

Creative Education Trust

Registered number: 07617529

Trustees' report and financial statements

For the year ended 31 August 2017

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 9
Governance Statement	10 - 12
Statement on Regularity, Propriety and Compliance	13
Statement of Trustees' Responsibilities	14
Independent Auditor's Report on the Financial Statements	15 - 17
Independent Reporting Accountant's Assurance Report on Regularity	18 - 19
Consolidated Statement of Financial Activities Incorporating Income and Expenditure Account	20
Consolidated Balance Sheet	21
Trust Balance Sheet	22
Consolidated Statement of Cash Flows	23
Notes to the Financial Statements	24 - 50

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Trustees	David Anderson, Chair Dr William Richardson, Deputy Chair John Allwood Sasha Bhavan (appointed 13 February 2017) Kevin Butler (resigned 13 April 2017) Creative Education Charitable Trust Michael Dickson CBE Simon Figgis (appointed 1 September 2017) Karen Forster (appointed 1 September 2017) Mary Groom Marc Jordan Peter Walls
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, Direction of Programmes Nicholas Brann, Director of Finance and Resources Mark Mumby, Director of Standards Victoria Tricario, Director of Human Resources (appointed 27 February 2017)
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 2017

The Trustees present their annual report together with the financial statements and Auditor's report of the charitable Company for the year from 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report and a Directors' report under Company law.

Structure, governance and management

Constitution

The Trust is a charitable Company limited by guarantee and an exempt Charity.

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

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

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.

Method of recruitment and appointment or election of Trustees

The management of the Trust is the responsibility of the Trustees, who are elected and co-opted under the terms of the Articles of Association.

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),
- other Directors who may be co-opted or appointed.

Policies and procedures adopted for the induction and training of Trustees and employees

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 Trustees are fully briefed and 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. It holds an annual staff away day in order to facilitate such communication. Other measures in place include a termly staff magazine, an intranet forum and staff satisfaction surveys.

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 2017

Organisational structure

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

Executive Committee

- 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;
- c. To support the CEO in the development of strategic planning for the Group.

Finance Committee

- 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.

Audit Committee

- 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 and internal auditors.

Remuneration and People Committee

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

Estates and Property Committee

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

Education Advisory Board

- a. To monitor educational standards and performance
- b. To advise on strategies for educational improvement

In addition, for each Academy within the Trust there is one Local Governing Body. The Local Governing Body ("LGB") is a sub-committee of the Board. It is the LGB's role to hold the Academy Principal and Senior Leadership Team ("SLT") to account for the Academy's educational, operational and financial performance. In addition, the LGB has an important role in representing the Academy to parents and the local community. The LGB is also responsible for adjudicating on disciplinary and behaviour matters in accordance with the Trust's policies.

Pay policy for key management personnel

The Remuneration and People Committee is chaired by a Trustee who is a senior Human Resources professional in a large privatised former public sector company. The recruitment of a Director of HR has further strengthened the Trust's ability to take a rigorous view of senior staff performance management and compensation. Considerable effort was 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 was fair and transparent, and which would enable 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

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

remuneration proposals are rigorously scrutinised and approved by the Board.

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, Michael Dickson and Marc Jordan) are Directors of the Trust and, with the exception of Marc Jordan, are also members of the Trust.

Objectives and Activities

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.

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, 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.

Activities for achieving objectives

During the year to 31 August 2017 the principal activity of the Trust was the continuing operation and improvement of educational standards in the Trust's existing portfolio of primary and secondary schools in the Midlands and on the East Norfolk coast. During the course of the year the portfolio consisted of thirteen schools. The secondary schools were - Ash Green School, Bedworth; Abbeyfield School, Northampton; The Hart School, Rugeley (previously Fair Oak Academy and Hagley Park Academy); Thistley Hough Academy, Stoke on Trent; Weavers Academy, Wellingborough; Caister Academy, Great Yarmouth; and Lynn Grove Academy, Great Yarmouth. The primary schools were Queen Eleanor Primary Academy, Northampton; Harpfield Primary Academy, Stoke-on-Trent; Three Peaks Primary Academy, Tamworth; and Woodlands Primary Academy, Great Yarmouth. Wroughton Infant Academy and Wroughton Junior Academy, Great Yarmouth, were new joiners in December 2016.

Trustees continued to take a cautious and considered approach to further expansion. A number of projects were examined for strategic fit and future viability. It was decided to bring two major feeder schools to Lynn Grove Academy into the Trust – Wroughton Infant School and Wroughton Junior School, which were deemed to be of strategic importance to securing educational quality in the lower forms at Lynn Grove. They joined CET on 1 December 2016 and have since made rapid progress in raising standards. In other respects the year was one of consolidation and the development of infrastructure to support a more ambitious programme of expansion planned for academic years 2017/18 and 2018/19.

Activities for the year focused on the following key strands:

- (i) The further development of the Trust's educational improvement strategies
- (ii) Increasing the capacity of the Trust's central team
- (iii) Embedding the Key Concepts more widely across school activity through the 'Knowledge Connected' programme
- (iv) Further expansion of co-curricular activities to provide a culturally rich curriculum for our students

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

- (v) Continuing development of governance across the Trust with a focus on streamlining local governance
- (vi) Further development of opportunities for career development and engagement for staff across the Trust.

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 looks 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 said communities.

