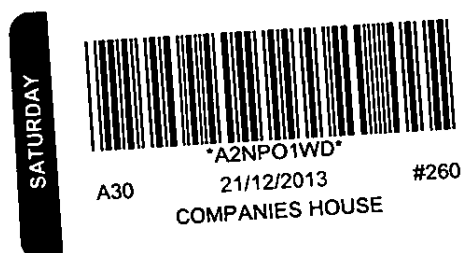


# **Creative Education Academies Trust**

Registered number 07617529

## **Trustees report and financial statements**

**For the year ended 31 August 2013**



# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **CONTENTS**

---

	<b>Page</b>
<b>Reference and Administrative Details of the Academy, its Trustees and Advisers</b>	<b>1</b>
<b>Trustees' Report</b>	<b>2 - 7</b>
<b>Governance Statement</b>	<b>8 - 10</b>
<b>Statement on Regularity, Propriety and Compliance</b>	<b>11</b>
<b>Trustees' Responsibilities Statement</b>	<b>12</b>
<b>Independent Auditors' Report</b>	<b>13 - 14</b>
<b>Independent Auditors' 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 - 42</b>

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

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

#### **FOR THE YEAR ENDED 31 AUGUST 2013**

---

#### **Trustees**

David Anderson, Chair  
Dr Sarah Buck (appointed 28 September 2012, resigned 22 July 2013)  
Kevin Butler  
Dinah Casson  
Creative Education Trust  
Kevin Clarke (appointed 21 June 2013)  
Michael Dickson CBE  
Raymond Farrow (appointed 3 October 2012, resigned 7 November 2012)  
Marc Jordan  
Sadie Morgan  
Alan Murphy (appointed 4 October 2012)  
Kevin Read (appointed 21 June 2013)  
Dr William Richardson  
Dr Ralph Townsend (resigned 11 November 2013)  
Peter Walls (appointed 21 June 2013)  
Professor Michael Walters (appointed 7 September 2012)

#### **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 Officer  
Nick Caiger, Group Finance Director  
Martyn Coles, Education Director (resigned 31 August 2013)  
Philip Cantwell, Education Director (appointed 1 September 2013)  
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, 16a High Street, Cosham, Portsmouth, PO6 3BY

#### **Solicitors**

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

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2013**

---

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 1 September 2012 to 31 August 2013. The Trustees confirm that the Annual Report and financial statements of the Trust comply with the current statutory requirements, the requirements of the academies' governing documents and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

#### **Structure, governance and management**

##### **a. Constitution**

The Trust is a company limited by guarantee and an exempt charity. It was set up by a Memorandum of Association, which is the Trust's primary governing document, 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.

##### **b. Method of recruitment and appointment or election of Trustees**

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

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

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

##### **c. Policies and procedures adopted for the induction and training of Trustees**

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

##### **d. Organisational structure**

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

###### **Executive Committee**

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

###### **Finance and Audit Committee**

- a To take a proactive and strategic stance in support of the financial affairs of the group,
- b To receive and review financial data relating to the group,
- c To oversee, review and make recommendations relating to financial matters and risk and to report these

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2013**

---

to the Board

d To recommend the appointment of external and internal auditors

Since the year end, this committee has been separated into a Finance Committee and an Audit Committee and the terms of reference apportioned appropriately

#### **Remuneration Committee**

a To receive recommendations in relation to and, on behalf of Trustees, to determine the remuneration of designated senior staff,

b To monitor and review the pay structure for senior staff

#### **Estates and Property Committee**

a Oversee the Trust's management of its property and those of its subsidiaries, and where necessary or appropriate to make recommendations to the Board,

b Monitor the implementation of all policies relating to Health and Safety, and Safeguarding and Child Protection, as they relate to Trust property, and reporting to the Board accordingly,

c Review, and challenge where necessary, the actions and judgements of the Executive Committee management in relation to the management of property and any developments planned thereto, and

d Advise on the appointment of relevant professionals (architects, engineers etc)

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. Each LGB should include at least one Trustee. It is the LGB's role to hold the Academy Principal and Senior Leadership Team ("SLT") to account for the Academy's educational, operational and financial performance. In addition, the LGB has an important role in representing the Academy to parents and the local community. Members of the LGB ensure that there is a rich provision of co-curricular activity, making sure that the agreed annual budget is being adhered to, that pastoral, safeguarding and Health and 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.

