



# **CREATIVITY, CULTURE AND EDUCATION**

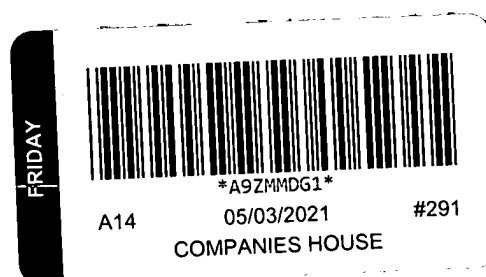
**(A Company Limited By Guarantee)**

**Company Registration Number: 06600739**  
**Charity Registration Number: 1125841**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2020**



**CREATIVITY, CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**YEAR ENDED 31 MARCH 2020**  
**TRUSTEES' REPORT (including Directors' Report)**

As the Board of Trustees, we present our report and financial statements for the year to 31 March 2020.

|                                  |   |
|----------------------------------|---|
| <b>Company Number</b>            | 06600739  |
| <b>Registered Charity Number</b> | 1125841   |
| <b>Registered Office</b>         | Ground Floor<br>20 Portland Terrace<br>Newcastle upon Tyne<br>NE2 1QQ |

**Board of Trustees**

For the purposes of the Companies Act 2006, the Board of Trustees is the Board of Directors of the charitable company and is referred to as the Trustees throughout this report. The charity is referred to as CCE throughout this report.

The Trustees of CCE during the period and to the date of signing this report are as follows:

Jane Robinson (Chair)  
Stephanie Bird  
Johanne Clifton  
Mark Emmerson  
Fiona Mactaggart  
Laurence Newman  
Stephan Vincent-Lancrin

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| <b>Chief Executive/Director</b> | Paul Collard – retired 30 September 2020<br>Diane Fisher-Naylor – from 1 October 2020 |
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| <b>Company Secretary</b> | Pete O'Hara FCA – resigned 26 March 2020<br>Dee Keane – appointed 26 March 2020 |
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| <b>Bankers</b> | Santander, Bootle, Merseyside L30 4GB |
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| <b>Investment Managers</b> | Rathbones, Earl Grey House, 75-85 Grey Street,<br>Newcastle upon Tyne NE1 6EF |
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| <b>Auditors</b> | MHA Tait Walker, Bulman House, Regent Centre, Henry<br>Street, Newcastle upon Tyne NE3 3LS |
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| <b>Solicitors</b> | Ward Hadaway, Sandgate House, 102 Quayside,<br>Newcastle upon Tyne NE1 3DX |
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**Governing Documents**

CCE is a charitable company limited by guarantee, incorporated on 22 May 2008 and registered as a charity on 11 September 2008. It was established under the Memorandum of Association which established its objects and powers and is governed under its Articles of Association.

In accordance with Charity Commission consent received on 12 January 2010 in respect of changes to the Company's objects, the Memorandum and Articles of Association were amended by Special Resolution of the Directors of the Company on 21 January 2010. In addition, on 21 January 2010 all the provisions of the Company's Memorandum of Association were deleted and, by virtue of section 28 of the Companies Act 2006, are now treated as the provisions of the Company's Articles of Association.

**Charitable Objects and Main Activities**

CCE's objects are to advance for the public benefit the education of children and young people in order to enable them to participate in society as mature and responsible individuals, in particular by:

- supporting them to become successful learners and responsible citizens by working with others to extend the range, amount, quality and scope of formal and informal learning opportunities in the areas of creativity, arts, media, culture, heritage, humanities and science;
- supporting teachers, practitioners, carers, performers and artists in developing the necessary skills and knowledge to assist them in enabling children and young people both inside and outside formal education to develop and apply their skills and talents and to open up to them cultural and creative activity;
- developing programmes, where appropriate, in partnership with others to deliver positive learning outcomes and encourage the recognition, enjoyment and use of culture, media and heritage;
- empowering them to be involved in the promotion of cultural and learning activities and enhancing their skills, capacities and capabilities; and
- encouraging them to visit, experience, participate in, initiate and engage in cultural activities, places and performances.

In practice, from 1 April 2009 CCE delivered two main programmes - Creative Partnerships, England's flagship creative learning programme, and Find Your Talent, the pilot cultural offer for all children and young people.

Since the withdrawal of UK Government funding for Creative Partnerships and Find Your Talent from September 2011 and May 2010 respectively, the charity has concentrated on designing and supporting the implementation of programmes which directly improve the learning, well-being and attainment of children and young people.

This practice is now international in its reach, with programmes developed by the charity now operating in a range of countries.

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**Structure and Governance**

CCE is structured as a charitable company limited by guarantee, pursuant to its Articles of Association.

We, as the Board of Trustees, are responsible for the governance, strategic direction and policy of CCE. We currently have 7 members from a variety of different backgrounds and meet 4-5 times a year.

In addition to the regular Board meetings, we hold a Board Awayday or extended Board meeting at least once a year, at which we are able to give greater consideration to the future strategic direction of the organisation. Individual members also meet regularly with the Chief Executive and members of the Senior Management Team outside of formal meetings to exchange views and receive updates on the organisation's progress, and to assist in the recruitment process for key management appointments.

We delegate specific tasks to a Resources sub-committee which was established in June 2009 with clear terms of reference and which reports back to the full Board of Trustees before decisions are made. The Committee typically meets as requested when specific issues arise which require attention, but also considers further issues outside of formal meetings. No formal meetings of the Committee were deemed to be required in 2018/19.

We delegate operational responsibility for the provision of CCE's services to the Chief Executive and Senior Management Team who are responsible for ensuring that the charity develops and delivers services that meet the strategic objectives of the charity and that these are efficiently and effectively managed. This also includes the individual supervision of the staff team and ensuring that the team continue to develop their skills and working methods in line with good practice.

As the Board of Trustees, we are also the only company law members of the charitable company.

**Recruitment and Appointment of Board of Trustees**

We, as Directors of the company, are also charity Trustees for the purpose of charity law and under the company's Articles of Association are known as Members of the Board of Trustees.

As set out in the Articles of Association, we nominate the Chair of the Trustees from within the current membership.

We have discussed the optimum size of the Board and aspire to a membership of no more than 12 Trustees, but, in reality, feel that a smaller Board allows for a better degree of engagement with the issues currently faced by the charity. In seeking any additional members, we will always seek to maintain a balance of relevant skills and experience and will target individuals who have the requisite mix. Candidates are then interviewed by the Chair of the Board of Trustees to determine their suitability.

Each year, one-third of us will retire from office.

In the year to 31 March 2020, Laurence Newman retired by rotation and, being eligible, was re-elected.

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**Trustee Induction and Training**

A Trustee Induction Pack, which carries all the relevant information for Trustees about both the charity and their duties and responsibilities as Trustees, has been produced and forms part of an induction process for any new Trustees which also includes a face-to-face induction session.

We are also encouraged to attend appropriate external events and conferences, including visits to projects funded by CCE, where these will facilitate the undertaking of our role.

**Remuneration of Key Management Personnel**

The Board, who give their time freely and have received no remuneration in the year, have considered who are the Key Management Personnel (KMP) of the charity. Together with the Board, these KMP are those in charge of directing and controlling, running and operating the activities of the charity on a day to day basis.

The pay of the KMP is reviewed annually. The Trustees benchmark against pay levels of other charities and similar organisations within the sector and the region. Pay levels are set using this information together with the budget and forecast information, ensuring that the charity can afford any proposed increases. The Board then agrees any uplift to remuneration.

**Risk Management**

As Trustees, we have examined the major governance, operational and financial risks which the charity faces as part of the annual business planning process and confirm that systems have been established to mitigate these risks.

We have a risk management strategy in place which comprises:

- an annual review of the strategic risks the charity may face via the business model
- the establishment of systems and procedures to mitigate those risks identified
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

We are satisfied that appropriate financial systems and controls and employment policies and practices are in place, but we continue to test and refine these processes, using the Resources Committee of the Board to examine these issues in detail.

