

Company Registration Number: 07617529 (England & Wales)

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 11
Governance Statement	12 - 14
Statement on Regularity, Propriety and Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditor's Report on the Financial Statements	17 - 19
Independent Reporting Accountant's Report on Regularity	20 - 21
Consolidated Statement of Financial Activities Incorporating Income and Expenditure Account	22 - 23
Consolidated Balance Sheet	24 - 25
Trust Balance Sheet	26 - 27
Consolidated Statement of Cash Flows	28
Notes to the Financial Statements	29 - 69

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019

Trustees	David Anderson MA, Chair Nicholas Bull BSc, FCA (appointed 1 September 2018) Karen Forster MA Simon Figgis LLB, FCA Dr William Richardson BA, D.Phil., Deputy Chair Marc Jordan BA, MA, MBA, FSA Creative Education Charitable Trust Sasha Bhavan BA, Dip Arch, RIBA Diana Gerald BA (appointed 1 January 2019) Peter Walls MA, FCIPD Mary Groom BSc, PGCE, CPE, LPC (resigned 4 October 2019) Abbie Rumbold MA (appointed 1 December 2019) Didem Un Ates BA, BS, MBA (appointed 1 December 2019)
Company registered number	07617529
Company name	Creative Education Trust
Registered office	7 Sicilian Avenue London WC1A 2QR
Company secretary	Nicholas Brann
Senior management team	Marc Jordan, Chief Executive Officer Phillip Cantwell, Director of Education Emily Campbell, Director of Programmes Nicholas Brann, Director of Finance and Resources Mark Mumby, Director of Standards and Primary Education Victoria Tricarico, Director of Human Resources (resigned 21 August 2019) Nicole McCartney, Director of School Improvement and Secondary Education
Auditors	Mazars LLP Chartered Accountants 90 Victoria Street Bristol BS1 6DP
Solicitors	Veale Wasbrough Vizards Narrow Quay House Narrow Quay Bristol BS1 4QA

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company and the Group for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

Structure, governance and management

a. Constitution

Creative Education Trust (the 'Trust') is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Trust.

The Trustees referred to on page 1 are also the Directors of the Trust, and the term "Trustee" and "Director" are used interchangeably in this report.

The principal object of the Trust is to advance education in the United Kingdom, for the public benefit, in particular but without prejudice to the generality of the foregoing; by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum.

b. Members' liability

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

c. Method of recruitment and appointment or election of Trustees

The management of the Group and the Trust is the responsibility of the Trustees who are co-opted under the terms of the Memorandum of Association. In appointing Trustees, the Trust gives due regard to the background and experience of suitable candidates in order to achieve an appropriate balance of skills.

During the year the Trust had the following categories of Trustee who are, in company law terminology, Directors:

- Sponsor Directors nominated by the sponsor;
- The Chief Executive Officer (CEO); and
- Other Directors, who may be co-opted or appointed.

d. Policies adopted for the induction and training of Trustees

All Trustees are inducted when appointed. This induction includes a meeting with the Executive Team, visits to a selection of the Trust academies and provision of relevant documentation. They continue to receive appropriate training throughout their appointment, including briefings by specialists throughout the year. The Trust holds away-day events to ensure that Trustees are fully briefed and that they participate in setting the strategic plan for the Trust.

The Trust is committed to the provision of information to its employees and the consideration of its employees' views.

The Trust is committed to equal opportunities for disabled people in recruitment and employment, and aims to create an environment which enables them to work effectively as part of the Trust community.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

e. Organisational structure

The following were the various committees of the Trust operating in the year and their respective objects:

Executive Committee (Chaired by Marc Jordan)

- (a) With the CEO, to give detailed consideration to strategic matters in preparation for later deliberation by the Board as a whole;
- (b) To provide a mechanism for making decisions on, and for responding to, urgent matters which arise between meetings of the Board; and
- (c) To support the CEO in the development of strategic planning for the Group.

Finance Committee (Chaired by Nicholas Bull)

- (a) To take a proactive and strategic stance in support of the financial affairs of the Group;
- (b) To receive and review financial data relating to the Group;
- (c) To oversee, review and make recommendations relating to financial matters and to report these to the Board; and
- (d) To monitor the investment of funds held as endowments.

Audit and Risk Committee (Chaired by Simon Figgis)

- (a) To oversee, review and make recommendations relating to governance, financial procedures, accounts and risks, and to report these to the Board;
- (b) To recommend to the Members the appointment of external auditors;
- (c) To monitor the implementation of all policies relating to Health and Safety and Safeguarding and Child Protection, and reporting to the Board accordingly. Karen Forster has been appointed as the Trustee to take leadership responsibility for the Trust's safeguarding arrangements; and
- (d) To receive reports from internal and external auditors.

Remuneration Committee (Chaired by Peter Walls)

- (a) To receive remuneration recommendations in relation to designated senior staff;
- (b) On behalf of Trustees, to determine the remuneration of designated senior staff; and
- (c) To monitor and review the pay structure for senior staff.

Estates and Property Committee (Chaired by Sasha Bhavan)

- (a) To oversee the Trust's management of its property portfolio and, where necessary or appropriate, to make recommendations to the Board;
- (b) To monitor the implementation of all policies relating to Health and Safety, as they relate to Trust property, and to report to the Board accordingly; and
- (c) To advise on the appointment of relevant professionals (architects, engineers etc.).

Education Advisory Board (Chaired by William Richardson)

- (a) To monitor educational standards and performance;
- (b) To advise on strategies for educational improvement; and
- (c) To ensure appropriate pathways to tertiary education, training and employment.

In addition, for each Academy within the Trust, there is either a Rapid Improvement Board or an Academy Council. Both are sub-committees of the Board. The delegated responsibilities of Rapid Improvement Boards and Academy Councils are set out in the Trust's Scheme of Delegation, which is reviewed by the Board of Directors on an annual basis.

The Creative Education Trust Board meets four times a year. Each formal board meeting is preceded the day before by an extended strategic discussion meeting for non-executive Directors and senior executives of the

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Trust. The Finance Committee and the Audit and Risk Committee each meet four times per year to exercise detailed oversight on behalf of the Board of the Trust's finances and management of risk. The Trust's Education Advisory Board and the Estates and Property Committee meet four times per year. The Remuneration Committee meets twice per year. Every other year the Board holds a two-day residential meeting with the senior executive team to review performance and develop strategy.

The Board is of the opinion that it is sufficient for it to meet only four times per year. This opinion is based on:

- The holding of additional strategic discussions (as outlined above);
- The strength of the committee structure;
- The active involvement of Board members on school academy councils;
- The dissemination of management accounts to all Board members on a monthly basis; and
- Regular informal meetings between the Chair and the Chief Executive.

f. Oversight of remuneration of key management personnel

The Remuneration Committee is chaired by a Trustee who was a senior Human Resources professional in a large privatised former public sector company. Considerable effort has been put into consulting widely with colleagues in the world of academies and independent schools, as well as with remuneration consultants, to establish appropriate criteria and benchmarks for setting remuneration for senior employees that is fair and transparent, and which enables the Trust to attract and retain the best professional talent to enable it to fulfil its aims, whilst providing value for the expenditure of public monies. Trustees are satisfied that adequate processes are in place to ensure that remuneration proposals are rigorously scrutinised and approved by the Board.

g. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	7
Full-time equivalent employee number	7

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1%-50%	4
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£000
Total cost of facility time	16
Total pay bill	49,379
Percentage of total pay bill spent on facility time	0.03 %

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time - %

h. Connected organisations, including related party relationships

The Trust's work is sponsored by the Creative Education Charitable Trust ("CECT"), a registered charity (registration number 1138868). CECT and the Directors of CECT (David Anderson, William Richardson and Marc Jordan) are Directors of the Trust and, with the exception of Marc Jordan, are also members of the Trust.

