

# Creative Education Academies Trust

Registered number 07617529

## Governors' report and financial statements

For the period ended 31 August 2012

THURSDAY



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# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **CONTENTS**

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	<b>Page</b>
<b>Reference and Administrative Details of the Academy, its Governors and Advisers</b>	<b>1</b>
<b>Governors' Report</b>	<b>2 - 8</b>
<b>Governance Statement</b>	<b>9 - 10</b>
<b>Statement on Regularity, Propriety and Compliance</b>	<b>11</b>
<b>Governors' Responsibilities Statement</b>	<b>12</b>
<b>Independent Auditors' Report</b>	<b>13 - 14</b>
<b>Independent Reporting Accountant's Assurance Report on Regularity</b>	<b>15 - 16</b>
<b>Statement of Financial Activities</b>	<b>17</b>
<b>Balance Sheet</b>	<b>18</b>
<b>Cash Flow Statement</b>	<b>19</b>
<b>Notes to the Financial Statements</b>	<b>20 - 36</b>

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS GOVERNORS AND ADVISERS**

#### **FOR THE PERIOD ENDED 31 AUGUST 2012**

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#### **Trustees**

David Anderson, Chair (appointed 28 April 2011)<sup>1</sup>  
Kevin Butler (appointed 18 May 2012)<sup>1</sup>  
Dinah Casson (appointed 13 May 2012)  
Creative Education Trust (appointed 28 April 2011)  
Michael Dickson CBE (appointed 11 May 2012)  
Marc Jordan (appointed 28 April 2011)<sup>1</sup>  
Sadie Morgan (appointed 17 May 2012)  
Dr William Richardson (appointed 24 May 2012)  
Dr Ralph Townsend (appointed 10 May 2012)

<sup>1</sup> Members of the Finance Committee

#### **Company registered number**

07617529

#### **Registered office**

Clifton Down House, Beaufort Buildings, Clifton Down, Bristol, BS8 4AN

#### **Chair**

David Anderson

#### **Senior Management Team**

Marc Jordan, Chief Executive  
Nick Caiger, Group Finance Director  
Martyn Coles, Director of Education  
Emily Campbell, Director of Programmes

#### **Auditors**

Mazars LLP, Clifton Down House, Beaufort Buildings, Clifton Down, Bristol, BS8 4AN

#### **Bankers**

HSBC, 69 Pall Mall, London, SW1Y 5EY

Lloyds TSB, Cosham, Portsmouth, PO6 3BY

#### **Solicitors**

Veale Wasbrough Vizards, Orchard Court, Orchard Lane, Bristol, BS1 5WS

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNORS' REPORT**

#### **FOR THE PERIOD ENDED 31 AUGUST 2012**

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Creative Education Academies Trust (the "Trust") for the period ended 31 August 2012. The Trustees confirm that the Annual Report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Trust is a charitable company limited by guarantee. It was set up by a Memorandum of Association, incorporated on 6 February 2011 and commenced its activities from 1 March 2011.

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

#### **Method of recruitment and appointment or election of Governors**

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

The Trust has the following categories of Trustee who are, in company law terminology, Directors:

- Sponsor Directors nominated by the Sponsor,
- Academy Directors who are Chairs of Local Governing Bodies,
- the Chief Executive Officer,
- Parent Directors elected by parent representatives on Local Governing Bodies, and
- other Directors who may be co-opted or appointed.

#### **Policies and procedures adopted for the induction and training of Governors**

All Trustees are inducted when appointed and receive appropriate training throughout their appointment, including briefings by specialists throughout the year.

#### **Organisational structure**

The Trust is governed by its Board of Trustees, members of which are, with the exception of the Chief Executive Officer, all non-executives. The Board has four standing sub-committees whose terms of reference are as follows:

##### *Executive Committee*

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

##### *Finance Committee*

- a To take a proactive and strategic stance in support of the financial affairs of the group,
- b To receive and review financial data relating to the group,
- c To take decisions relating to financial matters and to report these to the Board.