As Trustees, we consider the key risks facing the charity at this time to be financial risks arising from the charity's dependence upon its ability to generate sufficient income to cover its costs.

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**Risk Management (Cont.)**

As Trustees we continue to manage the potential impact of this risk by ensuring that:

- Prudent budgets have been set for the next financial year
- New income streams have been developed, particularly from the design of new programmes which benefit children and young people, managing the effective delivery of those programmes, training those responsible for delivering the programmes and evaluating their impact
- The costs to the charity of delivering those programmes are minimised
- Regular management accounts are provided showing the performance against budget
- Contingency plans are in place for the actions which would be taken if there were significant changes in the charity's operational capacity or financial position
- Reserves policies have been adopted which provide an appropriate amount of uncommitted Reserves which will always enable the charity to meet all its liabilities even if income targets are not achieved

In March of this financial year the COVID-19 pandemic, the subsequent UK lockdown and restrictions on all travel around the world began to have a significant impact on CCE's finances and its operational model.

Firstly, like many investment portfolios, uncertainty in the financial markets as a result COVID-19 saw the value of CCE's investments falling dramatically in the later part of the financial year. The overall value of the investment portfolio fell by c£630k in 6 weeks. Rathbones, CCE's investment managers, continue to report regularly to the Board to ensure that, in this new economic climate, we understand the investment approach and are made aware of current and anticipated market trends. Whilst uncertainty in the financial markets is likely to remain, the value of CCE's portfolio has risen gradually since the year-end. The Board will continue to keep a close eye on the performance of the charity's investment portfolio. The value of the portfolio as at 31 December 2020 was £3,607,835, prior to a planned withdrawal of £1,599,000 by 5 January 2021 to cover the agreed payment as disclosed in Note 22.

CCE followed all UK Government and other relevant international guidelines in relation to COVID-19. It moved swiftly to reduce the financial impact of the virus on the charity's finances by maximising opportunities to continue to earn income alongside reducing costs. In March two members of staff were placed on the Government's Furlough Scheme and remaining staff moved to homeworking. The organisation adapted to delivering its consultancy support and training using a range of digital platforms and demand for its services remain high. A small number of contracts were postponed to a future date, but no contracts were cancelled.

**Public Benefit**

As Trustees, we understand and have discussed the implications of the provisions of the Charities Act 2011, which state that all charities must demonstrate that they are established for public benefit, and have had due regard to the public benefit guidance issued by the Charity Commission. We believe that the charity meets both of the key principles.

Principle 1 - There must be an identifiable benefit, or benefits

- CCE believes that, in addition to the knowledge pupils acquire in school, it is important that their core skills are developed and embedded. CCE has defined these skills as having the capacity to be inquisitive, persistent, imaginative, disciplined and collaborative, skills that are known collectively as the 'Creative Habits of Mind'.

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**Public Benefit (Cont.)**

- Over the years, many other influential bodies have taken a similar position. The 2017 Confederation of British Industry's (CBI) Education and Skills Survey of British employers found that employers value these skills more than professional qualifications. This was echoed on a global stage by The World Economic Forum in Davos, which issued a statement in 2015 promoting creative skill from 10<sup>th</sup> to 3<sup>rd</sup> in the league table of skills deemed to be most important for employability.
- In 2018, this position was endorsed by the Organisation for Economic Co-operation and Development (OECD). The OECD is responsible for the Programme of International Student Assessment (PISA), the most authoritative international comparative measure of student achievement. In an address to a conference at Durham University in September 2018, the Director of the Education at the OECD, Andreas Schleicher, announced that from 2021, PISA will also test and compare the creativity of pupils from across different countries. This was a consequence, he argued, of the importance of the creative skills to employability and the future growth of economies around the world. He specifically referenced the 'Creative Habits of Mind'.
- It is these skills that CCE focusses on nurturing in young people. The fact that these skills are enhanced by CCE's programmes was confirmed in a report published by Nottingham University during 2015. Entitled *A Critical Review of the CCE Archive*, this report found that '*overall the programme did produce considerable benefits for young people in the areas of wellbeing, citizenship and work-related skills*'. The public benefit here lies in the fact that CCE aims its programmes at improving the employability of young people from socially- and economically-deprived backgrounds.
- It is important to note that CCE does not promote creativity at the expense of other areas of the curriculum or behaviours. For instance, detailed research into the impact of CCE interventions in the classrooms of schools managed by the CARE Foundation in Lahore, Pakistan, showed that in the academic year 2018/19 the average pupil mark in end of year exams had risen from 53% to 62%, the percentage of pupils achieving a pass mark had risen from 70% to 87%, while attendance had risen from 85% to 95%.
- Over the last few years, CCE research has connected its programme interventions with improvements in executive functions. Academic research has long associated the development of executive functions in a child as being linked with academic achievement. CCE believes that the interventions it designs and implements in schools has a direct impact on improving executive functions. Cultural and creative learning Interventions in Scotland, Norway and Chile evaluated the executive functions of pupils before and after the interventions. In all cases it showed that the executive functions had developed faster than those of similar children who had not experienced the same interventions.
- Research into CCE's work is providing new understanding into how the arts can benefit children from more disadvantaged backgrounds and children with significant executive function impairments who are more likely to be born into disadvantaged families. Qualitative and quantitative data from the report "*Can Art be key to developing Executive Functions in Children? Final Report for The Art of Learning research pilot, Norway 2019*" found that the groups of children who participated had significantly better development of their executive functions than the control group. Other significant educational benefits were also reported including improvements in children's co-operation, fewer conflicts, improvements in concentration during discussions, improvements in the use of vocabulary, children feeling safer and classrooms where everyone feels included.

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**Public Benefit (Cont.)**

Some teachers also reported their life as a teacher has become easier. Since executive functions correlate almost exactly to social-economic status (SES), in that the lower the SES of a child, the less well-developed the executive functions, this ensures that CCE interventions are of greatest benefit to the poorest children.

- CCE's work is also influencing national policy developments in Norway as both its Creative Partnerships programme and the Art of Learning are referenced in a key research document for the National Cultural Ministry of Norway on young people and culture which will lead to the production of a White Paper in 2020.
- In 2019 CCE formed what is hoped to be an long term partnership with the LEGO Foundation and were commissioned to carry out a pilot study of its Creative Process Toolkit in 10 schools in England and 12 schools in Denmark during the during 2019/20 academic year. The schools in England were predominantly schools with high percentages of children eligible for free school meals.
- During the 2020 LEGO Idea Conference which focussed on creativity and play, research from the Centre for Universal Education at the Brookings Institution found that, in looking across the vision, mission and policy of over 100 education systems around the world, 86% had creativity, collaboration, critical thinking and problem solving skills as major aspirations. However, only 10% had detailed plans or programmes in place that would support the development of these skills. CCE's contribution to supporting the implementation of such plans and programmes was every evident through the various contribution of its partners to the conference including those from Wales, Thailand, Scotland and Australia. The international benefit of CCE's work was further highlighted by Andreas Schleicher from the OECD in his contribution to the conference titled '*Fostering creativity at school*' in which CCE's Creative Partnerships programme was cited as one of six pedagogical practicals that can be deployed to develop creativity in education systems.

All of these benefits are clear, evidenced and relate directly to CCE's aims. In addition, as Trustees, we do not consider that any significant detriment or harm flows from CCE's work.

**Principle 2 - Benefit must be to the public, or a section of the public**

- CCE programmes are primarily targeted at those schools in areas with higher levels of deprivation. This is evident in our work in Pakistan, where we are working with schools serving communities with extreme levels of poverty and deprivation; in the Czech Republic where our programmes focus on schools working with Roma communities which are generally located in the most disadvantaged communities, by the continuation of our work in schools in Thailand and in Southern Chile and our continued mentoring support to the young team at Agastya Foundation whose creative learning programmes in science spark the curiosity and develop the confidence of children in the most economically disadvantaged towns and villages in India.