Strategic report

Achievements and performance

Key performance indicators

The return to linear format for most A-level exams, new specifications and grading system for English and Maths at GCSE, a significant reduction in the number and variety of acceptable vocational qualifications at 16+ and the second year of the rigorous testing at Key Stage 2 all suggested a year of significant volatility and challenge for schools.

Creative Education Trust schools nevertheless saw improved performances at all levels in terms of attainment, with much evidence that students had been well prepared and had responded well to the increased challenge. Standards at post-16 continued to rise, with performance in vocational courses very strong across the Trust. Destinations data continued to improve, with the proportion of students going to Russell Group universities rising.

Strong performance has been maintained or has improved in each Trust school at Key Stage 4. Early unvalidated data for Progress 8 is positive. At Key Stage 2 performance has improved markedly, with the four established primary schools broadly in line with, or ahead of, national averages.

A sequence of Ofsted inspection visits from March to June resulted in each inspected school in turn being judged as grade 2 'good'. By the end of the academic year eight Creative Education Trust schools (all but one of which joined the Trust as a sponsored academy with a low Ofsted grading) were deemed to be good. A ninth school was similarly graded 'good' in all respects in September 2017 and data for the two further schools due inspections in 2017/18 indicate that these too will be judged grade 2.

Enrichment for the most able scientists in the Trust's Norfolk schools is being supported by King's School Ely through a series of Saturday science workshops, while a new partnership with Queen Mary University of London has led to a series of Skype seminars by junior researchers for our post-16 students, with a focus on maths, sciences and modern foreign languages.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy has adequate resources to continue to operate for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Review of activities

The Trust made good progress against its overarching objectives this year and the specific target activities for the year. The sequence of positive Ofsted outcomes allied to a further overall increase in attainment and progress scores put Creative Education Trust among the higher performing multi-academy trusts nationally. This

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

performance was a tribute to the professional skills of in-school and Head Office staff.

Further development of the Trust's educational achievement improvement strategies

The Trust is committed to a process of continuous review and development of its systems for school improvement. During the course of the year the following developments were introduced, and made the expected contribution, to securing a strong set of exam and test results at the year-end, as well as continuing our strategy of building a high-performing and sustainable educational capacity.

These developments included:

- Further refinements to the annual cycle of education monitoring visits accompanied by enhanced improvement planning & reporting by schools
- Full roll-out of a focused and standardised approach to reporting by the schools, designed and monitored by the Head Office education team
- Further strengthening of a systematic framework of external moderation and advice from expert subject advisors to support our schools with achievement and progress monitoring and forecasting and deeper understanding of exam board requirements in particular subjects
- Further development of our secondary subject leader groups including regular developmental work with external subject experts
- Regular developmental and strategic planning meetings for the secondary principals group and the primary head teachers group
- The second annual primary staff development away day
- Further expansion of our middle leaders talent development programme, with staff participating in high-grade national career development programmes.

Increasing capacity of the Trust Head Office team

During the course of the year Head Office was further strengthened by the appointment of a Director of Human Resources, a newly-created role to reflect the importance that Trustees attach to high-grade recruitment, staff development and retention as the Trust expands. The Board approved a new integrated HR strategy for the Trust. A successful recruitment process was begun to enable HR services to be brought fully in-house at the beginning of 2017/18 by the appointment of a network of Regional HR Advisors on the model of the existing network of Regional Heads of Finance, all reporting to Head Office. In addition, a Head of Marketing & Communications was appointed to focus on advising and assisting the schools with pupil recruitment and to support the Director of HR in making Creative Education Trust an employer of choice for high calibre staff.

Embedding the Trust's six Key Concepts across school activity through the 'Knowledge Connected' programme

The Trust's pioneering Design Programme was conceived as a pilot for a broader approach to providing a distinctive educational offer that would equip young people educated in the Trust's schools to thrive in the competitive world of the 21st century, increasing students' engagement, intellectual attainment and employability.

The Design Programme is now embedded at Key Stage 3, with significant influence over teaching at Key Stage 2 and Key Stage 4. Its framing concepts – structure, pattern, meaning, performance, human interaction and practice – now extend to the whole school curriculum in a creative education programme called Knowledge Connected. In addition to the established design programme, CET schools are developing practical ways to help students link their academic knowledge in discrete subjects, and to foster personal development, resilience and employability.

Further expansion of co-curricular activities, providing a culturally rich curriculum for our students

The Trust is committed to creating cultural capital for its students at both primary and secondary levels. We have

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

continued to work actively with our schools to encourage and enable a high level of ambition and achievement in sport, performance and civic engagement. The expert external audits of PE & Sport and of Music carried out in academic year 2014/15 have translated into a new range of initiatives within the schools, with a renewed commitment to, and success in, competitive sport and a Trust-wide music initiative with the Voices Foundation to encourage student participation in musical activity, even where there has been no tradition of acquisition of instrumental skills.

The annual Day of Shakespeare has now become an eagerly awaited annual tradition, with clear evidence that standards of engagement and performance are increasing year by year. The same may be said of the annual Trust-wide day of Musical Performance – this year focused on an original musical celebration of the 70th anniversary of D-Day. The Sixth-Form Public Speaking Prize and the Sixth-Form Essay Prize attracted a higher number of entries of a higher quality in their second year, and a Primary Day of Sport was launched as the counterpart to the existing Secondary Day of Sport.