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNORS' REPORT (continued)**

#### **FOR THE PERIOD ENDED 31 AUGUST 2012**

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#### *Remuneration Committee*

- a To receive recommendations in relation to and to determine the remuneration of designated senior staff,
- b To monitor and review the pay structure for senior staff

#### *Education Advisory Board*

In addition, for each Academy within the Trust there is one Local Governing Body

The Local Governing Body ("LGB") is a sub-committee of the Board. It is the LGB's role to hold the Academy Principal and Senior Leadership Team to account for the Academy's educational, operational and financial performance. In addition, the LGB has an important role in representing the Academy to parents and the local community. Members of the LGB ensure that academic standards are increased, that agreed educational targets are met, and that there is a rich provision of co-curricular activity, make sure that the agreed annual budget is adhered to, that pastoral, safeguarding and Health & Safety matters are attended to according to the Trust's published policies, and that premises and grounds are maintained to a high standard. The LGB is also responsible for adjudicating on disciplinary and behaviour matters in accordance with the Trust's policies.

#### **Connected organisations, including related party relationships**

The Trust's work is sponsored by the Creative Education Trust, a registered charity (registration number 1138868).

#### **Risk management**

The Trustees have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

### **OBJECTIVES AND ACTIVITIES**

#### **Objects and aims**

The Trust's primary object is to establish, maintain, carry on, manage and develop primary and secondary schools that are open to all children and offer a broad and balanced curriculum.

#### **Objectives, strategies and activities**

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

The Trust seeks to deliver its mission through exciting innovations in curriculum, teaching and learning which are driving educational improvement and developing students with modern employable skills in the Trust's primary and secondary academies across England. The creative, problem-solving, innovation and making skills used in design, engineering, high-tech manufacturing and architecture are at the heart of the Trust's approach to learning because they are at the heart of the UK economy of the future.

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNORS' REPORT (continued)**

#### **FOR THE PERIOD ENDED 31 AUGUST 2012**

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#### **Activities for achieving objectives**

Academic year 2011/12 was the first year of operational activity for the Trust. Its principal activity during the year was the operation of its first two academies at Rugeley in Staffordshire, which joined the Group on 1 September 2011. A third academy – Ash Green at Bedworth, Coventry – joined on 1 January 2012. Activities were focused on four areas: (i) laying the foundations for significant educational transformation at the academies, (ii) creating the central professional infrastructure to enable the Trust to deliver on its educational objectives now and as it grows to be a national provider of independent, state-funded education, (iii) working with the Department for Education and local authorities to identify future academy projects, and (iv) developing and trialling the Trust's innovative curriculum and supporting activities – the Design Programme.

#### **Public benefit**

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

### **ACHIEVEMENTS AND PERFORMANCE**

#### **Going concern**

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

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNORS' REPORT (continued)**

#### **FOR THE PERIOD ENDED 31 AUGUST 2012**

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#### **Key financial performance indicators**

At the beginning of the year Trustees set ambitions and targets for the Group and for its first three academies with a view to establishing strong foundations for the future. Among these were to consolidate the Trust's executive activities into a physical Head Office in Central London, with easy access to transport links to the Midlands and to the Department for Education and other London-based stakeholders. The realisation of this in January 2012 enabled the delivery of Trustees' ambitions to recruit well-qualified staff and consultants to ensure that the Trust could deliver effectively its obligations for the improvement of educational performance and organisational effectiveness.

Trustees reviewed growth targets for the Group and set critical mass for the first phase of development as ten secondary academies plus associated feeder primaries by mid-2014, with an intermediate target of five secondary academies by January 2013. The Trust is on course to achieve these targets.

Trustees set September 2012 as the date for the introduction of the design curriculum for Key Stage Three across four Trust secondary academies. This is the first phase of a programme that will in due course include design curriculum development for Key Stages Four and Five. Deadlines for the development of the conceptual framework of the curriculum, the writing of schemes of work and their trialling at the Rugeley academies were met. From 1 September 2012 the Design Programme is being rolled out across the Trust's four secondary academies. Trustees were mindful in setting performance targets for individual academies that in each case they were embarking on the first year of a three-year improvement plan. At Rugeley this involved a change of leadership and a significant and disruptive staff restructuring to address a structural deficit and to improve the alignment of resource to educational vision.

The Trust is pleased to be able to report good progress, and in particular a 16% increase in GCSE results at Hagley Park Academy which moved from 34% A\*-C including English and Maths in 2011 to 50% A\*-C including English and Maths in 2012.

#### **Review of activities**

This has been a year of significant activity for the Trust as it began operating its first schools, developed its proprietary design curriculum and began to put in place a formal infrastructure to enable it to deliver its educational objectives effectively.

The principal activity carried out by the Trust in pursuit of its objectives during the year was the operating of its first two secondary academies, which officially joined the Trust on 1 September 2011. These were Hagley Park Academy and Fair Oak Academy, both at Rugeley, Staffs. A third secondary academy, Ash Green School, Bedworth, Coventry, joined the Trust on 1 January 2012.