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**Public Benefit (Cont.)**

- During the year CCE adapted its creative learning expertise into two new areas of work. Firstly, arts in health with young people through training and organisational development support to Helium Arts in the Republic of Ireland, a national agency working to empower and support the creativity of children living with long-term illness. Secondly, in the area of sustaining development through a collaboration with Charles University's Centre for Sustainable Development on a programme in schools which focussed on developing future competencies and agency in children to be activists in their own communities.
- CCE's beneficiaries are therefore entirely appropriate to its aims and the public as a whole benefit from its work.

The principles of our work - and the impact we believe it to have - are derived from the CP programme and have been evidenced and proven via the extensive programme of research and evaluation CCE has commissioned.

Our current work remains faithful to the implementation of these principles, applying the learning from CP to the design and delivery of similar creative learning programmes for children and young people around the world.

Our charitable work encompasses:

- The training of teachers and other professionals who work directly with children and young people, to develop their practice for the benefit of children and young people, and to support them in the application of their learning in the classroom
- Designing and supporting the delivery of programmes which have a strong beneficial impact on children and young people in various countries in the world
- Supporting officials with responsibility for education to change policies so that the programmes they implement directly benefit children and young people
- Promoting the benefit of CCE's approach to learning, through appearances at international conferences and events and publishing evidence of their effect on the CCE website and through other media
- Developing the capacity of teams delivering creative learning programmes by transferring CCE's knowledge and expertise and supporting them to embed this.

In 2019/20 our work had the following reach:

- We were involved in the design and/or delivery of programmes modelled on Creative Partnerships in 11 (2018/19 – 12) countries (Australia, Chile, Czech Republic, Denmark, England, Germany, Pakistan, Norway, Republic of Ireland, Thailand and Wales) . In total 1,097 (2018/19 – 1,377) schools were enrolled in the programmes and the projects involved over 2,036 (2019/20 – 4,093) teachers directly and impacted upon more than 79,550 (2018/19 – 150,780) children and young people.
- Through training courses, workshops and seminars designed and delivered by CCE for Creative Agents, Creative Practitioners and Teachers we reached over 2,220 (2018/19 – 2,600) participants in 11 (2018/19 – 15) countries (Australia, Chile, Czech Republic, Denmark, England, Germany, Pakistan, Norway, Republic of Ireland, Thailand and Wales),

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**Public Benefit (Cont.)**

- As invited keynote speakers, we addressed 9 (2018/19 – 12) conferences and seminars in 8 (2018/19 – 9) countries (Australia, Austria, Czech Republic, Denmark, England, Norway, Republic of Ireland and Thailand) speaking cumulatively to over 1,375 (2018/19 – 1,400) delegates.

The programmes we advise and manage are frequently of a considerable scale and reach and are generally of a significantly higher financial value than the value of CCE's own work on the contract. In 2019/20 CCE worked on programmes in the Australia, Chile, Czech Republic, Germany, Republic of Ireland, Norway, Pakistan, Scotland, Thailand, Scotland, and Wales, with a combined programme value in excess of £6.9 million.

In addition, our consultancy work is intended to produce changes in policy at regional and national level, which can have a substantial impact over a long period of time on the life chances of millions of children and young people.

For instance, in the Republic of Ireland we are contributing to the design of changes to education practice to ensure that the Government's investment in its education programmes benefits over the long-term every child and young person in the country.

The 2019/20 financial year marks a significant moment in the life of CCE's work in Wales. Over a six-year period CCE has supported the Arts Council of Wales and the Welsh Government on the delivery of *Creative Learning through the Arts: An Action Plan for Wales 2015-2020*. The five-year contract to support this plan came to a successful conclusion in March 2020. During this time the programme has reached an impressive 63% of all schools in Wales. Over 91,000 pupils have learned about the arts and culture, participated in the arts, and developed creative skills across the curriculum. The programme has made a significant contribution to the Government's National Mission for Education which is to raise standards, reduce the attainment gap and deliver an education system that is a source of national pride and confidence. The programme has also supported learner well-being and improved learning outcomes and attendance, particularly amongst the most disadvantaged learners. Due to its significant success, the programme is being extended for a further two years and CCE are in discussions with the Arts Council about how we might continue to support it.

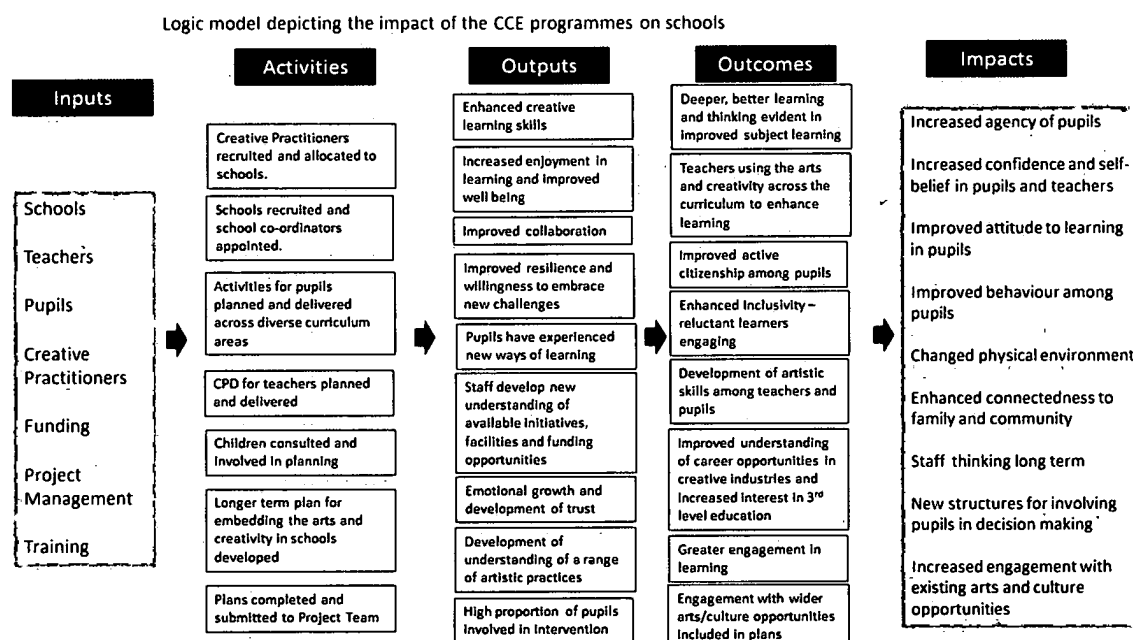
Our international work typically involves the formation of local teams to manage the programme within the country or region concerned. This not only reduces CCE's own financial liabilities in respect of a project but ensures a lasting legacy through the development of a cohort of professionals who have been immersed in the theory and practice of our work. There are very strong teams now established in Australia, Chile, Germany, Republic of Ireland, Norway, Pakistan, Thailand and Wales who make our international work possible.

CCE also uses a wide range of measures to assess the impact and outcomes of its interventions in schools. This has enabled us to show that all the outcomes for pupils are positive, particularly in the area of their capacity to learn (executive functions), their attainment levels, their attendance and in the acquisition of new knowledge and skills.

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**Public Benefit (Cont.)**

The logic model below illustrates potential outputs, outcomes and impacts (though not all will be evidenced on every programme):



The work of CCE has supported the Organisation for Economic Co-operation and Development (OECD) and their international exploration of how to foster students' creativity and critical thinking in schools. Their research is paving the way for the introduction of a creativity measurement to be included in the OECD's PISA assessments in 2021. Eleven countries around the world participated in the study including three of CCE's partners in Hungary, Thailand and Wales. In the 2019 OECD report, *"Fostering Students' Creativity and Critical Thinking, What it Means in School"*, CCE were credited for their contribution.

In delivering the above work, we have met the following Key Performance Indicators for 2019/20.

- Secured at least one major new contract - The LEGO Foundation Creative Process Toolkit pilot
- Increased the number of schools and pupils enrolled in CCE programmes
- Commissioned/participated in a major research project – *"Can Art be key to developing Executive Functions in Children? Final Report for The Art of Learning research pilot, Norway 2019"* and the *"Fostering Students' Creativity and Critical Thinking, What it Means in School"* OECD, 2019
- Reviewed and developed as appropriate the capacity of the organisation to deliver its objectives
- Controlled costs within the budget agreed by the Board.