Objectives and activities

a. Objects and aims

The Trust's primary object is to establish, maintain, carry on and develop primary and secondary schools ("the Academies") that are open to all children and offer a broad and balanced curriculum. It aims to improve and maintain standards with the intention that all schools should be judged at least 'Good' by OFSTED.

b. Objectives, strategies and activities

The Trust's mission is to improve standards of education, knowledge and skills for children and young people across the UK, equipping them to be successful adults in the competitive, globalised world of the future.

The Trust seeks to deliver its mission through exciting innovations in curriculum and teaching and learning, which drive educational improvement and develop students with modern employable skills in the Trust's primary and secondary academies across England. The Trust believes that creativity is the ability to recognise or to make new connections between things. Connecting knowledge is at the heart of an effective education and is what will make young people employable in the world of tomorrow.

c. Activities for achieving objectives

During the year to 31 August 2019 the principal activity of the Trust was the continuing operation and improvement of educational standards in its existing portfolio of primary and secondary schools in the Midlands and East Anglia. In the year to 31 August 2019 the Trust brought on board three new secondary schools that had been the subject of discussions with Regional Schools Commissioners, Local Authorities and previous sponsors in the prior academic year. Ellis Guilford School, Nottingham, transferred from Nottingham City Council, Milton Keynes Academy from the Edge Foundation, and Wrenn School, Wellingborough from The Education Fellowship Trust.

These acquisitions brought the number of schools within Creative Education Trust to seventeen, between them educating 13,500 children and young people, employing about 1,500 FTE staff, and bringing a turnover of £78 million in the year under review. In addition to the new schools noted above, Creative Education Trust secondary schools during the year were Abbeyfield School, Northampton; Ash Green School, Bedworth; The Bulwell Academy, Nottingham; Caister Academy, Great Yarmouth; The Hart School, Rugeley; Lynn Grove Academy, Great Yarmouth; Thistley Hough Academy, Stoke-on-Trent; and Weavers Academy, Wellingborough. The Trust's primary schools were Harpfield Primary Academy, Stoke-on-Trent; Queen Eleanor Primary Academy, Northampton; Three Peaks Primary Academy, Tamworth; Woodlands Primary Academy, Great Yarmouth; and Wroughton Infants Academy and Wroughton Junior Academy, Great Yarmouth.

Trustees continued to take a cautious and considered approach to further expansion. Several projects were

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

examined for strategic fit, geographical suitability and future viability. None were deemed to be suitable and Trustees took the view that efforts were better focussed on addressing the challenges of the new joiners to establish firm educational and financial foundations for their future success.

Activities for the year therefore focused on the following key areas:

- Dealing with the deep-seated challenges of the on-boarded new schools;
- Continuing to increase the capacity of the Trust's central team to deal with the growing scale and complexity of the organisation;
- Gearing up for the demands of the new Ofsted inspection framework;
- Building on the success of the innovative Knowledge Connected curriculum;
- Ensuring an ever-expanding access to cross-trust activities designed to build cultural capital for pupils;
- Using the Trust's proprietary finance and curriculum analysis tool to ensure a productive balance between operating efficiency and educational outcomes;
- Continuing to integrate programmes for staff recruitment, development and retention;
- Taking a proactive and integrated approach to the management of the Trust's growing estate.

d. Public benefit

In setting objectives and planning activities the Trustees have given careful consideration to the Charity Commission's general guidelines on public benefit. The Trust seeks to promote, for the benefit of the communities in the areas surrounding its Academies, the provision of facilities for learning and recreation with the object of improving the condition of life of those communities.

Strategic report

Achievements and performance

a. Key performance indicators

With changes to the national assessment frameworks at KS2, GCSE and A-level now complete and embedded, only the post-16 "vocational" suite of qualifications remains to be revised. The more demanding examinations require more focus on subject knowledge, synoptic answers and extended writing; the appropriate changes to provision have been made.

Creative Education Trust's schools' performance at KS2 has been maintained, with additional focus now on those capable of achieving "at greater depth". At GCSE level, performance in core subjects in long-standing schools has been maintained, whilst performance has improved, or the decline stabilised, in "new joiner" schools. This is particularly true at the G5 level, the "strong pass". In post-16 provisions, A-level points per candidate remains strong and in vocational subjects, very strong. Entry to HE institutions for appropriate students is a key aspiration of the Trust and, for the first time, a number of offers were received from Oxford and Cambridge.

Considerable work has been undertaken in the "new joiner" schools to rapidly develop leadership, curriculum models, staffing structures, teaching and learning and appropriate upskilling of staff. Only one school has been subject to Ofsted inspection this year, and it retained its judgement of "good with outstanding features".

The development of cross-Trust curriculum groups has been a key focus in 2018-19, with outputs including the

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

innovative "Our Town" project across all of our primary schools and intensive syllabus alignment and assessment moderation in core subjects in the secondary phase.

b. Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue 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 accounting policies.

c. Review of activities

Creative Education Trust made good progress against its overarching objectives this year and the specific target activities for the year. The Department for Education demonstrated its confidence by giving responsibility for a further three, large, challenged schools to the Trust, two of them through the re-brokerage process from other MATs.

Creative Education Trust is committed to the continuous improvement of its capacity to support and challenge the schools in its network. In the course of the year a number of newly created central office roles recruited at the end of the previous year came on stream. These included a Director of School Improvement and Secondary Education, reporting to the Trust's Director of Education, a Head of Estates and Facilities, a Financial Planning and Analysis Manager, a Governance and Compliance Manager, a Recruitment Manager and an Education Data Analyst. In addition, the regional finance and HR teams were increased to support the two new schools in Nottingham and a second Programmes Manager was appointed to support curriculum development and cross-Trust enrichment activities.

The new Director of School Improvement and Secondary Education brought significant experience in developing and delivering leadership training programmes. An important piece of work was begun in collaboration with the Director of Human Resources to map staff development programmes in our schools and to co-ordinate the training activities undertaken internally and with external providers to ensure a coherent and effective approach to talent-spotting and staff development and retention. This, combined with the dedicated work of the new Recruitment Manager to ensure a proactive and consistent approach to staff recruitment, brought into action an essential part of the Trust's People Strategy. In addition, important schemes to increase the supply of good-quality teachers to Creative Education Trust schools were brokered with the School of Education at the University of Warwick and with Teach First. The latter scheme is due to commence in September 2020.

The advent of the Trust's first dedicated Head of Estates and Facilities resulted in the launch of a strategy to define and implement common standards across all Creative Education Trust Schools for Health and Safety, as well as for the maintenance of buildings and grounds to provide high quality working environments for students, staff and visitors. During the year, the new Michael Dickson classroom block at Ash Green School was completed and opened on budget and on time, and the long-awaited link building between Wroughton Infants and Junior academies was begun. At the end of a major review of catering across the Trust, a new consolidated contract was successfully tendered with a view to increasing quality and reducing costs.

Appointment to the newly-created role of Governance and Compliance Manager towards the end of the year promised a more proactive and standardised approach to the management, training and clerking of Academy Councils and Rapid Improvement Boards. The role will also take charge of compliance matters excepting Safeguarding and Health and Safety, which are dealt with by others, in particular data protection issues,

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

including Freedom of Information requests and GDPR.

The expansion and embedding of the Trust's curricular innovation focused on its Knowledge Connected programme, which integrates all subjects in the curriculum by means of a set of six overarching concepts, was a particular ambition for the year. The planning work undertaken during AY2017-18 provided an excellent foundation for the successful introduction of new aspects of the programme at primary level in all years through the 'Our Town' project, and at secondary level with new 'Key Concept Days' for year 8, and the development of new Year 7 and 9 projects for implementation in 2019-20.