The Trust worked closely with the Department for Education and local authorities in the Midlands to continue to expand the size of the Group. This resulted in the Trust being chosen to operate two further secondary schools – Abbeyfield School, Northampton, which joined on 1 October 2012 and Thistley Hough High School, Stoke-on-Trent, which it is anticipated will join on 1 January 2013. The Trust also agreed to take on its first primary school – Harpfield, a feeder school to Thistley Hough High School, which will join the Trust on 1 January 2013. In addition, significant strides were taken in the development and introduction of a design-focused curriculum to replace the National Curriculum for Design & Technology at Key Stage Three.

In January 2012 the Trust moved into offices at 35 Old Queen Street, Westminster. During the year a number of staff recruitments were made as were consultant appointments to strengthen the skills available to the Trust and to support the delivery of educational services to our academies. In addition to the recruitment to Head Office of staff with appropriate skills and experience, an important activity in the year was the establishment of structures and processes to manage the activities of a growing educational group and in particular to define the relationship between Head Office and the academies.

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNORS' REPORT (continued)**

#### **FOR THE PERIOD ENDED 31 AUGUST 2012**

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Governance was strengthened by the identification of further members of the Board of Trustees with appointment effective from the start of 2012/13. An Education Advisory Board was established as a sub-committee of the Board of Trustees again effective from the start of 2012/13. During the course of the year the Trust's academy improvement programme, its financial regulations and the local governance arrangements were further developed and formalised into appropriate guidance notes and handbooks.

A Group-wide ICT strategy was developed and its first phases will be implemented during 2012/13.

### **FINANCIAL REVIEW**

#### **Financial and risk management objectives and policies**

The Trust's exposure to risk is largely bank balances, cash and trade creditors, with limited trade debtors.

The Trust has inherited the Local Government Defined Benefit Pension Scheme deficit for support staff.

#### **Principal risks and uncertainties**

The principal risks for the Trust during the next few years are the reduction in students in the Academies' 'normal area' and any changes to the funding formula. The Trust closely monitors applications for places and models the financial implications of any trends.

#### **Reserves policy**

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

#### **Material investments policy**

The Trust has no investments.

All the Trust's funds have been held by UK banks in current and deposit accounts.



# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNORS' REPORT (continued)**

#### **FOR THE PERIOD ENDED 31 AUGUST 2012**

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#### **PLANS FOR THE FUTURE**

##### **Future developments**

The Trust continues to work towards its ambition to be a significant and influential participant in the national educational reform movement. In doing so it places emphasis on the quality of its educational provision and the effectiveness of its educational improvement programmes rather than on maximising the number of schools within the Group.

The Trust continues to seek partnerships with primary and secondary schools in deprived areas that have ambitions to provide the highest quality of education to their students and which share the Trust's educational and societal values, as well as sharing its belief in the power of design thinking to equip young people with the understanding and the skills that will enable them to flourish in the contemporary world. Two further schools have committed to join the Trust in September 2013 and Trustees anticipate other new projects coming on stream in the next months.

In seeking new projects, Trustees are mindful of the educational, organisational and cultural benefits of geographical clustering. They are, therefore, seeking to engage actively with further schools in the Midlands. Their preferred model for engaging with primary schools is to open dialogue with those that cluster around Group secondary schools.

The Executive Team continues to develop infrastructure and the skills base to support the growing demands of an expanding family of schools, to ensure that the Trust's academies can be given the highest quality of advice and direction at strategic and operational levels. There is particular emphasis on ensuring that the Education and Finance Directorates are able to give appropriate and timely support and challenge to individual academies, and that the Programmes Directorate has the resources to develop the design curriculum to Key Stage Four and beyond, as well as to continue to provide a regular programme of visits and events tailored to the needs of each of the Trust's academies.

The planned convergence of ICT, including management information systems and virtual learning environments, promises significant strategic and operational advantages to the Group. It is anticipated that in the course of 2012/13 the Trust will be able to begin to realise economies of scale in purchasing to the advantage of individual academies. Finally, under the guidance of the Chair of the Education Advisory Board and the Director of Education, the Trust will make contributions to education policy debates, particularly those relating to standards and exams, reflecting its ambitions to help to drive educational innovation and reform at a national level in support of its agenda to improve standards in its academies.

##### **Funds held as custodian**

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

##### **Members' liability**

The Members of the Trust guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up.