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**Financial Review**

The financial out-turn for the year is an unrestricted deficit of £477,435 (2018/19: unrestricted deficit of £69,560), though £297,745 of this deficit (2018/19 - £75,189 of this deficit) is net of an unrealised loss (2018/19 gain) on the value of CCE's investment portfolio.

The Trustees acknowledge that our work may not always be underwritten by the acquisition of additional funds. However, we see this as fulfilling our obligations as Trustees by ensuring that a reasonable proportion of the funds available to us in any given year are applied to our charitable purposes without the expectation of any financial return.

The Trustees therefore consider this result to be satisfactory.

**Reserves Policy**

As Trustees, we have reviewed the charity's needs for reserves in line with the guidance issued by the Charity Commission.

The Trustees seek to always retain sufficient Restricted or Designated Reserves to fully cover the latest actuarial estimate of the pension liabilities which arise from the charity's status as a participating employer in the Arts Council Retirement Plan (ACRP) pension scheme.

CCE currently holds a specific Restricted Reserve for this purpose of £2,434,800.

The Trustees seek to retain sufficient Unrestricted Reserves to cover all known liabilities and to provide for six months' running costs to ensure an orderly winding-down of the organisation, should that ever prove necessary. In addition, given the uncertainties inherent in securing earned income, the Trustees consider it prudent to underwrite a shortfall in achieving income targets and therefore to retain reserves accordingly.

At present, the Trustees estimate that the Unrestricted Reserves required for the purposes outlined above amount to £500,000. CCE currently holds Unrestricted Reserves of £669,749.

The Trustees are content with this position which allows the charity to hold an additional level of contingency to enable the charity to respond flexibly to appropriate initiatives which might be identified outside of its annual budgeting process or to provide appropriately for any additional liabilities identified.

This policy is reviewed by the Trustees on an annual basis as part of the charity's budgeting processes.

**Fundraising Policy**

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors.

**Investment Policy**

CCE's cash reserves, over and above those required for day-to-day working capital, have typically been invested in a combination of a higher-rate, instant access deposit account and various fixed-term cash deposit accounts.

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**Investment Policy (Cont.)**

As the Board of Trustees, we have investigated a range of wider investment options but have been mindful that CCE's funding was originally only secure for finite, relatively short periods of time, which restricted the period for which investment can prudently be made and hence the options available.

However, now that the charity is no longer in receipt of revenue funding and is able to take a longer-term investment view, we have agreed to adopt a wider investment policy and have appointed, following an appropriate tendering process, investment managers to help us to achieve our target return. Funds were transferred to the investment managers towards the end of March 2014.

The charity has wide investment powers which are specified in its Articles of Association and all Trustees are involved in setting investment policy.

Investment objectives are:

- To produce the best financial return within an acceptable level of risk
- for the long-term reserves, to generate an annual return in excess of inflation to support the on-going activities of the charity, with short-term erosion of the capital value of assets acceptable so as to achieve the desired annual return
- for the short-term reserves, to preserve the capital value with a minimum level of risk with assets readily available to meet unanticipated cash flow requirements.

CCE's primary requirement is for annual income, rather than capital growth, and the initial target set is to achieve an annual income return of no lower than 3.5% of the capital sums invested.

The Trustees are mindful of ethical considerations and seek to avoid direct investment in any area which might directly cause harm to CCE's key beneficiaries of children and young people.

The intention is to build a conservative asset mix not overly dependent on any single economic scenario or asset class.

Funds are invested in such a way that, if required, sufficient capital can be liquidated to meet the charity's liabilities and commitments, including those arising from CCE's membership of the Arts Council Retirement Fund pension scheme.

**PLANS FOR THE FUTURE**

After leading the organisation for over twelve years, Paul Collard, CCE's Chief Executive, retired at the end of September 2020. Paul's contribution to the organisation and to the creative learning agenda around the world has been outstanding. He has successfully steered the organisation through a number of significant changes in its funding and operational model. We have carefully considered the implications of this and agreed that Diane Fisher-Naylor, currently Director of Programmes at CCE, will lead the organisation as Director from October 2020. A ten-year plan for CCE has also been agreed by the Board and a new staffing structure will be implemented from 1 August 2020 which will create a strong platform for the organisation's future.

COVID-19 will continue to impact on CCE's finances and delivery model for the foreseeable future. The Board will continue to receive regular reports from Rathbones, CCE's investment managers, as to the performance and value of the charity's investment portfolio.

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**PLANS FOR THE FUTURE (Cont.)**

It will also continue to review the ongoing financial performance of the organisation against the 2020/21 budget agreed by the Trustees.

The delivery of services digitally is likely to continue throughout the autumn of 2020 and plans to do so have already been agreed with many partners. In the small number of cases where digital delivery is not possible, a return to face-to-face delivery will only take place when UK Government guidelines and those in any relevant jurisdiction suggest it is safe to do so and where requirements around travel, quarantine and safe distances make this practical. Staff at CCE will continue to work from home until the Government confirms that it is safe for the office to re-open and, even then, it is likely that a high level of home working will continue. During the coming year CCE will decide if it should continue to have a permanent office base.

CCE intends to continue to pursue a business model which builds upon CCE's acknowledged reputation and expertise gained from the many years of involvement in the Creative Partnerships programme, offering consultancy support, programme design and training to those interested in developing creative learning programmes for the benefit of children and young people around the world.

Our Key Performance Indicators for 2020/21 are to have:

- Secured at least one major new contract
- Commissioned/participated in a major research project
- In the light of COVID-19 developed our capacity to deliver training and development digitally
- Reviewed and developed as appropriate the capacity of the organisation to deliver its objectives
- Controlled costs within the budget agreed by the Board.

**Post Balance Sheet Events**

We, as Trustees, have considered and approved a business model and budget through which the charity is seeking to develop new income streams to support its planned activities in 2020/21 and beyond.

We believe that the plans are robust, but also that, in the event of the plans for income generation not coming to fruition, sufficient Reserves remain to meet any costs and liabilities arising.

We, as Trustees, have always taken steps to ensure that, throughout the life of CCE, the charity only makes financial commitments which can be met from within agreed existing funding or within a level of earned income which is realistically likely to be generated.

In addition, we have adopted a prudent approach to generate a level of Reserves which ensures that all potential liabilities which might arise (including pension and redundancy liabilities) can be met, even in the unlikely event that no further income can be secured.

Consequently, the Trustees believe that it is appropriate for the financial statements to be drawn up on a going concern basis.

**Auditors**

A resolution proposing that MHA Tait Walker be re-appointed auditors for the ensuing year will be put to the Members.

**CREATIVITY, CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**YEAR ENDED 31 MARCH 2020**  
**TRUSTEES' REPORT (including Directors' Report)**

**Statement of Trustees' Responsibilities**

As the Trustees (who are also directors of Creativity, Culture and Education for the purposes of company law), we are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires us to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, we, as Trustees, are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

As Trustees, we are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. We are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we, as Trustees, are aware:

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

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

**This report was approved by the Board of Trustees on 22 February 2021 and signed on its behalf by:**



**Jane Robinson**  
**Trustee**

**CREATIVITY, CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**YEAR ENDED 31 MARCH 2020**  
**INDEPENDENT AUDITOR'S REPORT**

**Opinion**

We have audited the financial statements of Creativity, Culture and Education (the 'charity') for the year ended 31 March 2020, which comprise the Statement of financial activities, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**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
- notwithstanding the conditions disclosed in Note 1 to the financial statements, the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

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

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

We have nothing to report in this regard.



**CREATIVITY, CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**YEAR ENDED 31 MARCH 2020**  
**INDEPENDENT AUDITOR'S REPORT**

**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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

**Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity'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 charity 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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

*Simon Brown* 2/3/2021

Simon Brown BA ACA DChA (Senior Statutory Auditor)

For and on behalf of MHA Tait Walker, Chartered Accountants, Statutory Auditor  
Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne NE3 3LS

MHA Tait Walker is a trading name of Tait Walker LLP.