Creative Education Trust offers pupils in its schools abundant opportunity to engage in competition and events with Trust schools in other parts of the country. This is an important way in which the Trust seeks to build cultural capital and widen horizons. During the year pupils from Years 5 through 13 came together from north, south, east and west to perform on stage and compete on the sports field, to deliberate the role of school councils, and to exercise their skills in poetry, creative writing, social enterprise, product innovation, public-speaking and essay writing.

Financial review

a. Reserves policy

The Trustees' policy is to carry forward a prudent level of reserves designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, plus a contribution towards future capital projects, subject to the constraint that the level of reserves does not exceed the level permitted by the Trust's Funding Agreement and the Education and Skills Funding Agency.

b. Investment policy and performance

During the year all of the Trust's restricted and unrestricted funds were held by UK banks in current and fixed term deposit accounts, in accordance with the Trust's investment policy. Endowment funds were held in an appropriate range of equity and fixed interest investments.

c. Principal risks and uncertainties

The principal risks for the Trust during the next few years are:

- Recruitment and retention of students in those schools that are under capacity and not oversubscribed at traditional entry points. This is monitored carefully and the financial impact is modelled.
- Ensuring the Trust remains solvent. The financial position is kept under constant review and is subject to regular scrutiny by the Board and the Finance Committee.
- Recruitment of suitably experienced principals, head teachers, senior leaders and teachers. The Trust continues to follow a number of initiatives to widen its search and to ensure that the Trust is an employer of choice.
- Changes in Government policy with regard to funding and teachers' pay. Our business model is highly sensitive to changes in funding and costs of providing education for our students. The situation is kept under constant review.
- Maintaining high levels of safeguarding. The Trust attaches the greatest importance to the safeguarding of children at its schools. Our policies and procedures are kept under constant review and the Board ensures that the Trust keeps safeguarding at the forefront of its activities.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

- Poor academic achievement showing in national performance tables and leading to falling student numbers and undesirable Ofsted judgements. The Trust maintains accurate and complete school performance data and continuously trains staff in different academies to maintain and improve standards. Remedial action is taken to reduce risk where concerns arise.
- Physical injury caused to pupils, staff or visitors to schools as a result of fire, flood, explosion, defective premises or equipment, classroom activities, electrical malfunction or for other reasons, and to pupils and staff on school-led external activities. The Trust is committed to standardised risk assessment of all known and reasonably foreseeable health and safety hazards covering all premises, people, equipment and activities to control risks and to plan and prioritise the implementation of the identified control measures. Specific responsibilities are assigned to Principals, teaching staff, other staff, pupils and contractors.
- PR damage caused by publication of materials, by poor behaviour of Trust staff or occurrence of any other events that have a negative impact on the reputation of the Trust or on a school within it. The Trust maintains a procedure for dealing with major incidents and for non-compliance, and also maintains an e-safety policy.
- Failure of compliance procedures or breakdown in availability of reliable information within the Trust as a result of malfunction caused by external sources or human error, leading to the Trust's loss of ability to function, or leakage of sensitive information outside the Trust, whether relating to the Trust or third parties. The Trust's e-safety policy provides guidance on data security. Storage of information on the Cloud greatly reduces risk of malfunction. The Trust employs the latest software to combat viruses, malware and spyware and staff sufficiently experienced to combat risk of data loss. A specialist GDPR officer ensures compliance with GDPR rules.
- Loss of key staff through resignation, ill health or otherwise. The Trust identifies individuals who have a material impact on day-to-day running of the Trust and its schools and is developing contingency plans for dealing with the eventuality of those individuals no longer working for the Trust.
- Failure to provide relevant, reliable, and timely information to appropriate stakeholders within the Trust to enable the measurement and management of the performance and effectiveness of its activities. The Trust maintains a comprehensive system of internal reporting, with regular meetings of all stakeholders, including Board members, Principals, Head teachers and the Senior Management Team.
- Failure to follow effective procedures for the management of human resources throughout the Trust. The Trust employs a full-time Director of Human Resources and has an experienced Human Resources professional on the Board. A comprehensive set of policies and procedures is in place to ensure compliance at all times, and regular checks are carried out to ensure that key controls have been operated throughout the year.

The Trust's exposure to financial risk is largely through bank balances, cash and trade creditors, with limited trade and other debtors. The Trust has inherited various Local Government Defined Benefit Pension Scheme deficits for support staff.

The Trust's financial risks are also monitored through regular review of financial controls. The Trust's internal auditors, Smith Cooper LLP, visit sites on a regular basis and carry out a review of controls; all their reports with management responses are reviewed by the Audit and Risk Committee.

d. Effectiveness review

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:

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Risk Committee: the strength of financial controls is kept under constant review.

Plans for future periods

Considerable time during the year was devoted by the Board and Executive Team to evaluating Creative Education Trust's educational and business performance to date in the context of it reaching organisational maturity, and to formulating a strategy for the next period of the Trust's development.

Trustees consider that Creative Education Trust should continue to pursue its ambition to be a significant and influential participant in the national educational reform movement. In doing this it should remain focused on the quality of its educational provision and on the effectiveness of its educational improvement and co-curricular programmes, rather than on maximising the number of schools within the group. It is committed to achieving an Ofsted judgement of at least 'Good' and a positive Progress 8 score for all of its Academies.

The Trust's attitude to growth continues to be a prudent and strategic one, based on the practical benefits of increasing clustering, including achieving economies of scale, finding resourceful solutions to workforce challenges, enhancing in-Trust career opportunities for able staff, and continuing to build successfully central capacity to support an enlarged network of schools to the highest standard.

Whilst resolutely fixed on ensuring that the students in its academies achieve the very best results of which they are capable in national exams and qualifications, the Trust is also committed to giving them a rich and rounded education through a wide variety of co-curricular activities, including sport, music, drama, art, debating and travel, as well as increasing their future employability in a competitive world. Several new trustwide initiatives are under development to complement those described above.

School Fund

Each Academy has a School Fund that is created through fundraising and contributions. The majority of the funds held are related to specific projects that range from trips by pupils to asset enhancement. Each fund is managed by the relevant Academy and is reported on the Trust's Balance Sheet.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of staff meetings and have been kept informed on specific matters directly by management. The Trust has adopted a procedure of upward feedback for senior management and the Trustees.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy;
- Volunteers' policy;
- Health & safety policy.

In accordance with the Trust's equal opportunities policy, the Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

Disclosure of information to auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, Mazars LLP, has indicated its willingness to continue in office.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 20 December 2019 and signed on its behalf by:



David Anderson
Chair of Trustees

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Creative Education 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 Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Creative Education Trust and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The Creative Education Trust Board meets four times a year. Each formal board meeting is preceded the day before by an extended strategic discussion meeting for non-executive directors and senior executives of the Trust. The Finance Committee and the Audit and Risk Committee each meet four times per year to exercise detailed oversight on behalf of the Board of the Trust's finances and management of risk. The Trust's Education Advisory Board and the Estates and Property Committee meet four times per year. The Remuneration Committee meets twice per year. Every other year the Board holds a two-day residential with the senior executive team to review performance and develop strategy.