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNORS' REPORT (continued)**

#### **FOR THE PERIOD ENDED 31 AUGUST 2012**

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#### **PROVISION OF INFORMATION TO AUDITORS**

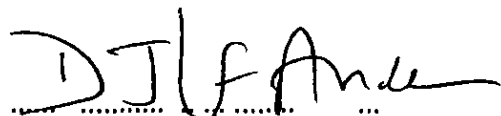
Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information

#### **Auditors**

The auditors, Mazars LLP, have indicated their willingness to continue in office. The Designated Governors will propose a motion re-appointing the auditors at a meeting of the Governors.

This report was approved by order of the members of the Board of Trustees on 18-01-13 and signed on its behalf by



**David Anderson**  
Chairman

# CREATIVE EDUCATION ACADEMIES TRUST

## (A Company Limited by Guarantee)

### GOVERNANCE STATEMENT

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#### Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Creative Education Academies Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Governor	Meetings attended	Out of a possible
David Anderson (Chair)	3	3
Kevin Butler	3	3
Dinah Casson	2	3
Creative Education Trust	3	3
Michael Dickson CBE	3	3
Marc Jordan (CEO)	3	3
Sadie Morgan	3	3
Dr William Richardson	3	3
Dr Ralph Townsend	1	1

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

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Kevin Butler (Chair)	3	3
David Anderson	3	3
Marc Jordan	3	3

#### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Creative Education Academies Trust for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

The Board of Trustees have received the reports on operation of the systems of control and on the discharge of their financial responsibilities. The board of Trustees has considered the need for a specific internal audit.

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNANCE STATEMENT (continued)**

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function and decided to appoint an internal auditor for the year ended 31 August 2013

#### **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

#### **The Risk and Control Framework**

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

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

The Board of Trustees have received the reports on operation of the systems of control and on the discharge of their financial responsibilities. The board of Trustees has considered the need for the specific internal audit function and decided to appoint an internal auditor for the year ended 31 August 2013.

Board of Trustees has decided to include internal audit and control to Finance Committee's responsibility with effect from 2012/13. Accordingly committee has been renamed as Finance and Audit committee.

#### **Review of Effectiveness**

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

- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the Members of the Board of Trustees on 18-01-13 and signed on their behalf by



**David Anderson**  
Trustee

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

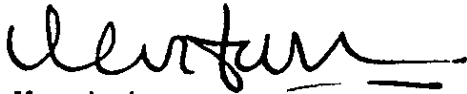
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Creative Education Academies Trust I have considered my responsibility to notify the Trust's Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the Funding Agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



**Marc Jordan**  
Chief Executive Officer and  
Accounting Officer

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **GOVERNORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2012**

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

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

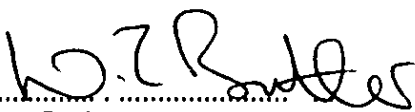
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 18-01-13 and signed on its behalf by

  
.....  
**Kevin Butler**  
Trustee

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREATIVE EDUCATION ACADEMIES TRUST**

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We have audited the financial statements of Creative Education Academies Trust for the period ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

#### **Respective responsibilities of Governors and auditors**

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

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

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Trust's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREATIVE EDUCATION ACADEMIES TRUST**

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**Matters on which we are required to report by exception**

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

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

*Mazars*

**Mazars LLP**

Chartered Accountants  
Statutory Auditor

Clifton Down House  
Beaufort Buildings  
Clifton Down  
Bristol  
BS8 4AN

Date *24 January 2013*



# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

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

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In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Creative Education Academies Trust during the period 28 April 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

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

The Accounting Officer is responsible, under the requirements of Creative Education Academies Trust's funding agreement with the Secretary of State for Education dated 28 April 2011, and the Academies Financial Handbook as published by DfES in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 28 April 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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

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

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

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 28 April 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