**CREATIVITY, CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating a summarised Income & Expenditure Account)  
**YEAR TO 31 MARCH 2020**

|  | Note | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|--|------|----------------------------|--------------------------|--------------------|--------------------|
| <b>Income</b>  |      |                            |                          |                    |                    |
| Income from Charitable Activities                                    | 3    | 233,761                    | -                        | 233,761            | 254,439            |
| Income from Investments  | 4    | 117,991                    | -                        | 117,991            | 118,125            |
| Income from Grants, Donations & Legacies                             | 5    | -                          | -                        | -                  | 38,936             |
| Other Income   | 6    | 70                         | -                        | 70                 | 118                |
| <b>Total Income</b>  |      | <b>351,822</b>             | <b>-</b>                 | <b>351,822</b>     | <b>411,618</b>     |
| <b>Expenditure</b>   |      |                            |                          |                    |                    |
| Expenditure on Raising Funds   | 7    | 18,343                     | -                        | 18,343             | 19,130             |
| Expenditure on Charitable Activities                                 | 8    | 513,169                    | 25,812                   | 538,981            | 569,429            |
| <b>Total Expenditure</b>   |      | <b>531,512</b>             | <b>25,812</b>            | <b>557,324</b>     | <b>588,559</b>     |
| <b>Net Income/(Expenditure) before Gains/(Losses) on Investments</b> |      | <b>(179,690)</b>           | <b>(25,812)</b>          | <b>(205,502)</b>   | <b>(176,941)</b>   |
| Net Gains/(Losses) on Investments                                    |      | (297,745)                  | -                        | (297,745)          | 75,189             |
| <b>Net Income/(Expenditure)</b>                                      | 9    | <b>(477,435)</b>           | <b>(25,812)</b>          | <b>(503,247)</b>   | <b>(101,752)</b>   |
| Balance brought forward  |      | 1,147,184                  | 2,460,612                | 3,607,796          | 3,709,548          |
| <b>Balance carried forward</b>                                       | 17   | <b>£669,749</b>            | <b>£2,434,800</b>        | <b>£3,104,549</b>  | <b>£3,607,796</b>  |

The notes on pages 19 to 31 form part of the financial statements.

There are no recognised gains and losses during the year other than as shown above.

All the activities for the year are continuing activities.

The Statement of Financial Activities also complies with the requirements for an Income & Expenditure Account under the Companies Act 2006.

**CREATIVITY CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**STATEMENT OF FINANCIAL POSITION/BALANCE SHEET**  
**At 31 MARCH 2020**

|                                     |              | <b>2020</b>      |                          | <b>2019</b>      |                          |
|-------------------------------------|--------------|------------------|--------------------------|------------------|--------------------------|
|                                     | <b>Notes</b> | <b>£</b>         | <b>£</b>                 | <b>£</b>         | <b>£</b>                 |
| <b>Fixed Assets</b>                 |              |                  |                          |                  |                          |
| Tangible Fixed Assets               | 12           | 1,554            |                          | 5,267            |                          |
| Fixed Asset Investments             | 13           | <u>3,145,321</u> |                          | <u>3,718,066</u> |                          |
|                                     |              |                  | 3,146,875                |                  | 3,723,333                |
| <b>Current Assets</b>               |              |                  |                          |                  |                          |
| Debtors                             | 14           | 82,151           |                          | 64,885           |                          |
| Cash at Bank and In Hand            |              | <u>148,546</u>   |                          | <u>115,359</u>   |                          |
|                                     |              | 230,697          |                          | 180,244          |                          |
| <b>Creditors:</b>                   |              |                  |                          |                  |                          |
| Amounts Falling Due Within 1 Year   | 15           | <u>(57,896)</u>  |                          | <u>(64,624)</u>  |                          |
| <b>Net Current Assets</b>           |              |                  | 172,801                  |                  | 115,620                  |
| <b>Creditors:</b>                   |              |                  |                          |                  |                          |
| Provision for Liabilities & Charges | 16           |                  | (215,127)                |                  | (231,157)                |
| <b>Total Net Assets</b>             |              |                  | <u><b>£3,104,549</b></u> |                  | <u><b>£3,607,796</b></u> |
| <b>Represented By:</b>              |              |                  |                          |                  |                          |
| Unrestricted Funds                  | 17           |                  | 669,749                  |                  | 1,147,184                |
| Restricted Funds                    | 17           |                  | <u>2,434,800</u>         |                  | <u>2,460,612</u>         |
|                                     |              |                  | <u><b>£3,104,549</b></u> |                  | <u><b>£3,607,796</b></u> |

The notes on pages 19 to 31 form part of the financial statements.

The financial statements were approved by the Board, and authorized for issue, on 22 February 2021 and signed on its behalf by:



**Jane Robinson**  
**Trustee**  
**Company Registration Number: 06600739**

**CREATIVITY CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**NOTES TO THE ACCOUNTS**  
**At 31 MARCH 2020**

**1. Accounting Policies**

**Charity Information**

Creativity, Culture and Education is a private company, limited by guarantee, incorporated in England and Wales. The registered office is 20 Portland Terrace, Jesmond, Newcastle upon Tyne NE2 1QQ.

The charity is a public benefit entity.

**Basis of Accounting**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 and the Statement of Recommended Practice (Charities SORP FRS 102) "Accounting and Reporting by Charities" and the Charities Act 2011.

The financial statements have been prepared on the historical cost basis, modified to include certain financial instruments at fair value.

Advantage has been taken of the provisions in the SORP for Charities applying FRS 102 Update Bulletin 2 not to prepare a statement of cashflows.

The financial statements are prepared in sterling, which is the functional currency of the charity.

**Going Concern**

Having reached a resolution to the potential liability arising from CCE's last employee leaving the Arts Council Retirement Plan (1994) (ACRP) with effect from 30 September 2020 (see Note 22), the charity's Trustees have concluded that there is no associated material uncertainty in respect of Going Concern.

Consequently, we, as Trustees, have considered and approved a business model and budget through which the charity is seeking to develop new income streams to support its planned activities in 2020/21 and beyond.

We believe that the plans are robust, but also that, in the events of the plans for income generation not coming to fruition, sufficient Reserves remain to meet any costs and liabilities arising.

Since its inception, we, as Trustees, have taken care to ensure that the organisation has not entered into any material commitments beyond the end date of whatever funding has been in place or in excess of the income realistically likely to be generated, whilst a prudent approach has been taken to generate a level of Reserves which ensures that all potential liabilities which might arise at that date (including pension and redundancy liabilities) can be met should no further income be secured.

Consequently, the Trustees believe that it is appropriate for the financial statements to be drawn up on a going concern basis.

**CREATIVITY CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**NOTES TO THE ACCOUNTS**  
**At 31 MARCH 2020**

**1. Accounting Policies (Continued)**

**Estimation Uncertainty and Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

Management have approved depreciation, prepayments, accruals and other cut-off adjustments. Whilst management believe that these estimates and judgements are accurate, there is every likelihood that they will not be exact.

The Trustees include an investment portfolio at market value and annually consider the market value.

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

**Income**

All income, including grant income, is included in the Statement of Financial Activities (SOFA), net of VAT, when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Such income is only deferred when the donor or funder has specified that the grant or donation can only be used in future accounting periods or where the donor or funder has imposed conditions which must be met before the charity has unconditional entitlement.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

**Income from Investments**

Dividends are included on a receivable basis. Interest receivable on fixed interest securities and bank deposits is included on an accruals basis.

**Expenditure**

All expenditure is accounted for on an accruals basis and is recognised when a liability is incurred.