Attendance during the year at meetings of the board of Trustees was as follows:

	Meetings attended	Out of a possible
David Anderson, Chair	4	4
Dr William Richardson, Deputy Chair	4	4
Sasha Bhavan	3	4
Nicholas Bull	3	4
Simon Figgis	4	4
Karen Forster	3	4
Diana Gerald	2	2
Mary Groom	3	4
Marc Jordan	4	4
Peter Walls	3	4

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to take a proactive and strategic stance in support of the financial affairs of the Group; to receive and review financial data relating to the Group; and to take decisions relating to financial matters and to report these to the Board.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Nicholas Bull, Chair	4	4
David Anderson	4	4
Simon Figgis	4	4
Marc Jordan	4	4

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Audit and Risk Committee is also a sub-committee of the main Board of Trustees. Its purpose is to oversee, review and make recommendations relating to governance, financial procedures, statutory accounts and risks, and to report these to the Board. The Audit and Risk Committee also recommends to the Members the appointment of external auditors.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Simon Figgis, Chair	4	4
David Anderson	4	4
Nicholas Bull	4	4
Karen Forster	1	1
Mary Groom	2	2

Review of value for money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by applying the resources of the Trust to improve educational outcomes for children, whilst managing resources more effectively. Initiatives include detailed analysis of curriculum planning efficiency, use of Government-backed framework agreements for procurement, central procurement of energy and tendering of a contract for provision of catering across 10 Trust Academies.

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 on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Creative Education Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework


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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Smith Cooper LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a yearly basis (in some cases twice-yearly) the internal auditor reports to the Board of Trustees through the Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Approved by order of the members of the Board of Trustees on 20 December 2019 and signed on their behalf by:



David Anderson
Chair of Trustees



Marc Jordan
Accounting Officer

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Creative Education Trust I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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



MLA Jordan
Accounting Officer
Date: 20 December 2019

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the charitable company's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 their conduct and operation the Group and the charitable company apply 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the Board of Trustees on 20 December 2019 and signed on its behalf by:



David Anderson
Chair of Trustees

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CREATIVE EDUCATION TRUST**

Opinion

We have audited the financial statements of Creative Education Trust (the 'parent Trust') and its subsidiaries (the 'Group') for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Trust Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Trust's affairs as at 31 August 2019 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

The impact of uncertainties due to United Kingdom exiting the European Union on our audit

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

Conclusions relating to going concern

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

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

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CREATIVE EDUCATION TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, including the incorporated Strategic Report for the financial year for which the financial statements are prepared, is consistent with the financial statements;
- the Trustees' Report, including the Strategic Report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the parent Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated Strategic Report.

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

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

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CREATIVE EDUCATION TRUST (CONTINUED)**

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable Trust'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 Trust's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Bott (Senior Statutory Auditor)
for and on behalf of
Mazars LLP
Chartered Accountants
Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

Date: 20/11/19

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CREATIVE EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Creative Education Trust during the year 1 September 2018 to 31 August 2019 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 Creative Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Creative Education Trust and ESFA 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 Creative Education Trust and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Creative Education Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Creative Education Trust's funding agreement with the Secretary of State for Education dated 28 January 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CREATIVE
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggests in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars

Mazars LLP

90 Victoria Street
Bristol
BS1 6DP

Date: 20 December 2019

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE) ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income and endowments from:						
Donations and capital grants:						
3	1,007	(6,190)	33,779	1,409	30,005	19,175
Transfer of existing academies	559	(3,012)	29,734	-	27,281	-
Transfer from local authority on conversion	-	74,990	3,071	-	78,060	52,879
Charitable activities	3,073	-	-	-	3,073	2,635
Other trading activities	36	-	-	26	62	25
Investments	153	138	-	-	291	312
Other income						
	4,828	65,926	66,584	1,435	138,773	75,026
Total income and endowments						
Expenditure on:						
Raising funds	30	-	-	24	54	54
Charitable activities	5,286	76,583	4,726	-	86,595	70,575
Other expenditure	-	203	-	-	203	-
	5,316	76,786	4,726	24	86,852	70,629
Total expenditure						
Net gains on investments	-	-	-	190	190	-
Net (expenditure)/income	(488)	(10,860)	61,858	1,601	52,111	4,397

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Transfers between funds	23	-	59	224	(283)	-
Net movement in funds before other recognised gains/(losses)	<u>(488)</u>	<u>(10,801)</u>	<u>62,082</u>	<u>1,318</u>	<u>52,111</u>	<u>4,397</u>
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	32	-	(10,842)	-	(10,842)	4,435
Net movement in funds	<u>(488)</u>	<u>(21,643)</u>	<u>62,082</u>	<u>1,318</u>	<u>41,269</u>	<u>8,832</u>
Reconciliation of funds:						
Total funds brought forward	813	(16,851)	149,884	1,590	135,436	126,604
Net movement in funds	(488)	(21,643)	62,082	1,318	41,269	8,832
Total funds carried forward	<u>325</u>	<u>(38,494)</u>	<u>211,966</u>	<u>2,908</u>	<u>176,705</u>	<u>135,436</u>

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 29 to 69 form part of these financial statements.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2019

		2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	17		211,761		149,884
Investments	18		2,908		-
			<u>214,669</u>		<u>149,884</u>
Current assets					
Stocks	19	5		3	
Debtors	20	3,865		3,155	
Cash at bank and in hand		10,578		8,661	
		<u>14,448</u>		<u>11,819</u>	
Creditors: amounts falling due within one year	21	(9,870)		(7,558)	
Net current assets			<u>4,578</u>		<u>4,261</u>
Total assets less current liabilities			<u>219,247</u>		<u>154,145</u>
Creditors: amounts falling due after more than one year	22		(219)		(32)
Net assets excluding pension liability			<u>219,028</u>		<u>154,113</u>
Defined benefit pension scheme liability	32		(42,323)		(18,677)
Total net assets			<u><u>176,705</u></u>		<u><u>135,436</u></u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

CONSOLIDATED BALANCE SHEET (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

		2019	2019	2018	2018
		£000	£000	£000	£000
Funds of the Group					
Endowment funds	23		2,908		1,590
Restricted funds:					
Fixed asset funds	23	211,966		149,884	
Restricted income funds	23	3,829		1,825	
Restricted funds excluding pension liability		<u>215,795</u>		<u>151,709</u>	
Pension reserve	23	(42,323)		(18,676)	
Total restricted funds			173,472		133,033
Unrestricted income funds	23		325		813
Total funds			<u>176,705</u>		<u>135,436</u>

The financial statements on pages 22 to 69 were approved by the Trustees, and authorised for issue on 20 December 2019 and are signed on their behalf, by:



David Anderson
Chair of Trustees

The notes on pages 29 to 69 form part of these financial statements.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUST STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 AUGUST 2019

		2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	17		211,758		149,884
Investments	18		2,908		-
			<u>214,666</u>		<u>149,884</u>
Current assets					
Stocks	19	5		3	
Debtors	20	3,861		3,156	
Cash at bank and in hand		10,504		8,603	
			<u>14,370</u>		<u>11,762</u>
Creditors: amounts falling due within one year	21	(9,863)		(7,555)	
Net current assets			4,507		4,207
Total assets less current liabilities			<u>219,173</u>		<u>154,091</u>
Creditors: amounts falling due after more than one year	22		(219)		(31)
Net assets excluding pension liability			<u>218,954</u>		<u>154,060</u>
Defined benefit pension scheme liability	32		(42,323)		(18,677)
Total net assets			<u><u>176,631</u></u>		<u><u>135,383</u></u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

TRUST STATEMENT OF FINANCIAL POSITION (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

		2019 £000	2019 £000	2018 £000	2018 £000
Funds of the Trust					
Endowment funds	23		2,908		1,590
Restricted funds:					
Fixed asset funds	23	211,963		149,884	
Restricted income funds	23	3,829		1,825	
Restricted funds excluding pension liability		<u>215,792</u>		<u>151,709</u>	
Pension reserve	23	(42,323)		(18,676)	
Total restricted funds			173,469		133,033
Unrestricted income funds	23		254		760
Total funds			<u>176,631</u>		<u>135,383</u>

The financial statements on pages 22 to 69 were approved by the Trustees, and authorised for issue on 20 December 2019 and are signed on their behalf, by:



David Anderson
 Chair of Trustees

The notes on pages 29 to 69 form part of these financial statements.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	27	1,152	2,082
Cash flows from investing activities	29	(705)	(2,280)
Cash flows from financing activities	28	1,470	1,616
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		1,917	1,418
Cash and cash equivalents at the beginning of the year		8,661	7,243
Cash and cash equivalents at the end of the year	30	<hr/> <u>10,578</u>	<hr/> <u>8,661</u>

The notes on pages 29 to 69 from part of these financial statements

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Creative Education Trust meets the definition of a public benefit entity under FRS 102.