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

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

#### **f. Risk management**

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

#### **Objectives and Activities**

##### **a. 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.

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2013**

---

#### **b 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

#### **c. Activities for achieving objectives**

Academic year 2012/13 was the Trust's second year of operation. Its principal activity in the course of the year was the continuing operation and improvement of educational standards at the Rugeley Academies (Fair Oak and Hagley Park), which joined the Trust in September 2011, and Ash Green School, Bedworth, which joined in January 2012. A further secondary school - Abbeyfield School in Northampton - joined the group in October 2012, and a rigorous programme of educational and operational improvement was begun there. Activities for the year focused on five key areas of operation: (i) the further development of the Trust's capacity to deliver educational improvement through the recruitment of additional experienced educators to the Head Office team, and the codification of the Trust's approach to improvement into a handbook for the use of the academies, (ii) recruitment of further staff to Head Office to increase capacity in the areas of financial planning, reporting and compliance, curriculum development and delivery, and project management, (iii) the continuing development, implementation and evaluation of the Trust's innovative curriculum - the Design Programme - at Key Stage 3, and the building of appropriate supporting links with regional and national businesses engaged in design and manufacturing, (iv) the planning of a group-wide ICT system to enable more effective working within and between academies, and with Head Office, and (v) working with the Department for Education and local authorities to identify future academy projects at both secondary and primary phases

#### **d. 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 Academy looks to promote for the benefit of the communities in the areas surrounding its Academies, the provision of facilities for learning and recreation with the object of improving the condition of life of the said community

#### **Achievements and performance**

##### **a. Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy 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

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

Trustees continued to set ambitious targets for the individual academies and for Head Office. They also continued to emphasise the need to build central capacity, develop robust processes and procedures, and to build effective infrastructure to support a growing number of academies

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2013**

---

All the Trust's academies met or exceeded their predicted performance targets for the year. The average increase in the Trust's secondary academies in the key metric of percentage of students gaining five or more GCSEs at grades A\*- C including English and Maths was 12%. The increase in progress measures was also encouraging.

Trustees' targets for the growth of the number of academies in the group continues to be guided by their commitment to quality of educational and co-curricular provision, and the need to continue to develop and augment the Trust's high-grade infrastructure to keep pace with the group's planned expansion. In light of the Trust's excellent performance in 2013, it has been agreed with the Department for Education that it can expand in 2014 and 2015 to 18 academies in accordance with its Strategic Business Plan 2012-15.

During the course of 2012/13 the Design Programme was rolled out across all the Trust's secondary academies at Key Stage 3 in accordance with the agreed strategy. The first phase of a longitudinal impact study was designed and implemented. This gave very positive feedback on the educational value of the programme from students, staff and local and regional employers in the Midlands.

#### **c Review of activities**

The Trust's second year of operation has been a successful one, culminating in an average increase of 12% in the number of pupils achieving the headline GCSE metric of 5+A\*-C grades including English and Maths. This achievement, for which staff and pupils are to be congratulated, was in the context of a national picture in which there was a 3% decline in GCSE results. In consequence of this success in school improvement the Secretary of State for Education has invited the Trust to take on further schools in 2014 and endorsed its business plan up to the end of 2015.

Trustees continued to take a prudent view of the growth of the group, with a clear strategy that this must be done in conjunction with the development of an effective infrastructure to support the proper management of the academies and to enable the Trust to be fully compliant with the responsibilities vested in it by the Department for Education and the Education Funding Agency. Further progress was made in recruiting high grade professional staff to Head Office to support the growing level of activity and in developing the establishment in accordance with the Trust's Strategic Business Plan 2012-15.

Abbeyfield School in Northampton joined the Trust in October 2012. During the course of the year the Trust worked closely with Thistley Hough High School and Harpfield Primary School in Stoke-on-Trent, even though unforeseen complications with their PFI contracts delayed considerably their transfer to the Trust. Harpfield Primary Academy came into being on 1 May 2013 and Thistley Hough Academy on 1 September. The Trust also worked closely with Queen Eleanor Primary School in Northampton and Weavers School in Wellingborough, both of which officially joined the group on 1 September 2013, making the Trust responsible currently for a total of eight academies – six secondary schools and two primary schools. In consequence the Trust is responsible for the education of 5,000 children in the Midlands and is the employer of approximately 800 staff.

The Design Programme made rapid progress in the course of this year and now has a significant body of resources and schemes of work available for classroom use at Key Stage 3. Training and development work with faculty leaders and teachers means that curricular innovation was supported by a growing confidence in classroom delivery. This was supported by visits to the academies by designers and entrepreneurs, as well as a programme of visits by students to museums of design and industry in London and the Midlands. An impact evaluation programme was developed and early indications are that the Design Programme has already found favour with students and staff in the Trust's academies, as well as with employers who see the Key Concepts as underpinning the attributes, skills and knowledge that they are seeking in future employees.

An ambitious programme of co-curricular activities across the Trust was inaugurated in July with a very popular Day of Sport for teams drawn from five secondary academies and held at Rugeley. This will be a regular annual

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2013**

---

feature and the event will be held on a larger scale at Thistley Hough Academy in Stoke at the end of the 2014 summer term. Planning for a Day of Performance celebrating the Benjamin Britten Centenary that was held in November 2013 was begun before the year end.