*Mazars*

**Mazars LLP**

Chartered Accountants  
Statutory Auditor

Clifton Down House  
Beaufort Buildings  
Clifton Down  
Bristol  
BS8 4AN

Date *24 January 2013*

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

**STATEMENT OF FINANCIAL ACTIVITIES**

*(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)*

**FOR THE PERIOD ENDED 31 AUGUST 2012**

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income	3	178,327	(1,979,000)	37,890,112	36,089,439
Activities for generating funds	4	93,334	-	-	93,334
Investment income	5	1,250	-	-	1,250
Incoming resources from charitable activities	6	-	12,434,638	-	12,434,638
Other incoming resources	7	44,206	163,978	-	208,184
<b>Total incoming resources</b>		<b>317,117</b>	<b>10,619,616</b>	<b>37,890,112</b>	<b>48,826,845</b>
<b>Resources expended</b>					
Charitable activities	8,9	-	12,128,372	535,966	12,664,338
Governance costs	10	-	495,583	-	495,583
<b>Total resources expended</b>		<b>-</b>	<b>12,623,955</b>	<b>535,966</b>	<b>13,159,921</b>
<b>Net incoming resources / (resources expended) before revaluations</b>		<b>317,117</b>	<b>(2,004,339)</b>	<b>37,354,146</b>	<b>35,666,924</b>
Actuarial gains and losses on defined benefit pension schemes	23	-	(395,000)	-	(395,000)
<b>Net movement in funds for the year</b>		<b>317,117</b>	<b>(2,399,339)</b>	<b>37,354,146</b>	<b>35,271,924</b>
Total funds at 28 April 2011	18	-	-	-	-
<b>Total funds at 31 August 2012</b>	<b>18</b>	<b>317,117</b>	<b>(2,399,339)</b>	<b>37,354,146</b>	<b>35,271,924</b>

All of the academy's activities derive from continuing operations in the current year

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

The Statement of Financial Activities includes all gains and losses recognised in the period

The notes on pages 20 to 36 form part of these financial statements

# CREATIVE EDUCATION ACADEMIES TRUST

Registered number 07617529

(A Company Limited by Guarantee)

## BALANCE SHEET

AS AT 31 AUGUST 2012

	Note	£	2012 £
<b>Fixed assets</b>			
Tangible assets	15		37,370,740
<b>Current assets</b>			
Debtors	16	827,802	
Cash at bank and in hand		1,593,407	
		<u>2,421,209</u>	
<b>Creditors</b> , amounts falling due within one year	17	(1,939,025)	
<b>Net current assets</b>			<u>482,184</u>
<b>Total assets less current liabilities</b>			<u>37,852,924</u>
Defined benefit pension scheme liability	23		(2,581,000)
<b>Net assets including pension scheme liabilities</b>			<u><u>35,271,924</u></u>
<b>Funds of the academy</b>			
Restricted funds			
Restricted funds	18	181,661	
Restricted fixed asset funds	18	37,354,146	
		<u>37,535,807</u>	
Restricted funds excluding pension liability			
Pension reserve	18	(2,581,000)	
		<u>34,954,807</u>	
Total restricted funds			34,954,807
Unrestricted funds	18		<u>317,117</u>
<b>Total funds</b>			<u><u>35,271,924</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 18 January 2013 and are signed on their behalf, by



The notes on pages 20 to 36 form part of these financial statements

MARC JORDAN

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

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

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	<b>Note</b>	<b>2012 £</b>
Net cash flow from operating activities	<b>20</b>	1,608,750
Returns on investments and servicing of finance	<b>21</b>	1,250
Capital expenditure and financial investment	<b>21</b>	(16,593)
<b>Increase in cash in the period</b>		<u><u>1,593,407</u></u>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

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	<b>2012 £</b>
Increase in cash in the period	<u>1,593,407</u>
<b>Movement in net funds in the period</b>	<u><u>1,593,407</u></u>
<b>Net funds at 31 August 2012</b>	<u><u>1,593,407</u></u>

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The notes on pages 20 to 36 form part of these financial statements

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012**

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#### **1. Accounting Policies**

##### **1.1 Basis of preparation of financial statements**

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

##### **1.2 Company status**

The Trust is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Trust.

##### **1.3 Incoming resources**

All incoming resources are included in the Statement of Financial Activities when the Trust is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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

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

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

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

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

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

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE PERIOD ENDED 31 AUGUST 2012**

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#### **1. Accounting Policies (continued)**

##### **1.4 Resources expended**

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

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

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

All resources expended are inclusive of irrecoverable VAT.

