	54,288	49,750
Current assets	799	3,483	616	4,897	3,988
Creditors due within one year	(66)	(3,705)	-	(3,771)	(2,933)
Pension reserve	-	(4,655)	-	(4,655)	(4,386)
	<u>733</u>	<u>(4,877)</u>	<u>54,903</u>	<u>50,759</u>	<u>46,419</u>

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £000	2013 £000
Net incoming resources before revaluations	4,408	11,626
Returns on investments and servicing of finance	(13)	(5)
Fixed assets transferred from Local Authorities	-	(12,022)
Cash transferred from Local Authorities	-	(208)
Depreciation of tangible fixed assets	1,946	1,030
Capital grants from DfE	(16,727)	-
Increase in stocks	(12)	(3)
Increase in debtors	(318)	(532)
Increase in creditors	839	517
FRS 17 adjustments	201	139
Net cash (outflow)/inflow from operations	<u>(9,676)</u>	<u>542</u>

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	<u>13</u>	<u>5</u>
	2014 £000	2013 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(128)	(5)
Assets transferred from AET	(6,356)	-
Capital grants from DfE	16,727	-
Net cash inflow/(outflow) capital expenditure	<u>10,243</u>	<u>(5)</u>

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23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2014 £000	2013 £000
Acquisitions and disposals		
Cash transferred from Local Authorities	-	208
	<u> </u>	<u> </u>

24. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £000	Cash flow £000	Other non-cash changes £000	31 August 2014 £000
Cash at bank and in hand:	2,486	580	-	3,066
Net funds	<u>2,486</u>	<u>580</u>	<u>-</u>	<u>3,066</u>

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25. PENSIONS

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme 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 Schemes. 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 was 31 March 2004 and the LGPS 31 March 2010.

Contributions amounting to £273,000 (2013: £200,000) were payable to the schemes at 31 August 2014 and are included within creditors

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations (2010) and, from 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic too 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the costs of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount

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of pension they receive when they retire. There will also be a further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Trust has set out above the information available on the scheme.

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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 2014 was £1,150,000 of which employer's contributions totalled £875,000 and employees' contributions totalled £275,000. The agreed contribution rates for future years are variable based on pay.

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 £270,860 for the year to 31 August 2014.

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 (2013: 4).

	2014 £000	2013 £000
Equities	4,629	3,871
Government bonds/gilts	520	375
Other bonds	777	920
Property	649	486
Cash/Liquidity	248	286
Other	1,705	1,102
Total market value of assets	8,528	7,041
Present value of scheme liabilities:		
Funded	(13,183)	(11,427)
Unfunded	-	-
Deficit in the scheme	(4,655)	(4,386)

The actual return on scheme assets was £479,000 (2013: £466,000).

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Amounts recognised in the Statement of Financial Activities	2014 £000	2013 £000
Current service cost (net of employee contributions)	988	763
Past service cost	10	-
Total operating charge	998	763
Analysis of pension finance income / (costs)		
Expected return on Scheme assets	470	313
Interest on pension liabilities	(548)	(381)
Losses on curtailments & settlements	-	-
Pension finance costs	(78)	(68)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £714,000 loss.

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

	2014 £000	2013 £000
At 1 September	11,427	7,671
Current service cost	988	763
Interest cost	548	381
Employee contributions	275	217
Actuarial losses (gains)	34	354
Benefits paid	(99)	(103)
Past service cost	10	-
Curtailments & settlements	-	-
Transfers in to Trust	-	2,144
At 31 August	13,183	11,427

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

	2014 £000	2013 £000
At 1 September	7,041	4,816
Expected return on assets	470	313
Actuarial gain / (loss)	(34)	396
Employer contributions	875	692
Employee contributions	275	217
Benefits paid	(99)	(103)
Transfers in to Trust	-	710
At 31 August	8,528	7,041

The estimated value of employer contributions for the year ended 31 August 2015 is £782,000.

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The five-year history of experience adjustments is as follows:

	2014 £000	2013 £000	2012 £000	2011 £000
Present value of defined benefit obligations	(13,183)	(11,427)	(7,671)	(3,840)
Fair value of share of scheme assets	8,628	7,041	4,816	2,670
Deficit in the scheme	<u>(4,655)</u>	<u>(4,386)</u>	<u>(2,855)</u>	<u>(1,170)</u>
Experience adjustments on share of scheme assets				
Amount (£000)	(34)	396	155	(20)
Experience adjustments on scheme liabilities				
Amount (£000)	201	-	-	-

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

Principal actuarial assumptions

	-----2014-----			-----2013-----		
	From %	To %	Average %	From %	To %	Average %
Rate of increase in salaries ¹	3.6	4.5	3.9	3.9	5.1	4.6
Rate of increase for pensions in payment / inflation	2.1	2.7	2.3	2.4	2.9	2.7
Discount rate for scheme liabilities	3.7	4.0	3.9	4.5	4.7	4.6
Inflation assumption (CPI)	2.1	2.7	2.3	2.4	2.9	2.7
Commutation of pensions to lump sums (pre April 2008/April 2010 service)	50.0	70.0	56.7	30.0	50.0	43.3
Commutation of pensions to lump sums (post April 2008/April 2010 service)	50.0	70.0	56.7	50.0	75.0	58.3

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

	----- 2014 -----			----- 2013 -----		
	yrs	yrs	yrs	yrs	yrs	yrs
<i>Retiring today</i>						
Males	22.0	24.4	23.1	19.2	24.0	21.8
Females	25.4	27.6	26.5	23.2	26.8	24.9
<i>Retiring in 20 years</i>						
Males	24.1	26.5	25.3	21.1	25.7	23.6
Females	28.3	29.9	29.0	25.1	28.8	26.9

Trust's share of Assets and weighted average expected rate of return

	%	%	%	%	%	%
Equities ²	6.4	7.5	7.0	6.5	7.9	7.1
Government bonds/gilts	2.9	3.0	2.9	3.4	3.5	3.4
Bonds	3.3	3.8	3.6	4.1	4.4	4.3
Property ²	5.6	6.8	6.2	5.5	7.4	6.2
Cash/liquidity	0.5	2.9	1.5	0.5	0.9	0.6
Other	6.4	7.5	7.0	0.0	7.9	5.0

¹ Actuaries used the lowest rate in 1 academy and the highest in 1 academy.