Financial review

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.

Investment policy and performance

All of the Trust's funds have been held by UK banks in current and fixed term deposit accounts, in accordance with the Trust's investment policy.

Principal risks and uncertainties

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

- Recruitment of students in those schools that are under-capacity. This is monitored carefully and the financial impact is modelled.
- Ensuring individual schools operate with a balanced budget each year. Restructuring plans are in place to address those schools that do not currently achieve this.
- Recruitment of suitably experienced Principals, Headteachers and teachers. The Trust continues to follow a number of initiatives to widen its search.
- Continuing increases in basic pay, pension and other employee-related costs. The potential effects of such increases are kept under regular review.
- Levels of Central and local government funding. Our business model is highly sensitive to changes in funding brought about by changes in Government policy or decisions on funding allocation taken at a local level. 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 a Trustee is specifically assigned to ensuring that the Trust keeps safeguarding at the forefront of its activities.

Financial risk management objectives and policies

The Trust's exposure to 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.

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

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 Committee.

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:

- 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 Committee, and a plan to further strengthen controls and ensure continuous improvement of the system is in place.

Plans for future periods

The Trust continues to pursue its ambition to be a significant and influential participant in the national educational reform movement. In doing this it places emphasis 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. The Trust's attitude to growth continues to be a prudent and strategic one.

With the support of the Department for Education, the Trust continues to seek partnerships with primary and secondary schools across the country in places where standards of education have not been historically strong. It values potential partnerships with schools that have ambitions to provide the highest quality of education to their pupils and which share the Trust's educational and social mobility agendas.

Academic successes in the year under review have led to a number of academy conversion projects being brought forward for discussion by the offices of the Regional Schools Commissioners. These are rigorously assessed using the Trust's due diligence guidelines. Any that is deemed to be an appropriate and sustainable potential addition to the Creative Education Trust portfolio is presented to the Board with supporting evidence and a recommendation. Several such projects are under review with the prospect of conversion in 2017/18.

While 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 trust-wide initiatives are under development to complement those described above.

School Fund

Each Academy has a School Fund that is created through fund raising 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 2017**

Disclosure of information to auditor

Insofar as the Trustees are aware:

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

Auditor

The Auditors, Mazars LLP, have indicated their willingness to continue in office and were reappointed for a period of 3 years by the Trustees at the meeting in December 2014.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 15 December 2017 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 that we have overall responsibility for ensuring that the Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated to the Chief Executive Officer, as Accounting Officer, the day-to-day responsibility for ensuring financial controls conform with the requirements of both propriety and good financial management in accordance with the requirements and responsibilities assigned to it in the funding agreement between the 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 information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has met formally 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
David Anderson, Chair	3	4
Dr William Richardson, Deputy Chair	4	4
John Allwood	3	4
Sasha Bhavan	1	2
Kevin Butler	0	3
Michael Dickson CBE	4	4
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 at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
John Allwood (Chair)	4	4
David Anderson	3	4
Kevin Butler	0	3
Michael Dickson	4	4
Marc Jordan	4	4

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Kevin Butler (Chair)	0	3
John Allwood	4	4
David Anderson	3	4
Michael Dickson	4	4

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Review of Value for Money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy 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, as exemplified by schools visited by Ofsted during the year being judged as 'good'
- Organising an increasing range of extra-curricular activities within schools and across the Trust to provide cultural capital for children
- Rigorously managing costs to ensure that the Trust maintains the financial strength to continue to deliver high standards of education and cultural activities to children.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 the Trust for the year 1 September 2016 to 31 August 2017 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget 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 continues to retain 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 Academy Trust's financial systems. On a termly basis, the internal auditor reports to the Board of Trustees

**CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)**

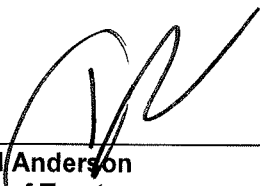
GOVERNANCE STATEMENT (continued)

through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Audit Committee Opinion

Given the opinion of the internal auditors and external auditors as expressed in their reports, and the other information available to it from its work during the year, the Audit Committee was able to provide the Accounting Officer, the Chief Executive Officer, with reasonable assurance that the Trust's control mechanisms were working satisfactorily; and the Committee was satisfied that management within the Trust was committed to maintaining an appropriate level of internal control and prudent use of resources.

Approved by order of the members of the Board of Trustees on 15 December 2017 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 Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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



MLA Jordan
Accounting Officer

Date: 15 December 2017

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable Group will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable Company and the Group applies financial and other controls, which conform to 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 charitable 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 members of the Board of Trustees on 15 December 2017 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 academy') and its subsidiaries (the 'group') for the year ended 31 August 2017, which comprise the group Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, the group Consolidated Balance Sheet, the group 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the 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 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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of 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.

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 or the parent Trust 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

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 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 Group Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Group 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 Group 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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.

**CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)**

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

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. The description forms part of our Auditor's report.