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

The Trust has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

1.2 Going concern

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

1.3 Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

Grants are included in the Consolidated 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Consolidated Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income (continued)

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

- **Sponsorship income**

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Consolidated Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Transfer on conversion**

Where assets and liabilities are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

- **Transfer of existing academies into the Trust**

Where assets and liabilities are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within 'Income from Donations and Capital Grants' to the net assets acquired.

1.4 Expenditure

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

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

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 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 Part 11, chapter 3 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.

1.7 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Furniture and equipment	- 12.5% straight line
Fixtures and fittings: inherited assets	- 25% straight line
Computer equipment	- 33.3% straight line
Motor vehicles	- 20% straight line

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

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated Statement of Financial Activities.

1.9 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.

1.10 Debtors

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

1.11 Cash at bank and in hand

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

1.12 Liabilities

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

1.13 Provisions

Provisions are recognised when the Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.14 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 20. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 21 and 22. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Concessionary loans are measured at the value of the loan less repayments made.

1.15 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.16 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.16 Pensions (continued)

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.17 Conversion to an academy trust

The conversion from a state maintained school to a Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Ellis Guilford School to the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Consolidated Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 31.

1.18 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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

Endowment funds comprise of permanent and expendable funds and are held separately.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis adopted by qualified actuaries as instructed by the relevant Local Authority using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 32, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from transfer in of existing academies and from conversion to academy status

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Similar incoming resources					
Inherited defined benefit pension scheme liability	-	(9,202)	-	(9,202)	(4,643)
Transfer in of an existing academy	-	33,779	-	33,779	21,393
Assets transferred on acquisition	1,007	-	-	1,007	834
Transfer of converting academy	-	29,734	-	29,734	-
Assets transferred on conversion	559	-	-	559	-
Subtotal detailed disclosure	1,566	54,311	-	55,877	17,584
Endowment fund transferred on acquisition	-	-	1,409	1,409	1,590
Subtotal	-	-	1,409	1,409	1,590
	1,566	54,311	1,409	57,286	19,174
Total 2018	833	16,750	1,591	19,174	

The assets transferred on conversion relate to the assets and liabilities transferred on the conversion of Ellis Guilford School and the assets transferred on acquisition relate to the assets and liabilities on acquisition of Milton Keynes Academy and Wrenn School.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the Trust's academy's educational operations

	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants			
General Annual Grant (GAG)	64,198	64,198	42,293
Start Up Grant	14	14	5
Pupil Premium	4,275	4,275	2,623
Capital Grant	3,070	3,070	4,375
16-18 Funding	3,285	3,285	1,974
SEN Funding	788	788	463
Local Authority Grants	1,075	1,075	814
Other EFA Grant	1,307	1,307	303
Other Grants Received	48	48	29
	<u>78,060</u>	<u>78,060</u>	<u>52,879</u>

5. Income from other trading activities

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Hire of facilities	320	320	190
Trip Income	710	710	564
Catering Income	1,397	1,397	1,374
Music Services Income	33	33	28
Other Income	458	458	350
Sponsor Income	-	-	25
Rent receivable	155	155	104
	<u>3,073</u>	<u>3,073</u>	<u>2,635</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. Investment income

	Unrestricted funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Investment income	36	26	62	25
Total 2018	25	-	25	

7. Other incoming resources

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Other incoming resources	153	138	291	312
Total 2018	129	183	312	

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Expenditure

	Staff Costs	Other	Total	Total
	2019	2019	2019	2018
	£000	£000	£000	£000
Expenditure on fundraising trading activities:				
Direct costs	-	30	30	28
Expenditure on investment management	-	24	24	-
Academy's educational operations:				
Direct costs	50,315	8,006	58,321	52,110
Allocated support costs	12,512	15,761	28,273	18,491
Other expenditure	-	203	203	-
	<u>62,827</u>	<u>24,024</u>	<u>86,851</u>	<u>70,629</u>
Total 2018	<u>41,867</u>	<u>28,762</u>	<u>70,629</u>	

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted	Restricted	Endowment	Total	Total
	funds	funds	funds	funds	funds
	2019	2019	2019	2019	2018
	£000	£000	£000	£000	£000
Academy's educational operations	5,286	80,555	-	85,841	70,111
Pension cost	-	754	-	754	464
Total 2019	<u>5,286</u>	<u>81,309</u>	<u>-</u>	<u>86,595</u>	<u>70,575</u>
Total 2018	<u>4,159</u>	<u>66,416</u>	<u>-</u>	<u>70,575</u>	

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Other expenditure

	Restricted funds 2019 £000	Total funds 2019 £000
VAT adjustments	203	203

VAT adjustments relate to the potential liability that may arise due to the backdated VAT registration of the Trust.

11. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy's educational operations	58,321	28,274	86,595	70,575
Total 2018	52,084	18,491	70,575	

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Academy	Total	Total
	2019	funds	funds
	£000	2019	2018
		£000	£000
Pension finance costs	754	754	464
Wages and salaries (including national insurance & pension)	50,142	50,142	34,026
Depreciation	2,341	2,341	14,207
Educational supplies	672	672	625
Examination fees	1,388	1,388	655
External education and fees	853	853	429
Other direct costs	962	962	759
Educational trips	1,035	1,035	859
Teachers redundancy payments	174	174	60
	<u>58,321</u>	<u>58,321</u>	<u>52,084</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Analysis of expenditure by activities (continued)

Analysis of support costs

	Academy 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Wages and salaries (including national insurance and pension)	12,358	12,358	7,606
Depreciation	2,385	2,385	620
Maintenance of premises and equipment	3,847	3,847	2,891
Student bursary and rewards	137	137	112
IT support costs	692	692	581
Cleaning and waste management	873	873	480
Rates	2,446	2,446	1,499
Insurance	304	304	205
Minibus costs	83	83	71
Catering costs	2,190	2,190	1,970
Bank charges	53	53	3
Other support costs	1,653	1,653	1,234
Legal and professional fees	665	665	444
Recruitment costs	388	388	330
Support staff redundancy costs	154	154	150
Profit/loss on disposal	-	-	290
Governance costs	45	45	5
	<u>28,273</u>	<u>28,273</u>	<u>18,491</u>

12. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	4,728	2,916
Fees paid to auditor for:		
- audit	68	66
- other services	27	17
	<u>4,823</u>	<u>3,006</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	Group 2019 £000	Group 2018 £000	Trust 2019 £000	Trust 2018 £000
Wages and salaries	47,660	31,889	47,660	31,889
Social security costs	4,522	3,004	4,522	3,004
Pension costs	10,317	6,764	10,317	6,764
	<u>62,499</u>	<u>41,657</u>	<u>62,499</u>	<u>41,657</u>
Staff restructuring costs	328	210	328	210
	<u>62,827</u>	<u>41,867</u>	<u>62,827</u>	<u>41,867</u>

b. Non-statutory/non-contractual staff severance payments

In 2018/19 the value of all non-statutory/non-contractual severance payments made by the Trust totalled £122,546 for both teachers and support staff (2018: £79,473). Individual payments were £7,709, £1,125, £5,738, £10,057, £8,606, £10,047, £10,631, £7,020, £1,341, £17,555, £7,521, £2,947, £8,788, £12,092, £8,524 and £2,845.