² Only 2 academies are affected by the higher rate.

26. CAPITAL COMMITMENTS

At 31 August 2014 the Trust had capital commitments as follows:

	2014 £000	2013 £000
Contracted for but not provided in these financial statements	-	-

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27. OPERATING LEASE COMMITMENTS

At 31 August 2014 the Trust had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2014 £000	Other 2013 £000
	2014 £000	2013 £000		
Expiry date:				
Within 1 year	-	-	32	67
Between 2 and 5 years	-	-	74	72
After more than 5 years	1,609	1,457	-	-

28. RELATED PARTY TRANSACTIONS

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

Advantage has been taken of the exemptions stated in Financial Reporting Standard 8 from disclosing transactions and balances with related parties as the results of LAET are included within the group accounts of Academies Enterprise Trust

29. 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

30. PRIOR YEAR ADJUSTMENT

In previous years LAET recognised as a grant in kind the fair value of the buildings at Bexleyheath Academy which were transferred subject to a Private Finance Initiative contract. Following a detailed review of the contractual obligations relating to this contract the Board determined that the most appropriate accounting policy in relation to these contracts is to treat them as operating leases as set out in accounting policy 1.7. As a result of this the comparative financial statements were restated in 2013 to remove the recognised grants, fixed asset and accumulated depreciation. 2012's previously stated reserves totalled £54,322,000, were reduced by £18,137,000 and were restated to £36,185,000. This adjustment had no effect on any earlier period.

31. 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.

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Detailed Income and Expenditure Account
For the Year Ended 31 August 2014

	2014 £000	2013 £000
INCOME		
General Annual Grant (GAG)	31,946	28,498
Start Up Grants	27	318
Pupil Premium	1,983	1,669
Other EFA Grants	443	229
Other DfE Grants	202	137
Donation of fixed assets from LA	-	12,022
Local Authority Grants	470	298
Other Government Grants	144	310
PFI Grant	-	286
Sponsorship Income	-	41
Hire of facilities	155	92
Catering income	-	10
Provided services	17	71
Trading income	41	25
Academy trips	167	110
Bank interest income	13	5
Transfers from predecessor school	-	208
Transfer of assets from parent	16,725	-
Other income received from parent	-	313
Other income	118	225
TOTAL INCOME	52,451	44,867

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Detailed Income and Expenditure Account (continued)
For the Year Ended 31 August 2014

	2014 £000	2013 £000
LESS: EXPENDITURE		
Staff Costs		
Teaching staff	17,018	15,476
Educational support staff	4,359	3,749
Premises staff	423	293
Admin & clerical staff	2,241	2,274
Midday supervisory staff	206	219
Externals facilities staff	111	65
Agency Staff	1,060	588
Redundancy costs	162	72
LGPS deficit contributions	271	185
FRS17 costs	201	-
	<u>26,052</u>	<u>22,921</u>
Maintenance of premises		
Buildings maintenance	9,374	561
Grounds maintenance	147	32
	<u>9,521</u>	<u>593</u>
Other occupancy costs		
Cleaning	536	474
Water	119	57
Fuel	521	465
Rent	23	10
Rates	210	210
Insurance	204	163
Security	21	2
PFI Management fee	1,564	1,503
Other	28	18
	<u>3,226</u>	<u>2,902</u>
Educational supplies & services		
Books	87	58
Educational equipment	309	200
Stationery and materials	145	155
Transport	72	81
Examination fees	497	550
Fees for external advice	318	359
Music	32	19
Licences & subscriptions	22	37
Offsite provision	260	215
School trips & activities	269	184
Other	-	5
	<u>2,011</u>	<u>1,863</u>

LONDON ACADEMIES ENTERPRISE TRUST
(A Company Limited by Guarantee)

Detailed Income and Expenditure Account (continued)
For the Year Ended 31 August 2014

	2014 £000	2013 £000
Other supplies & services		
Catering	667	530
Legal & professional fees	2,672	1,666
Auditor's remuneration	9	6
Bank interest & charges	3	3
Pupil recruitment & support	225	143
Office expenses	427	374
Cost of sales	22	21
Equipment rental & leasing	231	157
Sundry expenses	10	9
	<u>4,256</u>	<u>2,909</u>
Other costs		
Furniture & equipment	44	45
Technology costs	437	464
Staff development and recruitment	517	499
Non-recoverable VAT expenditure	20	13
Charitable donations	13	2
	<u>1,031</u>	<u>1,023</u>
TOTAL EXPENDITURE	<u>46,097</u>	<u>32,211</u>
NET INCOME FROM CHARITABLE SOURCES	<u>6,354</u>	<u>12,656</u>
OTHER EXPENDITURE		
Depreciation - direct costs	(1,650)	(772)
Depreciation - support costs	(296)	(258)
	<u>(1,946)</u>	<u>(1,030)</u>
TOTAL OTHER EXPENDITURE	<u>(1,946)</u>	<u>(1,030)</u>
NET INCOME FOR THE YEAR	<u><u>4,408</u></u>	<u><u>11,626</u></u>