- Costs of Raising Funds are those costs of seeking potential funders and applying for funding.
- Charitable activities include expenditure associated with the provision of grant funding, research, advocacy and the direct provision of creative learning-related activities. This includes both the direct costs and support costs relating to these activities.
- Support or Indirect costs are those costs incurred in support of the charitable objectives. These have been allocated to the resources expended on a consistent basis that fairly reflects the true use of those resources within the organisation, such as allocating staff costs by time spent and other costs by their usage.
- Governance costs are those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

**CREATIVITY CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**NOTES TO THE ACCOUNTS**  
**At 31 MARCH 2020**

**1. Accounting Policies (Continued)**

**Irrecoverable VAT**

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

**Operating Leases**

The charity classifies the lease of certain printing equipment as operating leases as the title to the equipment remains with the lessor. Rental charges are charged against income on a straight-line basis over the period of the lease.

**Tangible Fixed Assets and Depreciation**

Depreciation is provided on the fixed assets at rates calculated to write off the assets over their remaining useful lives as follows:

|                      |                               |
|----------------------|-------------------------------|
| Office Equipment     | - 20% per annum straight line |
| Computer Equipment   | - 33% per annum straight line |
| Furniture & Fittings | - 25% per annum straight line |

A full year's depreciation charge is applied in the year of acquisition and no charge is made in the year of disposal.

**Impairment of Fixed Assets**

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

**Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Fixed Asset Investments**

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

**Fund Accounting**

The charity has a number of restricted income funds to account for situations in which a funder requires that a grant must be spent on a particular purpose or where funds have been raised for a specific purpose. The aim and use of each restricted fund is set out in Note 17 to the financial statements.

All other funds are considered Unrestricted Funds and are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

**CREATIVITY CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**NOTES TO THE ACCOUNTS**  
**At 31 MARCH 2020**

**1. Accounting Policies (Cont.)**

**Pensions**

CCE contributes to two pension schemes; one is a multi-employer defined benefit final salary scheme and the other is a defined contribution scheme, as detailed in Note 11.

The assets of the multi-employer scheme are held separately from those of the company in a separately administered fund. However, it is not possible to identify CCE's specific share of the underlying assets and liabilities. Consequently, the scheme has been accounted for as if it were a defined contribution scheme; and in accordance with the Charities SORP (FRS102).

For the defined contribution scheme, the amount charged to the Statement of Financial Activities in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Taxation**

Creativity, Culture and Education is a registered charity and, as such, is not liable to taxation on its income in the current year.

**Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the date of the transaction. Exchange differences are taken into account in arriving at the surplus/deficit.

**Financial Instruments**

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS102 to all its financial instruments.

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**2. Legal Status**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. The company law members of the charity are the members of its Board of Trustees for the time being.

**CREATIVITY CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**NOTES TO THE ACCOUNTS**  
**At 31 MARCH 2020**

**3. Income from Charitable Activities**

|                                | Unrestricted<br>Funds | Restricted<br>Funds | 2020           | 2019           |
|--------------------------------|-----------------------|---------------------|----------------|----------------|
|                                | £                     | £                   | £              | £              |
| Programme Design & Consultancy | 216,697               | -                   | 216,697        | 229,731        |
| Speaking Fees                  | 17,064                | -                   | 17,064         | 24,708         |
|                                | <b>233,761</b>        | <b>-</b>            | <b>233,761</b> | <b>254,439</b> |

The 2019 total of £254,439 was wholly attributable to Unrestricted Funds.

**4. Income from Investments**

|   | Unrestricted<br>Funds | Restricted<br>Funds | 2020           | 2019           |
|---|-----------------------|---------------------|----------------|----------------|
|   | £                     | £                   | £              | £              |
| Interest on cash deposits   | 445                   | -                   | 445            | 288            |
| Interest on / Dividends from<br>Investments under fund management | 117,546               | -                   | 117,546        | 117,837        |
|   | <b>117,991</b>        | <b>-</b>            | <b>117,991</b> | <b>118,125</b> |

The 2019 total of £118,125 was wholly attributable to Unrestricted Funds.

**5. Income from Grants, Donations & Legacies**

|                                | Unrestricted<br>Funds | Restricted<br>Funds | 2020     | 2019          |
|--------------------------------|-----------------------|---------------------|----------|---------------|
|                                | £                     | £                   | £        | £             |
| Creative Scotland Grant        | -                     | -                   | -        | 5,173         |
| BKJ / Stiftung Mercator Grants | -                     | -                   | -        | 33,763        |
|                                | <b>-</b>              | <b>-</b>            | <b>-</b> | <b>38,936</b> |

The 2019 total of £38,936 was wholly attributable to Restricted Funds.

**6. Other Income**

|              | Unrestricted<br>Funds | Restricted<br>Funds | 2020      | 2019       |
|--------------|-----------------------|---------------------|-----------|------------|
|              | £                     | £                   | £         | £          |
| Other Income | 70                    | -                   | 70        | 118        |
|              | <b>70</b>             | <b>-</b>            | <b>70</b> | <b>118</b> |

The 2019 total of £118 was wholly attributable to Unrestricted Funds.



**CREATIVITY CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**NOTES TO THE ACCOUNTS**  
**At 31 MARCH 2020**

**7. Expenditure on Raising Funds**

|                             | <b>Unrestricted<br/>Funds</b> | <b>Restricted<br/>Funds</b> | <b>2020</b>   | <b>2019</b>   |
|-----------------------------|-------------------------------|-----------------------------|---------------|---------------|
|                             | <b>£</b>                      | <b>£</b>                    | <b>£</b>      | <b>£</b>      |
| Investment Management Costs | 18,343                        | -                           | 18,343        | 19,130        |
|                             | <b>18,343</b>                 | <b>-</b>                    | <b>18,343</b> | <b>19,130</b> |

The 2019 total of £19,130 was wholly attributable to Unrestricted Funds.

**8. Expenditure on Charitable Activities**

|  | <b>Unrestricted<br/>Funds</b> | <b>Restricted<br/>Funds</b> | <b>2020</b>    | <b>2019</b>    |
|--|-------------------------------|-----------------------------|----------------|----------------|
|  | <b>£</b>                      | <b>£</b>                    | <b>£</b>       | <b>£</b>       |
| <b>Cultural &amp; Creative Learning Programmes</b> |                               |                             |                |                |
| Associates, Travel & Subsistence                   | 64,405                        | 2,354                       | 66,759         | 89,268         |
| Staff Costs (see Note 10)                          | 345,496                       | 23,458                      | 368,954        | 376,120        |
|  | <b>409,901</b>                | <b>25,812</b>               | <b>435,713</b> | <b>465,388</b> |
| <b>Support Costs</b>                               |                               |                             |                |                |
| Legal & Other Professional Costs                   | 1,250                         | -                           | 1,250          | 1,211          |
| Depreciation                                       | 3,713                         | -                           | 3,713          | 3,713          |
| Other Overhead Costs                               | 64,555                        | -                           | 64,555         | 66,531         |
|  | <b>69,518</b>                 | <b>-</b>                    | <b>69,518</b>  | <b>71,455</b>  |
| <b>Governance Costs</b>                            |                               |                             |                |                |
| Staff Costs (see Note 10)                          | 28,102                        | -                           | 28,102         | 28,116         |
| External Audit Fees                                | 3,500                         | -                           | 3,500          | 3,500          |
| Other Accountancy Services                         | 2,148                         | -                           | 2,148          | 970            |
|  | <b>33,750</b>                 | <b>-</b>                    | <b>33,750</b>  | <b>32,586</b>  |
|  | <b>513,169</b>                | <b>25,812</b>               | <b>538,981</b> | <b>569,429</b> |

Of the 2019 total of £569,429, £498,301 was attributable to Unrestricted Funds and £71,128 to Restricted Funds.