##### **1.5 Fund accounting**

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

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

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

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

##### **1.6 Going concern**

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012**

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#### **1 Accounting Policies (continued)**

##### **1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

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

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

L/Term Leasehold Property	-	2 % straight line
Fixtures and fittings	-	12.5 % straight line
Fixtures and fittings	-	Inherited assets 25% straight line
Computer equipment	-	33.3 % straight line

##### **1.8 Operating leases**

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

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

##### **1.9 Taxation**

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



# **CREATIVE EDUCATION ACADEMIES TRUST**

## **(A Company Limited by Guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE PERIOD ENDED 31 AUGUST 2012**

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#### **1. Accounting Policies (continued)**

##### **1.10 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

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**2 General Annual Grant (GAG)**

**Fair Oak Academy**

	<b>2012 £</b>
<b>Result and Carry Forward for the Year</b>	
GAG Allocation for current year	4,198,642
<b>Total GAG Available to spend</b>	<u>4,198,642</u>
Recurrent expenditure from GAG	(4,203,958)
Funded from other sources	<u>5,316</u>
<b>GAG Carried forward to next year</b>	-
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	<u>(503,837)</u>
<b>GAG to surrender to DfE</b>	<u>(503,837)</u>
(12% rule breached if result is positive)	<b>No breach</b>

**Hagley Park Academy**

	<b>2012 £</b>
<b>Result and Carry Forward for the Year</b>	
GAG Allocation for current year	4,222,756
<b>Total GAG Available to spend</b>	<u>4,222,756</u>
Recurrent expenditure from GAG	(4,198,221)
<b>GAG Carried forward to next year</b>	<u>24,535</u>
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	<u>(506,731)</u>
<b>GAG to surrender to DfE</b>	<u>(482,196)</u>
(12% rule breached if result is positive)	<b>No breach</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**2. General Annual Grant (GAG) (continued)**

**Ash Green Academy**

	<b>2012 £</b>
<b>Result and Carry Forward for the Year</b>	
GAG Allocation for current year	2,411,924
<b>Total GAG Available to spend</b>	<u>2,411,924</u>
Recurrent expenditure from GAG	(2,711,816)
Fixed assets purchased from GAG	(11,666)
Funded from other sources	<u>287,023</u>
<b>GAG Carried forward to next year</b>	<u>(24,535)</u>
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	<u>(289,431)</u>
<b>GAG to surrender to DfE</b>	<u><u>(313,966)</u></u>
(12% rule breached if result is positive)	<b>No breach</b>

The Trust has not breached the 12% rule in any of its locations  
The Trust does not owe any monies back to the DfE

**3 Voluntary income**

	<b>Unrestricted funds 2012 £</b>	<b>Restricted funds 2012 £</b>	<b>Total funds 2012 £</b>
Inherited defined benefit pension scheme liability	-	(1,979,000)	(1,979,000)
Assets transferred from Local Authority on conversion	<u>178,327</u>	<u>37,890,112</u>	<u>38,068,439</u>

**4. Activities for generating funds**

	<b>Unrestricted funds 2012 £</b>	<b>Restricted funds 2012 £</b>	<b>Total funds 2012 £</b>
Hire of facilities	<u>93,334</u>	<u>-</u>	<u>93,334</u>

**5. Investment income**

	<b>Unrestricted funds 2012 £</b>	<b>Restricted funds 2012 £</b>	<b>Total funds 2012 £</b>
Investment income	<u>1,250</u>	<u>-</u>	<u>1,250</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**6 Funding for Academy's educational operations**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
<b>DfE/EFA revenue grant</b>			
General Annual Grant (GAG)	-	10,833,322	10,833,322
Start up grants	-	652,469	652,469
School standards fund	-	606,118	606,118
	-	12,091,909	12,091,909
<b>Other government grants</b>			
Other DfE/EFA grants	-	342,729	342,729
	-	342,729	342,729
<b>DfE/EFA capital grants</b>			
	-	-	-
	-	12,434,638	12,434,638

**7. Other incoming resources**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Academy trips	-	79,439	79,439
Sundry income	44,206	84,539	128,745
	44,206	163,978	208,184

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**8. Resources expended**

	Staff costs £	Premises £	Other costs £	2012 £
<b>Academy's educational operations</b>				
- Direct costs	7,712,006	-	461,664	8,173,670
- Allocated support costs	1,627,000	2,406,476	457,191	4,490,667
Sub total	9,339,006	2,406,476	918,855	12,664,337
Governance costs including allocated support costs	-	-	495,583	495,583
Total	9,339,006	2,406,476	1,414,438	13,159,920

**9. Direct costs**

	Unrestricted £	Restricted £	Total 2012 £
<b>Teaching and educational support staff</b>			
Wages and salaries	-	6,252,866	6,252,866
National insurance	-	455,544	455,544
Pension costs	-	917,596	917,596
FRS17 pension costs	-	86,000	86,000
Sub total	-	7,712,006	7,712,006
Depreciation	-	-	-
Educational supplies	-	144,001	144,001
Exam fees	-	212,852	212,852
Staff development	-	32,470	32,470
Academy trips	-	24,182	24,182
Other direct costs	-	48,159	48,159
Total	-	8,173,670	8,173,670