Richard Bott (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

90 Victoria Street
Bristol
BS1 6DP

Date: 18/11/17

CREATIVE EDUCATION TRUST (A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 the 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 the 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and that 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

A summary of the work we have undertaken is as follows. We:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

**CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)**

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars

Mazars LLP

Chartered Accountants
Statutory Auditor

90 Victoria Street
Bristol
BS1 6DP

Date: *18/12/17*

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME
AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

		Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
	Note					
Income from:						
Donations - transfer from local authority on conversion	2	409	(1,098)	9,155	8,466	-
Charitable activities	3	-	46,364	1,901	48,265	45,433
Other trading activities	4,5	1,784	-	-	1,784	1,574
Investments	6	18	-	-	18	26
Other income		69	208	-	277	195
Total income		2,280	45,474	11,056	58,810	47,228
Expenditure on:						
Raising funds	8	97	-	-	97	121
Charitable activities		2,603	49,884	2,689	55,176	50,952
Total expenditure	7	2,700	49,884	2,689	55,273	51,073
Net income / (expenditure) before transfers		(420)	(4,410)	8,367	3,537	(3,845)
Transfers between Funds	23	-	1,541	(1,541)	-	-
Net income / (expenditure) before other recognised gains and losses		(420)	(2,869)	6,826	3,537	(3,845)
Actuarial gains/(losses) on defined benefit pension schemes	29	-	4,619	-	4,619	(5,243)
Net movement in funds		(420)	1,750	6,826	8,156	(9,088)
Reconciliation of funds:						
Total funds brought forward		1,604	(15,249)	132,092	118,447	127,535
Total funds carried forward		1,184	(13,499)	138,918	126,603	118,447

CREATIVE EDUCATION TRUST

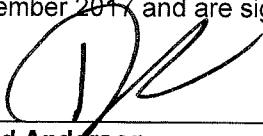
Registered number: 07617529

(A Company Limited by Guarantee)

CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2017

	Note	£000	2017 £000	£000	2016 £000
Fixed assets					
Tangible assets	17		138,917		132,092
Current assets					
Stocks	18	4		5	
Debtors	19	5,871		1,945	
Cash at bank and in hand		7,243		7,605	
		<u>13,118</u>		<u>9,555</u>	
Creditors: amounts falling due within one year	20	(9,118)		(5,119)	
Net current assets			<u>4,000</u>		<u>4,436</u>
Total assets less current liabilities			<u>142,917</u>		<u>136,528</u>
Creditors: amounts falling due after more than one year	21		(37)		(42)
Net assets excluding pension scheme liabilities			<u>142,880</u>		<u>136,486</u>
Defined benefit pension scheme liability	29		(16,277)		(18,039)
Net assets including pension scheme liabilities			<u>126,603</u>		<u>118,447</u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	23	2,778		2,790	
Restricted fixed asset funds	23	138,918		132,092	
Restricted income funds excluding pension liability		<u>141,696</u>		<u>134,882</u>	
Pension reserve		(16,277)		(18,039)	
Total restricted income funds			<u>125,419</u>		<u>116,843</u>
Unrestricted income funds	23		1,184		1,604
Total funds			<u>126,603</u>		<u>118,447</u>

The financial statements on pages 20 to 50 were approved by the Trustees, and authorised for issue, on 15 December 2017 and are signed on their behalf, by:



David Anderson
Chair of Trustees

CREATIVE EDUCATION TRUST


Registered number: 07617529

(A Company Limited by Guarantee)

TRUST BALANCE SHEET AS AT 31 AUGUST 2017

	Note	£000	2017 £000	£000	2016 £000
Fixed assets					
Tangible assets	17		138,917		132,092
Current assets					
Stocks	18	4		5	
Debtors	19	5,873		1,926	
Cash at bank		7,207		7,593	
		<u>13,084</u>		<u>9,524</u>	
Creditors: amounts falling due within one year	20	(9,098)		(5,091)	
Net current assets			<u>3,986</u>		<u>4,433</u>
Total assets less current liabilities			<u>142,903</u>		<u>136,525</u>
Creditors: amounts falling due after more than one year	21		(37)		(42)
Net assets excluding pension scheme liabilities			<u>142,866</u>		<u>136,483</u>
Defined benefit pension scheme liability	29		(16,277)		(18,039)
Net assets including pension scheme liabilities			<u><u>126,589</u></u>		<u><u>118,444</u></u>
Funds of the academy					
Restricted funds:					
Restricted funds		2,778		2,790	
Restricted fixed asset funds		138,970		132,093	
Restricted funds excluding pension asset		<u>141,748</u>		<u>134,883</u>	
Pension reserve		(16,277)		(18,039)	
Total restricted funds			<u>125,471</u>		<u>116,844</u>
Unrestricted funds			<u>1,118</u>		<u>1,600</u>
Total funds			<u><u>126,589</u></u>		<u><u>118,444</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2017 and are signed on their behalf, by:


David Anderson
Chair of Trustees

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Net cash used in operating activities	25	(2,331)	(14)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(359)	(607)
Capital grants from DfE/ESFA		1,901	607
Cash transferred on conversion		409	-
Net cash provided by investing activities		1,951	-
Cash flows from financing activities:			
Interest received		18	26
Net cash provided by financing activities		18	26
Change in cash and cash equivalents in the year		(362)	12
Cash and cash equivalents brought forward		7,605	7,593
Cash and cash equivalents carried forward	26	7,243	7,605

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 AUGUST 2017**

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Creative Education Trust constitutes a public benefit entity as defined by FRS 102.

The 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.

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

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 Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

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

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

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

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

All expenditure is inclusive of irrecoverable VAT.