c. Staff numbers

The average number of persons employed by the Group and the Trust during the year was as follows:

	Group 2019 No.	Group 2018 No.
Teachers	703	524
Administration and support	951	684
Management	115	90
	<u>1,769</u>	<u>1,298</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Staff costs (continued)

d. Higher paid staff

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

	Group 2019 No.	Group 2018 No.
In the band £60,001 - £70,000	12	8
In the band £70,001 - £80,000	6	2
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	2	3
In the band £100,001 - £110,000	1	2
In the band £110,001 - £120,000	2	1
In the band £120,001 - £130,000	1	2
In the band £130,001 - £140,000	1	-
In the band £140,001 - £150,000	1	1
In the band £150,001 - £160,000	1	-
In the band £160,001 - £170,000	1	1
In the band £180,001 - £190,000	-	1
In the band £190,001 - £200,000	1	-

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,164,667 (2018: £935,000).

One Trustee has been paid remuneration and has received other benefits from an employment with the Academy Trust. The value of the Trustee's remuneration and other benefits was as follows:

M Jordan (CEO and Trustee)

Remuneration : £190,000 - £200,000 (2018: £180,000 - £190,000)

Employer's pension contributions paid £20,000 - £30,000 (2018: £20,000 - £30,000)

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. Central services

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

- Financial services
- Legal services
- Human resources
- Education support services
- Governance support services
- ICT support services
- Others as arising

The Trust charges for these services on the following basis:

The Trust charges for these on a percentage of GAG income that is appropriate to the individual academy.

The actual amounts charged during the year were as follows:

	2019	2018
	£000	£000
Abbeyfield Academy	324	325
Ash Green Academy	234	229
Bulwell Academy	291	99
Caister Academy	155	148
Ellis Guilford School	340	-
Harpfield Primary Academy	42	42
Hart School	268	274
Lynne Grove Academy	257	255
Milton Keynes Academy	330	-
Queen Eleanor Academy	51	51
Thistley Hough Academy	229	193
Three Peaks Primary Academy	73	73
Weavers Academy	317	298
Woodlands Primary Academy	75	74
Wrenn School	220	-
Wroughton Infant Academy	57	56
Wroughton Junior Academy	69	66
Total	<u>3,332</u>	<u>2,183</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Trustees' remuneration and expenses

During the years ended 31 August 2018 and 2019, respectively, retirement benefits were accruing to the Chief Executive Officer in respect of defined benefit pension schemes. No other Trustee received any remuneration in either year.

During the year ended 31 August 2019, travel expenses totalling £4,164 were reimbursed or paid directly to 10 Trustees (2018 - £2,918 to 5 Trustees).

16. Trustees' and Officers' insurance

The Group has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

17. Tangible fixed assets

Group

	Freehold property £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Other fixed assets £000	Total £000
Cost or valuation						
At 1 September 2018	170,856	2,670	2,292	97	36	175,951
Additions	502	613	904	-	1,072	3,091
On acquisition/conversion of academies	62,844	474	195	-	-	63,513
At 31 August 2019	<u>234,202</u>	<u>3,757</u>	<u>3,391</u>	<u>97</u>	<u>1,108</u>	<u>242,555</u>
Depreciation						
At 1 September 2018	22,627	1,676	1,672	91	-	26,066
Charge for the year	3,685	362	675	6	-	4,728
At 31 August 2019	<u>26,312</u>	<u>2,038</u>	<u>2,347</u>	<u>97</u>	<u>-</u>	<u>30,794</u>
Net book value						
At 31 August 2019	<u>207,890</u>	<u>1,719</u>	<u>1,044</u>	<u>-</u>	<u>1,108</u>	<u>211,761</u>
At 31 August 2018	<u>148,228</u>	<u>994</u>	<u>620</u>	<u>6</u>	<u>36</u>	<u>149,884</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Tangible fixed assets (continued)

Trust

	Freehold property £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Other fixed assets £000	Total £000
Cost or valuation						
At 1 September 2018	170,856	2,670	2,292	97	36	175,951
Additions	502	610	904	-	1,072	3,088
On acquisition/conversion of academies	62,844	474	195	-	-	63,513
At 31 August 2019	234,202	3,754	3,391	97	1,108	242,552
Depreciation						
At 1 September 2018	22,627	1,676	1,672	91	-	26,066
Charge for the year	3,685	362	675	6	-	4,728
At 31 August 2019	26,312	2,038	2,347	97	-	30,794
Net book value						
At 31 August 2019	207,890	1,716	1,044	-	1,108	211,758
At 31 August 2018	148,228	994	620	6	36	149,884

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Fixed asset investments

Group	Listed investments £000
Cost or valuation	
Additions	2,718
Revaluations	190
At 31 August 2019	<u>2,908</u>
Net book value	
At 31 August 2019	<u>2,908</u>
Trust	Listed investments £000
Cost or valuation	
Additions	2,718
Revaluations	190
At 31 August 2019	<u>2,908</u>
Net book value	
At 31 August 2019	<u>2,908</u>

19. Stocks

	Group 2019 £000	Group 2018 £000	Trust 2019 £000	Trust 2018 £000
Finished goods and goods for resale	5	3	5	3

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Debtors

	Group 2019 £000	Group 2018 £000	Trust 2019 £000	Trust 2018 £000
Due within one year				
Trade debtors	107	97	103	96
Other debtors	17	42	17	42
Prepayments and accrued income	2,511	1,261	2,509	1,261
Tax recoverable	1,230	1,755	1,232	1,757
	<u>3,865</u>	<u>3,155</u>	<u>3,861</u>	<u>3,156</u>

21. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £000	Trust 2019 £000	Trust 2018 £000
Other loans	32	-	32	-
Trade creditors	2,203	1,604	2,199	1,604
Other taxation and social security	1,741	1,260	1,741	1,260
Other creditors	1,020	247	1,020	249
Accruals and deferred income	4,874	4,447	4,871	4,442
	<u>9,870</u>	<u>7,558</u>	<u>9,863</u>	<u>7,555</u>

Other loans comprise an Energy Efficient Loan from Salix Finance Limited which is a concessionary loan. The loan is unsecured, interest free and the repayment period is 8 years at £32,000 per annum. The initial loan was for £257,000.

	Group 2019 £000	Group 2018 £000	Trust 2019 £000	Trust 2018 £000
Deferred income at 1 September 2018	2,464	5,078	2,464	5,078
Resources deferred during the year	2,501	2,464	2,501	2,464
Amounts released from previous periods	(2,464)	(5,078)	(2,464)	(5,078)
	<u>2,501</u>	<u>2,464</u>	<u>2,501</u>	<u>2,464</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Creditors: amounts falling due within one year (continued)

	2019 £000
Amounts deferred in the year were as follows:	
ESFA grant funding for capital works	144
Rates	205
Trip income	113
Universal infant free school meals	120
IDEAL income	51
Special educational needs grant	44
School condition allocation	1,403
Other amounts individually less than £40,000	421
	<hr/> 2,501 <hr/> <hr/>