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**Support costs**

	Unrestricted £	Restricted £	Total 2012 £
<b>Support staff costs</b>			
Wages and salaries	-	1,287,520	1,287,520
National insurance	-	192,263	192,263
Pension costs	-	147,217	147,217
<b>Sub total</b>	-	1,627,000	1,627,000
Depreciation	-	535,966	535,966
Recruitment and support	-	19,362	19,362
Maintenance of premises and equipment	-	965,737	965,737
Expenditure relating to grants	-	-	-
Cleaning	-	242,194	242,194
Rent, rates and utilities	-	430,584	430,584
Insurance	-	207,381	207,381
Security and transport	-	24,615	24,615
Catering	-	156,139	156,139
Bank interest and other charges	-	258	258
Other support costs	-	281,432	281,432
<b>Total</b>	-	4,490,668	4,490,668

**10. Governance costs**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Auditors' remuneration	-	41,720	41,720
Legal and professional fees	-	453,863	453,863
	-	495,583	495,583

**11. Net incoming resources / (resources expended)**

This is stated after charging

	2012 £
Depreciation of tangible fixed assets - owned by the academy's	535,966

During the period, no Governors received any benefits in kind

During the period, no Governors received any reimbursement of expenses

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**12. Auditors' remuneration**

	2012 £
Fees payable to the Trust's auditor for the audit of the academy's annual accounts	15,000
Fees payable to the Trust's auditor and its associates in respect of All other services	26,720
	<u>41,720</u>

**13. Staff costs**

Staff costs were as follows

	2012 £
Wages and salaries	7,540,386
Social security costs	647,807
Other pension costs (Note 23)	1,064,813
	<u>9,253,006</u>

The average number of persons (including the senior management team) employed by the Trust during the period expressed as full-time equivalents was as follows

	2012 No.
Teachers	154
Administration and support	113
Management	32
	<u>299</u>

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

	2012 No
In the band £60,001 - £70,000	6
In the band £80,001 - £90,000	3
In the band £90,001 - £100,000	2
	<u>11</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**14. Other finance income**

	<b>2012</b>
	<b>£</b>
Expected return on pension scheme assets	68,000
Interest on pension scheme liabilities	(154,000)
	<u>(86,000)</u>

**15. Tangible fixed assets**

	<b>Freehold property £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
Additions	-	4,927	11,666	16,593
Inherited assets	36,875,000	1,015,113	-	37,890,113
At 31 August 2012	<u>36,875,000</u>	<u>1,020,040</u>	<u>11,666</u>	<u>37,906,706</u>
<b>Depreciation</b>				
Charge for the period	282,189	253,777	-	535,966
At 31 August 2012	<u>282,189</u>	<u>253,777</u>	<u>-</u>	<u>535,966</u>
<b>Net book value</b>				
At 31 August 2012	<u>36,592,811</u>	<u>766,263</u>	<u>11,666</u>	<u>37,370,740</u>

**16. Debtors**

	<b>2012</b>
	<b>£</b>
Trade debtors	30,836
VAT repayable	254,557
Other debtors	339,541
Prepayments and accrued income	202,868
	<u>827,802</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**17. Creditors:**  
**Amounts falling due within one year**

	<b>2012</b>
	<b>£</b>
Trade creditors	1,149,341
Social security and other taxes	80,366
Accruals and deferred income	709,318
	<u>1,939,025</u>

**18. Statement of funds**

	<b>Brought forward £</b>	<b>Incoming Resources £</b>	<b>Resources Expended £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried forward £</b>
<b>Unrestricted funds</b>						
General Funds	-	317,117	-	-	-	317,117
<b>Restricted funds</b>						
General annual grant (GAG)	-	10,833,332	(10,858,671)	207,000	-	181,661
Start up grant	-	652,469	(652,469)	-	-	-
Other DfE/EFA grants	-	342,729	(342,729)	-	-	-
LEA and other grants	-	606,118	(606,118)	-	-	-
Other restricted	-	163,968	(163,968)	-	-	-
Pension reserve	-	(1,979,000)	-	(207,000)	(395,000)	(2,581,000)
	<u>-</u>	<u>10,619,616</u>	<u>(12,623,955)</u>	<u>-</u>	<u>(395,000)</u>	<u>(2,399,339)</u>
<b>Restricted fixed asset funds</b>						
Capital donations	-	37,890,112	(535,966)	-	-	37,354,146
Total restricted funds	<u>-</u>	<u>48,509,728</u>	<u>(13,159,921)</u>	<u>-</u>	<u>(395,000)</u>	<u>34,954,807</u>
Total of funds	<u>-</u>	<u>48,826,845</u>	<u>(13,159,921)</u>	<u>-</u>	<u>(395,000)</u>	<u>35,271,924</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2012**