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.5 Basis of consolidation

The financial statements consolidate the accounts of Creative Education Trust and all of its subsidiary undertakings ('subsidiaries').

The Trust has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

The income and expenditure account for the year dealt with in the accounts of the Trust showed a deficit of £444,000 (2016 - £350,000 deficit).

1.6 Turnover

Turnover comprises revenue recognised by the Trust in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	2% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	12.5% straight line
Fixtures and fittings	-	Inherited assets 25% straight line
Computer equipment	-	33.3% 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 Statement of Financial Activities.

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.8 Operating leases

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

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

Operating lease income from the sub-lease of a portion of Head Office is charged to the Statement of Financial Activities on a straight line basis over the lease term.

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 repaid 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 and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 19. 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 20 and 21. 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.

1.14 Taxation

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

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

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

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

1.16 Fund accounting

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

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

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

1.17 Transfer on conversion

Where assets 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 Transfer on conversion within Donations and capital grant income.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.18 Critical accounting estimates and areas of judgement

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Inherited defined benefit pension scheme liability	-	(1,098)	-	(1,098)	-
Fixed Assets transferred on acquisition	-	-	9,155	9,155	-
Other assets transferred on acquisition	409	-	-	409	-
	<u>409</u>	<u>-</u>	<u>-</u>	<u>409</u>	<u>-</u>

These donations relate to the assets and liabilities transferred on the conversion of Wroughton Infant Academy and Wroughton Junior Academy.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	40,258	40,258	38,544
Start Up Grant	-	12	12	174
Pupil Premium	-	2,355	2,355	2,193
Capital Grant	-	1,901	1,901	853
16-18 Funding	-	2,149	2,149	2,282
Other EFA Grant	-	328	328	192
	-	47,003	47,003	44,238
Other government grants				
SEN Funding	-	340	340	300
Local Authority Grants	-	845	845	834
	-	1,185	1,185	1,134
Other funding				
Other Grants Received	-	77	77	61
	-	77	77	61
	-	48,265	48,265	45,433
<i>Total 2016</i>	-	45,433	45,433	

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

4. Other trading activities

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Hire of facilities	168	-	168	197
Trip Income	501	-	501	437
Catering Income	602	-	602	541
Music Services Income	24	-	24	41
Other Income	380	-	380	234
	<u>1,675</u>	<u>-</u>	<u>1,675</u>	<u>1,450</u>
<i>Total 2016</i>	<u>1,450</u>	<u>-</u>	<u>1,450</u>	

5. Trading activities

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Charity trading income				
Rent receivable	109	-	109	112
Other income	-	-	-	12
	<u>109</u>	<u>-</u>	<u>109</u>	<u>124</u>
Income from trading activities	<u>109</u>	<u>-</u>	<u>109</u>	<u>124</u>

6. Investment income

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Investment income	18	-	18	26
	<u>18</u>	<u>-</u>	<u>18</u>	<u>26</u>
<i>Total 2016</i>	<u>26</u>	<u>-</u>	<u>26</u>	

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. Resources expended

	Staff costs £000	Premises £000	Other costs £000	Total £000
Academy's educational operations				
- Direct costs	31,804	2,149	3,193	37,146
- Allocated support costs	6,390	6,155	5,582	18,127
Total	38,194	8,304	8,775	55,273

8. Direct costs

	Subsidiary costs £000	Academy £000	Total 2017 £000	Total 2016 £000
Pension finance costs (note 16)	-	407	407	444
Educational supplies	-	772	772	608
Examination fees	-	699	699	657
External education and fees	-	381	381	821
Depreciation	-	2,149	2,149	2,364
Other direct costs	-	186	186	157
Educational trips	-	719	719	612
Other operating costs	29	-	29	38
Teachers redundancy payments	-	176	176	78
Wages and salaries including national insurance & pension	68	31,560	31,628	29,014
	<u>97</u>	<u>37,049</u>	<u>37,146</u>	<u>34,793</u>
<i>At 31 August 2016</i>	<u>121</u>	<u>34,672</u>	<u>34,793</u>	

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. Support costs

	Academy £000	Total 2017 £000	Total 2016 £000
Maintenance of premises and equipment	4,180	4,180	3,050
Student bursary and rewards	174	174	148
IT support costs	655	655	660
Cleaning and waste management	457	457	432
Rates	1,321	1,321	1,256
Insurance	197	197	220
Minibus costs	72	72	53
Catering costs	1,128	1,128	991
Bank charges	3	3	2
Other support costs	1,187	1,187	1,069
Legal and professional fees	42	42	24
Recruitment costs	347	347	310
Governance Costs	1,434	1,434	1,023
Support staff redundancy costs	(1)	(1)	118
Wages and salaries (including national insurance and pension)	6,391	6,391	6,369
Depreciation	540	540	555
	<u>18,127</u>	<u>18,127</u>	<u>16,280</u>
<i>At 31 August 2016</i>	<u>16,280</u>	<u>16,280</u>	

10. Turnover

The whole of the turnover is attributable to the provision of education.