**9. Net Income/(Expenditure)**

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Net income/(expenditure) is stated after charging/(crediting): |             |             |
| Auditors' Remuneration – current year                          | 3,500       | 3,500       |
| Auditors' Remuneration in respect of non-audit services        | -           | 450         |
| Operating Lease payments in the year                           | 9,332       | 9,332       |
| Depreciation of Owned Fixed Assets                             | 3,713       | 3,713       |

**CREATIVITY CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
**NOTES TO THE ACCOUNTS**  
**At 31 MARCH 2020**

**10. Staff Costs**

|                                      | <b>Unrestricted<br/>Funds</b> | <b>Restricted<br/>Funds</b> | <b>2020</b>    | <b>2019</b>    |
|--------------------------------------|-------------------------------|-----------------------------|----------------|----------------|
|                                      | <b>£</b>                      | <b>£</b>                    | <b>£</b>       | <b>£</b>       |
| Gross Salary Costs                   | 273,053                       | 23,458                      | 296,511        | 312,340        |
| Redundancy Costs                     | 10,945                        | -                           | 10,945         | -              |
| Social Security Costs                | 31,158                        | -                           | 31,158         | 32,808         |
| Pension Deficit Underpinning Payment | 24,220                        | -                           | 24,220         | 24,220         |
| - Arts Council Retirement Plan       |                               |                             |                |                |
| Defined Benefit Scheme               |                               |                             |                |                |
| Employer's Pension Contributions –   | 29,880                        | -                           | 29,880         | 29,879         |
| Defined Benefit Scheme               |                               |                             |                |                |
| Pension Provision Release – Defined  | (16,030)                      | -                           | (16,030)       | (17,166)       |
| Benefit Scheme (Note 16)             |                               |                             |                |                |
| Employer's Pension Contributions –   | 20,372                        | -                           | 20,372         | 22,155         |
| Defined Contribution Scheme          |                               |                             |                |                |
|                                      | <b>373,598</b>                | <b>23,458</b>               | <b>397,056</b> | <b>404,236</b> |

The average monthly number of staff employed during the year, was as follows:

|   | <b>2020<br/>No.</b> | <b>2019<br/>No.</b> |
|---|---------------------|---------------------|
| Cultural & Creative Learning Programmes | <b>6</b>            | <b>6</b>            |

The number of the above staff expressed as full-time equivalents was 5.1 (2019: 5.5)

The following employees received remuneration, including employer's pension contributions, in excess of £60,000 in the year.

|                      | <b>2020<br/>No.</b> | <b>2019<br/>No.</b> |
|----------------------|---------------------|---------------------|
| £80,001 to £90,000   | 1                   | 1                   |
| £120,001 to £130,000 | 1                   | 1                   |

The total paid to key management personnel, defined as the members of the Senior Management Team, was £265,802 (2019: £275,390).

The Senior Management Team during the year to 31 March 2020 comprised:

- Paul Collard                      Chief Executive
- Pete O'Hara                      Director of Resources
- Diane Fisher-Naylor          Director of Programmes

Contributions totalling £20,372 (2019: £22,155) were paid during the year into the defined contribution pension scheme operated by CCE in respect of the above staff. No pension contributions were outstanding at 31 March 2020 (2019: £2,996).

Contributions totalling £54,100 (2019: £54,099) were paid during the year into the Arts Council Retirement Plan defined benefit pension scheme in respect of the above staff. £3,575 in pension contributions were outstanding at 31 March 2020 (2019: £3,575).

**CREATIVITY CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
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**At 31 MARCH 2020**

**10. Staff Costs (Cont.)**

No remuneration was paid to or waived by Trustees/Directors in the year, but Trustees are able to claim re-imbursement at cost for any out-of-pocket expenses they incur in the course of their Trustee duties. Travel and subsistence expenses amounting to £2,279 (2019: £3,380) were reimbursed to 5 (2019: 5) Trustees in respect of their attendance at meetings of the charity.

The charity has purchased third party insurance for all serving Trustees and Officers of the charity against liability arising for wrongful acts in relation to the charity.

**11. Pension Scheme**

CCE currently operates two pension schemes.

For staff who joined CCE on 1 April 2009 via a TUPE transfer from Arts Council England, pension benefits are provided on a voluntary basis through the Arts Council Retirement Plan (1994), which is a defined benefit scheme based upon final salary.

The scheme is financed by payments by CCE and employees into a Trustee-administered fund held separately from those of the company. These contributions are invested by leading fund management companies. Other employers contributing to the scheme are Arts Council England, the Arts Council of Wales, Creative Scotland, Ty Cerdd (Music Centre Wales) and the Crafts Council.

As this is a multi-employer scheme, it is not possible to identify CCE's specific share of the underlying assets and liabilities. Consequently, the scheme has been accounted for as if it were a defined contribution scheme, in accordance with the Charities SORP (FRS102), with the costs of the scheme charged to the Statement of Financial Activities.

Contributions made are in accordance with the most recent actuarial valuation of the Plan, which takes place approximately every three years. At the last valuation on 31 March 2019 the actuarial value of the assets using the projected unit method was sufficient to cover 89% of the value accrued to members, a deficit of £21.7 million (reduced from the 31 March 2016 valuation of £25.5 million).

In the year to 31 March 2020, on the advice of the actuary, CCE made an employer's contribution equivalent to 29.9% (2019: 29.9%) of pensionable salary. This contribution level included 11.3% (2019: 11.3%) intended to make up the deficit identified within the Plan at the last actuarial valuation. These amounts are paid over to the Fund on a monthly basis.

In addition, in the year to 31 March 2020 CCE made an annual 'underpinning' contribution of £24,220 (2019: £24,220) as part of a 13 year repayment plan intended to make up the deficit identified within the Plan at the last actuarial valuation by 31 March 2029, with a further £11,520 (2019: £11,520) paid in relation to Plan expenses via additional monthly employer's contributions.

For other staff, pension benefits are provided through a Group Personal Pension Scheme, which is a defined contribution scheme. The assets of the scheme are held separately from those of the company in a separately administered fund. CCE make an employer's contribution of 10% of pensionable pay, provided that the employee makes a minimum contribution of 3%. These amounts are paid over to the Fund on a monthly basis.

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**12. Tangible Fixed Assets**

|                       | <b>Fixtures &amp; Fittings</b> | <b>Office Equipment</b> | <b>ICT Equipment</b> | <b>Total Fixed Assets</b> |
|-----------------------|--------------------------------|-------------------------|----------------------|---------------------------|
| <b>Cost</b>           | <b>£</b>                       | <b>£</b>                | <b>£</b>             | <b>£</b>                  |
| At 1 April 2019       | 13,654                         | 2,300                   | 26,363               | 42,317                    |
| Additions             | -                              | -                       | -                    | -                         |
| Disposals             | -                              | -                       | -                    | -                         |
| At 31 March 2020      | <b>13,654</b>                  | <b>2,300</b>            | <b>26,363</b>        | <b>42,317</b>             |
| <b>Depreciation</b>   |                                |                         |                      |                           |
| At 1 April 2019       | 13,654                         | 2,300                   | 21,096               | 37,050                    |
| Charge for year       | -                              | -                       | 3,713                | 3,713                     |
| Disposals             | -                              | -                       | -                    | -                         |
| At 31 March 2020      | <b>13,654</b>                  | <b>2,300</b>            | <b>24,809</b>        | <b>40,763</b>             |
| <b>Net Book Value</b> |                                |                         |                      |                           |
| At 31 March 2020      | <b>£-</b>                      | <b>£-</b>               | <b>£1,554</b>        | <b>£1,554</b>             |
| At 1 April 2019       | <b>£-</b>                      | <b>£-</b>               | <b>£5,267</b>        | <b>£5,267</b>             |

**13. Fixed Assets - Investments under Fund Management**

|                                  | <b>2020</b>      | <b>2019</b>      |
|----------------------------------|------------------|------------------|
|                                  | <b>£</b>         | <b>£</b>         |
| Market Value at 1 April          | 3,630,845        | 3,852,038        |
| Cost of Investments Purchased    | 966,919          | 202,723          |
| Market Value of Investments Sold | (1,268,390)      | (488,527)        |
| Unrealised Gain/(Loss)           | (297,745)        | 64,611           |
|                                  | <b>3,031,629</b> | <b>3,630,845</b> |
| Cash                             | 113,692          | 87,221           |
| Market Value at 31 March         | <b>3,145,321</b> | <b>3,718,066</b> |

The market value has been provided by the charity's investment managers.

| <b>Geographical analysis of investments under fund management:</b> | <b>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Fixed Interest   | 515,285          | 698,287          |
| UK Equities  | 1,009,422        | 1,398,800        |
| Overseas Equities  | 1,090,988        | 1,329,888        |
| Alternatives   | 415,934          | 203,870          |
| Cash   | 113,692          | 87,221           |
|  | <b>3,145,321</b> | <b>3,718,066</b> |

The Historic Cost of Investments held is £3,060,903 (2019: £3,215,898)

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**14. Debtors**

|                              | <b>2020</b>   | <b>2019</b>   |
|------------------------------|---------------|---------------|
|                              | <b>£</b>      | <b>£</b>      |
| Trade Debtors                | 48,283        | 35,226        |
| Prepayments & Accrued Income | 31,125        | 28,480        |
| Value Added Tax Debtor       | 2,743         | 1,179         |
|                              | <b>82,151</b> | <b>64,885</b> |

All sums are due within 1 year.