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

	Group 2019 £000	Group 2018 £000	Trust 2019 £000	Trust 2018 £000
Other loans	193	-	193	-
Other creditors	26	32	26	31
	<hr/> 219 <hr/> <hr/>	<hr/> 32 <hr/> <hr/>	<hr/> 219 <hr/> <hr/>	<hr/> 31 <hr/> <hr/>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
General funds	761	4,665	(5,230)	-	-	196
Wrenn Astro Limited	-	62	(6)	-	-	56
Creative Education Academies Limited	52	101	(80)	-	-	73
	<u>813</u>	<u>4,828</u>	<u>(5,316)</u>	<u>-</u>	<u>-</u>	<u>325</u>
Endowment funds						
Endowment Fund	1,590	1,435	(24)	(283)	190	2,908
	<u>1,590</u>	<u>1,435</u>	<u>(24)</u>	<u>(283)</u>	<u>190</u>	<u>2,908</u>
Restricted general funds						
General annual grant (GAG) and other restricted funding	1,825	75,128	(73,183)	59	-	3,829
Pension reserve	(18,676)	(9,202)	(3,603)	-	(10,842)	(42,323)
	<u>(16,851)</u>	<u>65,926</u>	<u>(76,786)</u>	<u>59</u>	<u>(10,842)</u>	<u>(38,494)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund	149,884	66,584	(4,726)	224	-	211,966
	<u>149,884</u>	<u>66,584</u>	<u>(4,726)</u>	<u>224</u>	<u>-</u>	<u>211,966</u>
Total Restricted funds	<u>133,033</u>	<u>132,510</u>	<u>(81,512)</u>	<u>283</u>	<u>(10,842)</u>	<u>173,472</u>
Total funds	<u>135,436</u>	<u>138,773</u>	<u>(86,852)</u>	<u>-</u>	<u>(10,652)</u>	<u>176,705</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. Statement of funds (continued)

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

Unrestricted 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 funds (excluding pension reserve) represent funds received from the Department for Education, local authorities and other bodies and are specifically spent on the running of the academies.

Pension reserve represents the movements on the Local Government Pension Schemes' Liabilities.

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

Endowment funds represent an amount gifted to the Bulwell Academy and to Milton Keynes Academy by their former sponsor for the purpose of assisting in supporting those Academies' educational and charitable purposes.

The transfer represents monies unspent on fixed assets, moved to restricted funds.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£000	£000
Abbeyfield School	1,752	1,494
Ash Green School	585	401
Caister Academy (1)	(1,107)	(877)
Central Services	550	205
Ellis Guilford School	493	-
Harpfield Primary Academy	212	201
Hart School (1)	(2,035)	(1,528)
Lynn Grove Academy	1,677	1,672
Milton Keynes Academy	1,096	-
Queen Eleanor Academy	243	271
Thistley Hough Academy (1)	(809)	(968)
Three Peaks Primary Academy	397	278
Weavers Academy	653	618
Woodlands Primary Academy	309	278
Wrenn School (1)	(400)	-
Wroughton Infant Academy	122	21
Wroughton Junior Academy (1)	(274)	(187)
Bulwell Academy	689	759
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	4,153	2,638
Restricted fixed asset fund	211,966	149,884
Pension reserve	(42,323)	(18,676)
	<hr/>	<hr/>
Total	173,796	133,846
	<hr/> <hr/>	<hr/> <hr/>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. Statement of funds (continued)

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

	Deficit £000
Caister Academy	1,107
Hart School	2,035
Thistley Hough Academy	809
Wrenn School	400
Wroughton Junior Academy	274

Note 1 - It is the policy of the Trust that all academies should operate with an annual surplus that enables them to reinvest in children's education and to maintain prudent level of reserves. Where for operational reasons this is not possible, schools are permitted to run at a deficit, but are nevertheless required to take remedial action where possible to enable them to return to a balanced position in the medium term.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. Statement of funds (continued)

Total cost analysis by academy

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 2019 £000	Total 2018 £000
Abbeyfield School	4,273	683	394	1,199	6,549	6,763
Ash Green School	3,046	784	285	913	5,028	5,224
Caister Academy	2,435	497	157	584	3,673	4,285
Central Services	577	1,341	372	757	3,047	2,970
Ellis Guilford School	4,488	1,303	442	1,165	7,398	-
Harpfield Primary Academy	637	133	52	241	1,063	1,057
Hart School	4,164	848	478	1,239	6,729	7,771
Lynn Grove Academy	3,527	818	446	860	5,651	5,551
Milton Keynes Academy	4,332	1,185	350	1,256	7,123	-
Queen Eleanor Academy	729	156	56	261	1,202	1,236
Thistley Hough Academy	3,041	633	416	1,162	5,252	4,915
Three Peaks Primary Academy	1,139	143	64	346	1,692	1,714
Weavers Academy	4,362	1,045	612	909	6,928	6,565
Woodlands Primary Academy	1,130	299	81	275	1,785	1,782
Wrenn School	3,547	915	219	618	5,299	-
Wroughton Infant Academy	843	178	24	235	1,280	1,395
Wroughton Junior Academy	1,106	161	118	297	1,682	1,680
Bulwell Academy	4,091	1,390	344	1,051	6,876	2,550
Trust	47,467	12,512	4,910	13,368	78,257	55,458

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

23. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General funds	1,170	3,520	(3,929)	-	-	761
Creative Education Academies Limited	15	104	(67)	-	-	52
	<u>1,185</u>	<u>3,624</u>	<u>(3,996)</u>	<u>-</u>	<u>-</u>	<u>813</u>
Endowment funds						
Endowment Fund	-	1,590	-	-	-	1,590
	<u>-</u>	<u>1,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,590</u>
Restricted general funds						
General annual grant (GAG)	2,778	48,687	(49,326)	(314)	-	1,825
Pension reserve	(16,277)	(4,643)	(2,191)	-	4,435	(18,676)
	<u>(13,499)</u>	<u>44,044</u>	<u>(51,517)</u>	<u>(314)</u>	<u>4,435</u>	<u>(16,851)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Fund	138,918	25,768	(15,116)	314	-	149,884
	<u>138,918</u>	<u>25,768</u>	<u>(15,116)</u>	<u>314</u>	<u>-</u>	<u>149,884</u>
Total Restricted funds	<u>125,419</u>	<u>69,812</u>	<u>(66,633)</u>	<u>-</u>	<u>4,435</u>	<u>133,033</u>
Total funds	<u>126,604</u>	<u>75,026</u>	<u>(70,629)</u>	<u>-</u>	<u>4,435</u>	<u>135,436</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Summary of funds

Summary of funds - current year

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
General funds	813	4,828	(5,316)	-	-	325
Endowment funds	1,590	1,435	(24)	(283)	190	2,908
Restricted funds	(16,851)	65,926	(76,786)	59	(10,842)	(38,494)
Restricted fixed asset funds	149,884	66,584	(4,726)	224	-	211,966
	<u>135,436</u>	<u>138,773</u>	<u>(86,852)</u>	<u>-</u>	<u>(10,652)</u>	<u>176,705</u>

25. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	211,761	-	211,761
Fixed asset investments	-	-	-	2,908	2,908
Current assets	325	13,918	205	-	14,448
Creditors due within one year	-	(9,870)	-	-	(9,870)
Creditors due in more than one year	-	(219)	-	-	(219)
Provisions for liabilities and charges	-	(42,323)	-	-	(42,323)
Total	<u>325</u>	<u>(38,494)</u>	<u>211,966</u>	<u>2,908</u>	<u>176,705</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	149,884	-	149,884
Current assets	847	9,384	-	1,590	11,821
Creditors due within one year	(3)	(7,558)	-	-	(7,561)
Creditors due in more than one year	(32)	-	-	-	(32)
Provisions for liabilities and charges	-	(18,677)	-	-	(18,677)
Total	812	(16,851)	149,884	1,590	135,435