11. Net income/(expenditure)

This is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets:		
- owned by the charitable group	540	555
Auditor's remuneration - audit	64	60
Auditor's remuneration - other services	9	7
Governance Internal Audit costs	25	22
Depreciation on freehold property - direct costs	2,149	2,027
	<u>2,887</u>	<u>2,671</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

12. Staff costs

Staff costs were as follows:

	2017	2016
	£000	£000
Wages and salaries	29,372	28,118
Social security costs	2,650	2,333
Defined benefit pension schemes	5,997	4,931
	<u>38,019</u>	<u>35,382</u>
Apprenticeship levy	42	-
Staff restructuring costs	175	248
	<u>38,236</u>	<u>35,630</u>

In 2016/17 the value of all non-statutory/non-contractual severance payments made by the Trust totalled £128,677 for both teachers and support staff (2016: £42,000). Individual payments were £29,250, £21,376, £20,400, £15,051, £9,700, £8,100 and £5,100.

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

	2017	2016
Teachers	488	485
Administration and support	632	619
Management	78	69
	<u>1,198</u>	<u>1,173</u>

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

	2017	2016
In the band £60,001 - £70,000	9	12
In the band £70,001 - £80,000	3	7
In the band £80,001 - £90,000	2	4
In the band £90,001 - £100,000	1	2
In the band £100,001 - £110,000	1	1
In the band £110,001 - £120,000	4	2
In the band £120,001 - £130,000	1	0
In the band £130,001 - £140,000	1	2
In the band £140,001 - £150,000	1	0
In the band £150,001 - £160,000	1	0
In the band £160,001 - £170,000	0	1
In the band £170,001 - £180,000	1	0

25 of the employees shown in the above salary bandings participated in the Teachers' Pension Scheme. The other employees shown in the above salary bandings participated in the Local Government Pension Scheme.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

12. Staff costs (continued)

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 £843,000 (2016: £782,000).

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 : £170,000 - £180,000 (2016: £160,000 - £170,000)
 Employer's pension contributions paid £20,000 - £30,000 (2016: £20,000 - £30,000)

13. 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 on a percentage of GAG income that is appropriate to the individual academy.

The actual amounts charged during the year were as follows:

	2017	2016
	£000	£000
Abbeyfield Academy	335	337
Ash Green Academy	234	233
Caister Academy	155	158
Harpfield Primary Academy	41	41
Hart School	302	328
Lynn Grove Academy	269	275
Queen Eleanor Academy	55	56
Thistely Hough Academy	178	187
Three Peaks Primary Academy	70	76
Weavers Academy	245	258
Woodlands Primary Academy	74	75
Wroughton Infant Academy	43	-
Wroughton Junior Academy	49	-
	<u>2,050</u>	<u>2,024</u>
Total	<u><u>2,050</u></u>	<u><u>2,024</u></u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. Trustees' remuneration and expenses

During the year retirement benefits were accruing to 1 Trustee (2016 - 1) in respect of defined benefit pension schemes.

During the year, travel expenses totalling £3,917 (2016 - £6,162) were reimbursed for 5 Trustees (2016 - 8).

15. Trustees' and Officers' Insurance

The Academy Trust has opted into the Department for 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.

16. Other finance costs

	2017	2016
	£000	£000
Expected return on pension scheme assets	350	451
Interest on pension scheme liabilities	(757)	(895)
	<u>(407)</u>	<u>(444)</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. Tangible fixed assets

Group	Freehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Work in progress £000	Total £000
Cost						
At 1 September 2016	137,027	97	1,918	1,265	342	140,649
Additions	54	-	100	205	-	359
Inherited assets	9,002	-	82	71	-	9,155
Transfer between classes	-	-	-	41	(41)	-
At 31 August 2017	146,083	97	2,100	1,582	301	150,163
Depreciation						
At 1 September 2016	6,271	60	1,337	889	-	8,557
Charge for the year	2,149	17	135	388	-	2,689
At 31 August 2017	8,420	77	1,472	1,277	-	11,246
Net book value						
At 31 August 2017	137,663	20	628	305	301	138,917
At 31 August 2016	130,756	37	581	376	342	132,092
Trust						
	Freehold property £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Work in progress £000	Total £000
Cost						
At 1 September 2016	137,027	97	1,918	1,265	342	140,649
Additions	54	-	100	205	-	359
Inherited assets	9,002	-	82	71	-	9,155
Transfer between classes	-	-	-	41	(41)	-
At 31 August 2017	146,083	97	2,100	1,582	301	150,163
Depreciation						
At 1 September 2016	6,271	60	1,337	889	-	8,557
Charge for the year	2,149	17	135	388	-	2,689
At 31 August 2017	8,420	77	1,472	1,277	-	11,246
Net book value						
At 31 August 2017	137,663	20	628	305	301	138,917
At 31 August 2016	130,756	37	581	376	342	132,092

Included in land and buildings is freehold land at cost of £36,255,765 (2016 - £33,527,765) which is not depreciated.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. Stocks

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	£000	£000	£000	£000
Finished goods and goods for resale	4	5	4	5

19. Debtors

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade debtors	85	35	83	22
Other debtors	22	44	22	34
Prepayments and accrued income	4,900	1,436	4,900	1,436
VAT recoverable	864	430	868	434
	5,871	1,945	5,873	1,926

20. Creditors

Amounts falling due within one year

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	1,498	1,285	1,480	1,285
Other taxation and social security (see below)	1,068	1,044	1,068	1,044
Amounts owed to EFA	21	471	21	471
Other creditors	215	56	215	28
Accruals and deferred income	6,316	2,263	6,314	2,263
	9,118	5,119	9,098	5,091