**15. Creditors - Amounts Falling Due Within One Year**

|                                     | <b>2020</b>   | <b>2019</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>£</b>      | <b>£</b>      |
| Grant Creditor                      | 14,309        | 14,309        |
| Trade Creditors                     | 10,575        | 17,150        |
| Deferred Income (see below)         | -             | 2,944         |
| Other Creditors                     | 11,928        | 12,025        |
| Other Taxes & Social Security Costs | 9,962         | 9,016         |
| Accruals                            | 11,122        | 9,180         |
|                                     | <b>57,896</b> | <b>64,624</b> |
| <b>Deferred Income</b>              |               |               |
| Deferred Income brought forward     | 2,944         | 4,000         |
| Income deferred in the year         | -             | 2,944         |
| Income released in the year         | (2,944)       | (4,000)       |
| Deferred Income carried forward     | -             | <b>2,944</b>  |

**16. Creditors - Provision for Liabilities & Charges**

|  | <b>2020</b>    | <b>2019</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Provision for Pension Scheme Deficit Contributions | 215,127        | 231,157        |
|  | <b>215,127</b> | <b>231,157</b> |

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Increase/(Decrease) in Provision in year | (16,030)    | (17,166)    |

The above liability is shown having been discounted to Net Present Value from a present-day liability of £253,060 (2019: £277,180).

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**17. Analysis of Charitable Funds**

|                                       | Fund at 1<br>April 2019 | Incoming<br>Resources<br>for Period | Resources<br>Expended<br>for Period &<br>Movement<br>on<br>Investments | Fund at 31<br>March<br>2020 |
|---------------------------------------|-------------------------|-------------------------------------|--|-----------------------------|
|                                       | £                       | £                                   | £  | £                           |
| <b>Movement on Unrestricted Funds</b> |                         |                                     |  |                             |
| Unrestricted General Fund             | 1,147,184               | 351,822                             | (829,257)  | 669,949                     |
| <b>Movement on Restricted Funds</b>   |                         |                                     |  |                             |
| ACE - Reserves                        | 2,434,800               | -                                   | -  | 2,434,800                   |
| BKJ / Stiftung Mercator – EiP 2019/20 | 25,812                  | -                                   | (25,812)   | -                           |
| <b>Total Restricted Funds</b>         | <b>2,460,612</b>        | <b>-</b>                            | <b>(25,812)</b>  | <b>2,434,800</b>            |
| <b>Total Funds</b>                    | <b>£3,607,796</b>       | <b>£351,822</b>                     | <b>£(855,069)</b>  | <b>£3,104,519</b>           |

| Name of Restricted Fund       | Description, Nature & Purpose of the Restricted Fund   |
|-------------------------------|--|
| ACE - Reserves                | To cover pension and redundancy liabilities arising from the original TUPE transfer of staff from Arts Council England |
| BKJ / Stiftung Mercator - EiP | To fund research to support the project "Europe In Perspective"  |

**18. Analysis of Net Assets between Funds**

|  | Unrestricted<br>Funds | Restricted<br>Funds | 2020              | 2019              |
|--|-----------------------|---------------------|-------------------|-------------------|
|  | £                     | £                   | £                 | £                 |
| Fixed Assets                                     | 712,075               | 2,434,800           | 3,146,875         | 3,723,333         |
| Debtors  | 82,151                | -                   | 82,151            | 64,885            |
| Cash at Bank and In Hand                         | 148,546               | -                   | 148,546           | 115,359           |
| Creditors – Amounts Falling Due<br>Within 1 Year | (57,896)              | -                   | (57,896)          | (64,624)          |
| Provision for Liabilities & Charges              | (215,127)             | -                   | (215,127)         | (231,157)         |
|  | <b>£669,749</b>       | <b>£2,434,800</b>   | <b>£3,104,549</b> | <b>£3,607,796</b> |

**19. Operating Lease Commitments**

At 31 March 2020 the charity had total commitments under non-cancellable operating leases as follows

| Category                       | Property     | Equipment    |
|--------------------------------|--------------|--------------|
|                                | £            | £            |
| Operating leases which expire: |              |              |
| Within one to two years        | 9,266        | 2,954        |
|                                | <b>9,266</b> | <b>2,954</b> |

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**20. Financial Commitments**

No material financial commitments have been made in respect of future financial periods, other than the operating leases disclosed in Note 19 and the commitment to pension scheme deficit repayments outlined in Note 16.

**21. Related Party Transactions**

During the year to 31 March 2019, the charity worked upon a research project with the Organisation for Economic Co-operation and Development (OECD) who are conducting an international exploration of how to measure progress in creativity. CCE Trustee Stephan Vincent-Lancrin is employed as a Senior Analyst and Project Leader in the Directorate for Education & Skills at the OECD and works upon the research project.

The charity has received no income from OECD, other than the reimbursement of certain travel expenses, in either period. Stephan Vincent-Lancrin is not involved in the allocation of any funds from OECD to CCE.

**22. Post Balance Sheet Events**

As described in Note 11, for staff who joined CCE on 1 April 2009 via a TUPE transfer from Arts Council England, pension benefits are provided on a voluntary basis through the Arts Council Retirement Plan (1994), which is a defined benefit scheme based upon final salary.

CCE's Trustees had previously identified that on 30 September 2020 there would be an event (due to the last employee leaving the defined benefit pension scheme) which would, in normal circumstances, trigger a section 75 debt. A section 75 debt is where the pension scheme liability is re-measured by the actuary and becomes immediately repayable. The Trustees concluded, given the potential size of the section 75 debt, that, if this sum exceeded CCE's available assets, then the charity would not be a going concern.

In reality, in December 2020, the charity has received the final Section 75 offer, which they have agreed and accepted. This sees the charity agree to pay the pension scheme a total of £1,599,000 by 5 January 2021 which releases the charity from the pension scheme liability.

As the ACRP is a multi-employer scheme, it has not previously been possible to identify CCE's specific share of the underlying assets and liabilities. Consequently, the scheme has been accounted for as if it were a defined contribution scheme, in accordance with the Charities SORP (FRS102), with the costs of the scheme charged to the Statement of Financial Activities.

However, given that the section 75 settlement figure has now been quantified by the scheme actuaries, sufficient information has now become available to account as for a defined benefit scheme in accordance with FRS102, amendments to Section 28 having been early adopted, the charity has applied paragraph 28.11C and will account for the pension liability at the relevant date, which is in the financial year ended 31 March 2021.

**CREATIVITY CULTURE AND EDUCATION (A Company Limited By Guarantee)**  
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**22. Post Balance Sheet Events (Cont.)**

During the accounting year to 31 March 2021, the charity will therefore incur a total cost of £1,599,000 and charge this amount to the Statement of Financial Activities, reversing the existing provision of £215,127 (which is already included as a long-term creditor in these accounts at the 31 March 2020 year end).

The net impact on the Statement of Financial Activities during the year ended 31 March 2021 will therefore be a charge of £1,383,873 and, on the Statement of Financial Position/Balance Sheet, a cash payment of £1,599,000 and the release of the long term creditor of £215,127 (an overall net reduction of assets of £1,383,873).