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

26. Total return on Endowment

	Endowment 2019 £000	Unapplied total return 2019 £000	Total funds 2019 £000
At 1 September 2018			
Trust for investment/permanent endowment	-	-	-
Unapplied total return	-	-	-
	<hr/>	<hr/>	<hr/>
Total	-	-	-
Movements in the reporting period			
Gifts of endowment	2,716	-	2,716
Investment return: dividends and interest	-	26	26
Investment return: realised and unrealised gains	-	190	190
Less investment management fees	-	(24)	(24)
	<hr/>	<hr/>	<hr/>
Total	2,716	192	2,908
Less unapplied total return allocated to income in the reporting	-	-	-
	<hr/>	<hr/>	<hr/>
Net movements in the reporting period	2,716	192	2,908
At 31 August 2019			
Trust for investment/permanent endowment	2,716	-	2,716
Unapplied total return	-	192	192
	<hr/>	<hr/>	<hr/>
	<u>2,716</u>	<u>192</u>	<u>2,908</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

27. Reconciliation of net income to net cash flow from operating activities

	Group 2019 £000	Group 2018 £000
Net income for the year (as per Statement of Financial Activities)	52,111	4,397
Adjustments for:		
Depreciation	4,728	2,916
Capital grants from DfE and other capital income	(3,070)	(1,886)
Defined benefit pension scheme cost less contributions payable	3,134	2,255
Decrease/(increase) in stocks	(2)	1
Decrease/(increase) in debtors	(709)	2,716
(Decrease)/increase in creditors	2,310	(1,566)
(Decrease)/increase in creditors due after one year	187	5
Returns on investments and servicing of finance	(61)	(25)
Loss on the sale of fixed assets	-	290
Impairment charge	-	11,913
Net surplus on assets and liabilities from academy on acquisition	(54,311)	(16,461)
Cash transferred on acquisition	(1,566)	(882)
Endowment transferred on acquisition	(1,409)	(1,591)
Revaluation of investments	(190)	-
Net cash provided by operating activities	1,152	2,082

28. Cash flows from financing activities

	Group 2019 £000	Group 2018 £000
Interest received	61	25
Endowment transferred on acquisition	1,409	1,591
Net cash provided by financing activities	1,470	1,616

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

29. Cash flows from investing activities

	Group 2019 £000	Group 2018 £000
Purchase of tangible fixed assets	(2,623)	(5,000)
Purchase of investments	(2,718)	-
Capital grants from DfE Group	3,070	1,886
Cash transferred on conversion	1,566	834
Net cash used in investing activities	<u>(705)</u>	<u>(2,280)</u>

30. Analysis of cash and cash equivalents

	Group 2019 £000	Group 2018 £000
Cash in hand	10,578	8,661
Total cash and cash equivalents	<u>10,578</u>	<u>8,661</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

31. Conversion to an academy trust

On 1 November 2018 Ellis Guilford School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Creative Education Trust from Nottingham City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Consolidated Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Consolidated Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Leasehold land and buildings	-	-	29,430	29,430
Other tangible fixed assets	-	-	304	304
Current assets				
Cash	784	-	-	784
Debtors due within one year	16	-	-	16
Current liabilities				
Creditors due within one year	(48)	-	-	(48)
Non-current liabilities				
LGPS pension surplus / (deficit)	-	(3,012)	-	(3,012)
Creditors due after one year	(193)	-	-	(193)
Net assets/(liabilities)	<u>559</u>	<u>(3,012)</u>	<u>29,734</u>	<u>27,281</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

32. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Staffordshire County Council, Warwickshire County Council, Norfolk County Council, Northamptonshire County Council, Westminster City Council, Buckinghamshire County Council and Nottinghamshire County Council. Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

32. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#).

The employer's pension costs paid to TPS in the year amounted to £4,696,073 (2018 - £3,267,521).

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

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £3,755,000 (2018 - £2,365,000), of which employer's contributions totalled £2,855,000 (2018 - £1,817,000) and employees' contributions totalled £ 900,000 (2018 - £548,000). The agreed contribution rates for future years are 16 - 27.6 per cent for employers and 5.5 - 12.5 per cent for employees.

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

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

32. Pension commitments (continued)

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.00	3.00
Rate of increase for pensions in payment/inflation	2.30	2.30
Discount rate for scheme liabilities	1.90	2.80
Commutation of pensions to lump sums	50.00	50.00

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.6	22.5
Females	23.8	24.7
<i>Retiring in 20 years</i>		
Males	22.9	24.5
Females	25.3	26.8

The Group's share of the assets in the scheme was:

	At 31	At 31
	August	August
	2019	2018
	%	%
Equities	67	68
Bonds	21	19
Property	10	10
Cash	2	3
Total market value of assets	100	100

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

32. Pension commitments (continued)

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

	2019	2018
	£000	£000
Current service cost	(5,089)	(3,535)
Past service cost	(626)	(21)
Interest income	1,104	553
Interest cost	(1,858)	(1,017)
Total amount recognised in the Consolidated Statement of Financial Activities	<u>(6,469)</u>	<u>(4,020)</u>

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

	2019	2018
	£000	£000
At 1 September	46,398	35,513
Conversion of academy trusts	20,713	9,744
Current service cost	5,089	3,535
Interest cost	1,858	1,017
Employee contributions	900	548
Actuarial losses/(gains)	11,981	(3,740)
Benefits paid	(792)	(229)
Past service costs	625	21
Estimated unfunded pension payments	(11)	(11)
At 31 August	<u>86,761</u>	<u>46,398</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

32. Pension commitments (continued)

Changes in the fair value of the Group's share of scheme assets were as follows:

	2019	2018
	£000	£000
At 1 September	27,721	19,236
Conversion of academy trusts	11,511	5,101
Expected return on assets	1,104	553
Actuarial gains	1,139	695
Employer contributions	2,866	1,828
Employee contributions	900	548
Benefits paid	(792)	(229)
Estimated unfunded benefits paid	(11)	(11)
At 31 August	<u>44,438</u>	<u>27,721</u>

33. Operating lease commitments

At 31 August 2019 the Group and the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group	Group
	2019	2018
	£000	£000
Not later than 1 year	223	187
Later than 1 year and not later than 5 years	626	470
Later than 5 years	103	207
	<u>952</u>	<u>864</u>

34. 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.

Creative Education Charitable Trust, a member and the sponsor of Creative Education Trust made a donation of £45,802 to Creative Education Trust during the academic year (2018: £70,000).

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

35. Post balance sheet events

There were no post balance sheet events to note.

36. Transfer of existing academies into the trust

On 1 September 2018 Milton Keynes Academy transferred into the Trust and all the operations and assets and liabilities were transferred to Creative Education Trust for £NIL consideration. On 1 November 2018 Wrenn School transferred into the Trust and all the operations and assets and liabilities were transferred to Creative Education Trust for £NIL consideration.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer on conversion

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

Wrenn School

	Value reported by transferring trust £000	Transfer in recognised £000
Tangible fixed assets		
Freehold property	9,367	9,367
Furniture and equipment	2	2
Computer equipment	5	5
Current assets		
Liabilities		
Pensions		
Pensions - pension scheme liabilities	(2,653)	(2,653)
Net assets	<u>6,721</u>	<u>6,721</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

36. Transfer of existing academies into the trust (continued)

Milton Keynes Academy

	Value reported by transferring trust £000	Transfer in recognised £000
Tangible fixed assets		
Freehold property	24,048	24,048
Furniture and equipment	213	213
Computer equipment	143	143
Endowment Fund	1,409	1,409
Current assets		
Debtors due within one year	554	554
Cash at bank and in hand	1,717	1,717
Liabilities		
Creditors due within one year	(1,271)	(1,271)
Pensions		
Pensions - pension scheme liabilities	(3,537)	(3,537)
Net assets	<u>23,276</u>	<u>23,276</u>