Other taxation and social security

	<u>Group</u>		<u>Trust</u>	
	2017	2016	2017	2016
	£000	£000	£000	£000
PAYE/NI control	1,068	1,044	1,068	1,044

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

20. Creditors
Amounts falling due within one year (continued)

	Group		Trust	
	2017	2016	2017	2016
	£000	£000	£000	£000
Deferred income				
Deferred income at 1 September 2016	1,107	589	1,107	589
Resources deferred during the year	5,078	1,107	5,078	1,107
Amounts released from previous years	(1,107)	(589)	(1,107)	(589)
Deferred income at 31 August 2017	<u>5,078</u>	<u>1,107</u>	<u>5,078</u>	<u>1,107</u>

Amounts deferred in the year include £3,921,000 of ESFA grant funding for capital works at Ash Green School and £755,000 of SCA grant funding which is to be used in 2017/18 for capital works. Other funding amounts in deferred income include £84,000 of funding income (SEN) received in advance, universal infant free school meals of £110,000, National non-domestic rates (NNDR) of £13,000 and local authority funding of £25,000. £170,000 of the deferred income balance relates to other income.

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

	Group		Trust	
	2017	2016	2017	2016
	£000	£000	£000	£000
Other creditors	<u>37</u>	<u>42</u>	<u>37</u>	<u>42</u>

22. Provisions

The Trust has no provisions.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. Statement of funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted funds						
General Funds	1,601	2,171	(2,603)	-	-	1,169
Creative Education Academies Limited	3	109	(97)	-	-	15
	<u>1,604</u>	<u>2,280</u>	<u>(2,700)</u>	<u>-</u>	<u>-</u>	<u>1,184</u>
Restricted funds						
General annual grant (GAG)	2,790	44,644	(46,197)	1,541	-	2,778
Pension reserve	(18,039)	830	(3,687)	-	4,619	(16,277)
	<u>(15,249)</u>	<u>45,474</u>	<u>(49,884)</u>	<u>1,541</u>	<u>4,619</u>	<u>(13,499)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	132,092	11,056	(2,689)	(1,541)	-	138,918
Total restricted funds	<u>116,843</u>	<u>56,530</u>	<u>(52,573)</u>	<u>-</u>	<u>4,619</u>	<u>125,419</u>
Total funds	<u><u>118,447</u></u>	<u><u>58,810</u></u>	<u><u>(55,273)</u></u>	<u><u>-</u></u>	<u><u>4,619</u></u>	<u><u>126,603</u></u>

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 and is 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;
- The transfer represents monies unspent on fixed assets, moved to restricted funds.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
Abbeyfield School	1,326	1,180
Ash Green School	468	636
Caister Academy (1)	(542)	(295)
Central Services	722	617
The Hart School (1)	(375)	(66)
Harpfield Primary Academy	181	111
Lynn Grove Academy	1,538	1,277
Queen Eleanor Academy	264	170
Thistley Hough Academy (1)	(674)	(276)
Three Peaks Primary Academy	215	144
Weavers Academy	542	647
Woodlands Primary Academy	245	249
Wroughton Infant Academy	99	-
Wroughton Junior Academy (1)	(47)	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	3,962	4,394
Restricted fixed asset fund	138,918	132,092
Pension reserve	(16,277)	(18,039)
	<hr/>	<hr/>
Total	<u>126,603</u>	<u>118,447</u>

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 a 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 appropriate 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 2017

23. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depr'n £000	Total 2017 £000	Total 2016 £000
Abbeyfield School	4,887	431	371	1,472	7,161	6,934
Ash Green School	3,483	711	202	1,655	6,051	4,665
Caister Academy	2,616	435	223	771	4,045	3,992
Central Services	624	989	166	777	2,556	2,401
HSC	4,701	920	365	1,487	7,473	7,880
Hagley Park Academy	616	150	28	269	1,063	1,082
Lynn Grove Academy	3,565	733	370	1,143	5,811	5,737
Queen Eleanor Academy	795	99	38	280	1,212	1,207
Thistley Hough Academy	2,740	544	253	1,148	4,685	4,776
Three Peaks Academy	1,142	167	73	324	1,706	1,748
Weavers Academy	3,753	786	363	1,311	6,213	5,863
Woodlands Primary School	1,155	212	51	500	1,918	1,748
Wroughton Infant Academy	768	107	31	274	1,180	-
Wroughton Junior Academy	892	108	38	379	1,417	-
	<u>31,737</u>	<u>6,392</u>	<u>2,572</u>	<u>11,790</u>	<u>52,491</u>	<u>48,033</u>

24. Analysis of net assets between funds

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	138,918	138,918
Current assets	6,419	6,699	-	13,118
Creditors due within one year	(5,198)	(3,921)	-	(9,119)
Creditors due in more than one year	(37)	-	-	(37)
Provisions for liabilities and charges	-	(16,277)	-	(16,277)
	<u>1,184</u>	<u>(13,499)</u>	<u>138,918</u>	<u>126,603</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. Reconciliation of net movement in funds to net cash flow from operating activities