**19. Analysis of net assets between funds**

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	-	16,594	37,354,146	37,370,740
Current assets	1,902,007	519,203	-	2,421,210
Creditors due within one year	(1,584,890)	(354,136)	-	(1,939,026)
Provisions for liabilities and charges	-	(2,581,000)	-	(2,581,000)
	<u>317,117</u>	<u>(2,399,339)</u>	<u>37,354,146</u>	<u>35,271,924</u>

**20. Net cash flow from operations**

	2012 £
Net incoming resources before revaluations	35,666,924
Returns on investments and servicing of finance	(1,250)
Inherited defined benefit pension scheme liability	1,979,000
Donated assets	(37,890,113)
Depreciation of tangible fixed assets	535,966
Increase in debtors	(827,802)
Increase in creditors	1,939,025
FRS 17 adjustments	207,000
<b>Net cash inflow from operations</b>	<u><u>1,608,750</u></u>

**21. Analysis of cash flows for headings netted in cash flow statement**

	2012 £
<b>Returns on investments and servicing of finance</b>	
Interest received	<u>1,250</u>
	2012 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	<u><u>(16,593)</u></u>

# CREATIVE EDUCATION ACADEMIES TRUST

## (A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

#### 22. Analysis of changes in net debt

	28 April 2011	Cash flow	Other non-cash changes	31 August 2012
	£	£	£	£
Cash at bank and in hand	-	1,593,407	-	1,593,407
<b>Net funds</b>	<b>-</b>	<b>1,593,407</b>	<b>-</b>	<b>1,593,407</b>

#### 23. Pension commitments

The Trust's employees belong to two principal pension schemes the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Staffordshire County Council and Warwickshire County Council Both are defined benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012

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

##### Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ('GA'), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ('SCR') is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

# CREATIVE EDUCATION ACADEMIES TRUST

## (A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

#### 23. Pension commitments (continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £162,650 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £332,000, of which employer's contributions totalled £247,000.

As described in note, the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

The amounts recognised in the Balance Sheet are as follows:

	2012 £
Present value of funded obligations	(4,112,000)
Fair value of scheme assets	1,531,000
Net liability	(2,581,000)

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

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE PERIOD ENDED 31 AUGUST 2012**

### **23. Pension commitments (continued)**

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

	2012 £
Current service cost	(246,000)
Interest on obligation	(154,000)
Expected return on scheme assets	68,000
	<hr/>
Total	(332,000)
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Movements in the present value of the defined benefit obligation were as follows

	2012 £
Current service cost	246,000
Interest cost	154,000
Contributions by scheme participants	85,000
Actuarial Losses	432,000
Losses on curtailments	126,000
Benefits paid	(4,000)
Inherited	3,073,000
	<hr/>
Closing defined benefit obligation	4,112,000
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Movements in the fair value of the Trust's share of scheme assets

	2012 £
Expected return on assets	68,000
Actuarial gains and (losses)	37,000
Contributions by employer	247,000
Contributions by employees	85,000
Benefits paid	(4,000)
Inherited	1,094,000
Contributions in respect of Unfunded Benefits	4,000
	<hr/>
	1,531,000
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The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £70,000

# CREATIVE EDUCATION ACADEMIES TRUST

## (A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2012

#### 23 Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2012
Equities	73 00 %
Government bonds	16 00 %
Property	9 50 %
Cash/liquidity	1 50 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages)

	2012
Discount rate for scheme liabilities	4 10 %
Expected return on scheme assets at 31 August	4 90 %
Rate of increase in salaries	4 50 %
Rate of increase for pensions in payment / inflation	2 20 %

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

	2012
Retiring today	
Males	21 55
Females	23 5
Retiring in 20 years	
Males	23 05
Females	25 75

Amounts for the current period are as follows

Defined benefit pension schemes

	2012 £
Defined benefit obligation	(4,112,000)
Scheme assets	1,531,000
Deficit	(2,581,000)
Experience adjustments on scheme liabilities	(432,000)
Experience adjustments on scheme assets	37,000

#### 24 Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.