	Group	
	2017	2016
	£000	£000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	3,537	(3,845)
Adjustment for:		
Depreciation charges	2,689	2,582
Returns on investments and servicing of finance	(18)	(26)
Capital grants from DfE and other capital income	(1,901)	(853)
Decrease in stocks	1	9
Increase in debtors	(3,926)	(503)
Increase in creditors	3,999	1,140
(Decrease)/increase in creditors due after 1 year	(5)	42
Defined benefit pension scheme cost less contributions payable	1,759	1,237
Impairment charge	-	337
Net surplus on assets and liabilities from local authority on conversion	(8,057)	-
Increase/(decrease) in provisions	-	(134)
Cash transferred on conversion	(409)	-
Net cash used in operating activities	(2,331)	(14)

26. Analysis of cash and cash equivalents

	Group	
	2017	2016
	£000	£000
Cash in hand	7,243	7,605
Total	7,243	7,605

27. Conversion to an academy trust

On 1 December 2016, Wroughton Infant School and Wroughton Junior 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 Norfolk County 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 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 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 Statement of Financial Activities.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

27. Conversion to an academy trust (continued)

Wroughton Infant Academy

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	3,857	3,857
- Other tangible fixed assets	-	-	71	71
Other assets	191	-	-	191
LGPS pension surplus/(deficit)	-	(714)	-	(714)
Net assets/(liabilities)	<u>191</u>	<u>(714)</u>	<u>3,928</u>	<u>3,405</u>

Wroughton Junior Academy

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	5,145	5,145
- Other tangible fixed assets	-	-	82	82
Other assets	218	-	-	218
- Budget surplus/(deficit) on LA funds	-	-	-	-
LGPS pension surplus/(deficit)	-	(384)	-	(384)
Total	<u>218</u>	<u>(384)</u>	<u>5,227</u>	<u>5,061</u>

28. Capital commitments

At 31 August 2017 the Group and Trust had capital commitments as follows:

	<u>Group</u>		<u>Trust</u>	
	2017 £000	2016 £000	2017 £000	2016 £000
Contracted for but not provided in these financial statements	-	53	-	53

CREATIVE EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

29. Pension commitments

The group'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 and Westminster City Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS to the period ended 31 March 2016.

Contributions amounting to £596,629 were payable to the schemes at 31 August 2017 (2016 - 229,942) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £2,862,655 (2016 - £2,759,622).

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

29. Pension commitments (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £1,901,000 (2016 - £1,599,000), of which employer's contributions totalled £1,415,000 (2016 - £1,156,000) and employees' contributions totalled £486,000 (2016 - £433,000). The agreed contribution rates for future years are 13.0% - 23.6% for employers and 5.5% - 12.5% for employees. Certain of the Academies within the Academy Trust are also paying a lump sum in addition to their particular contribution rate.

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.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.90 %	3.40 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
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:

	2017	2016
Retiring today		
Males	22.3	22.2
Females	24.5	24.4
Retiring in 20 years		
Males	24.3	24.3
Females	26.5	26.8

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

29. Pension commitments (continued)

The relative weighting of different asset classes in the Group's share of the assets in the scheme was:

	Fair value at 31 August 2017 %	Fair value at 31 August 2016 %
Equities	71	69
Bonds	18	19
Property	8	9
Cash	3	3
	<u>100</u>	<u>100</u>

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

	2017 £000	2016 £000
Current service cost	(2,930)	(1,942)
Past service cost	(14)	(31)
Interest income	350	451
Interest cost	(757)	(895)
Total	<u>(3,351)</u>	<u>(2,417)</u>

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

	2017 £000	2016 £000
Opening defined benefit obligation	32,723	22,504
Upon conversion	1,760	-
Current service cost	2,930	1,942
Interest cost	757	895
Employee contributions	486	443
Actuarial (gains)/losses	(2,874)	6,997
Benefits paid	(258)	(65)
Past service costs	-	18
Estimated Unfunded pension payments	(11)	(11)
Closing defined benefit obligation	<u>35,513</u>	<u>32,723</u>

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

29. Pension commitments (continued)

Movements in the fair value of the Group's share of scheme assets:

	2017	2016
	£000	£000
Opening fair value of scheme assets	14,684	10,945
Upon conversion	662	-
Expected return on assets	350	451
Actuarial gains	1,745	1,754
Employer contributions	1,578	1,167
Employee contributions	486	443
Benefits paid	(258)	(65)
Estimated unfunded benefits paid	(11)	(11)
	<hr/>	<hr/>
Closing fair value of scheme assets	19,236	14,684
	<hr/> <hr/>	<hr/> <hr/>

30. Operating lease commitments

At 31 August 2017 the total of the Group's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£000	£000
Group and Trust		
Amounts payable:		
Within 1 year	161	177
Between 1 and 5 years	482	510
After more than 5 years	310	413
	<hr/>	<hr/>
Total	953	1,100
	<hr/> <hr/>	<hr/> <hr/>

31. 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 the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

32. Post balance sheet events

There are no post balance sheet events which affect the financial position at 31 August 2017.

CREATIVE EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

33. Principal subsidiaries

Creative Education Academies Limited

Subsidiary name	Creative Education Academies Limited
Company registration number	08642440
Basis of control	Shareholding
Equity shareholding %	100%
Total assets as at 31 August 2017	£ 37,621
Total liabilities as at 31 August 2017	£ 22,278
Total equity as at 31 August 2017	£ 15,343
Turnover for the year ended 31 August 2017	£ 108,746
Expenditure for the year ended 31 August 2017	£ 96,744
Profit for the year ended 31 August 2017	£ 12,002