Governance was further strengthened by the effective operation through the year of the newly established Education Advisory Board, and the introduction of an Estates and Property Committee, as well as by further appointments to the Trust's Local Governing Bodies. This was supported by a new Governance Handbook, setting out the protocols for the delegated governance of the academies at the local level and the relationship between the Board of Trustees and the Local Governing Bodies.

Planning for the group-wide ICT strategy and platform was advanced to the point where an EU-compliant procurement exercise was held, resulting in the appointment of an IT delivery partner for the Trust, European Electronique (a Department for Education approved supplier). The new Trust-wide, cloud-based IT platform will be introduced in phases throughout 2014.

#### **Financial review**

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

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

The Trust has inherited various Local Government Defined Benefit Pension Scheme deficits for support staff.

##### **b. Principal risks and uncertainties**

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

##### **c. 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.

##### **d. Investment policy and performance**

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

#### **Plans for the future**

##### **a. Future developments**

The Trust continues to realise its ambition to be a significant and influential participant in the national educational reform movement. In doing this it places emphasis on the quality of its educational provision and on the effectiveness of its educational improvement and co-curricular programmes, rather than on maximising the number of schools within the group. The Trust's attitude to growth is therefore a prudent one.



# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **TRUSTEES' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2013**

---

While resolutely fixed on ensuring that students in its academies achieve the very best results of which they are capable in national exams and qualifications, the Trust is also committed to giving them a rich and rounded education through a wide variety of co-curricular activities, including sport, music, drama, debating and travel. It has begun a programme of cross-academy co-curricular activities and will be developing these further. The Design Programme at Key Stage 3 is one aspect of the Trust's commitment to developing employability in its students. It is now being developed for Key Stages 2 and 4.

With the support of the Department for Education, the Trust continues to seek partnerships with primary and secondary schools in industrial and post-industrial parts of the Midlands and the North of England. In particular, it values potential partnerships with schools that have ambitions to provide the highest quality of education to their students and which share the Trust's educational and social justice agendas, as well as sharing its belief in the power of design thinking to equip young people with the knowledge, understanding and skills that will enable them to flourish in the contemporary world.

#### **School Fund**

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

#### **Members Liability**

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

#### **Disclosure of information to auditors**

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

- so far as that Trustee is aware, there is no relevant audit information of which the 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 Board of Trustees on 10.12.2013 and signed on its behalf by

  
\_\_\_\_\_  
**David Anderson**  
Chair of Trustees

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **GOVERNANCE STATEMENT**

---

#### **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. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
David Anderson, Chair	4	4
Dr Sarah Buck	1	3
Kevin Butler	3	4
Dinah Casson	2	4
Creative Education Trust	4	4
Kevin Clarke	0	1
Michael Dickson CBE	4	4
Raymond Farrow	0	0
Marc Jordan	4	4
Sadie Morgan	3	4
Alan Murphy	1	3
Kevin Read	0	1
Dr William Richardson	2	4
Dr Ralph Townsend	1	4
Peter Walls	0	1
Professor Michael Walters	0	4

The Audit and 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

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

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

---

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements from 1 April 2013.

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

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 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 academy'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 finance and audit committee of reports the of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks

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

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Smith Cooper have started a planned schedule of work and will produce an annual report for the Audit Committee in Summer 2014. In the meantime they have noted that the level of financial responsibility in the academies was such that the Trust should consider requiring the finance manager in each academy to be a qualified accountant, a principle that the Trustees have accepted.

#### **Review of Effectiveness**

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

- the work of the internal auditor,
- the work of the external auditors,
- the financial management and governance self-assessment process,

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

**GOVERNANCE STATEMENT (continued)**

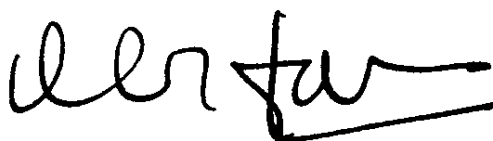
---

- the work of the executive managers within the academy 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 Internal Auditors 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 10.12.2023 and signed on their behalf, by

Trustee



Accounting Officer

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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of Creative Education Academies Trust, I have considered my responsibility to notify the academy 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 academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013)

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

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

Accounting Officer

A handwritten signature in black ink, appearing to be 'U. S. P.', written over a horizontal line.

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013**

---

The Trustees (who act as governors 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 Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 10.12.2013 and signed on its behalf by

  
\_\_\_\_\_  
**Chair of Trustees**

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

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

---

We have audited the financial statements of Creative Education Academies Trust for the year ended 31 August 2013 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 Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

#### **Respective responsibilities of Trustees and auditors**

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

In our opinion the financial statements

- give a true and fair view of the state of the charitable Trust's affairs as at 31 August 2013 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 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

In our opinion the information given in the Trustees' Report for the financial year 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**

---

**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



Richard Bott (Senior Statutory Auditor)

for and on behalf of

**Mazars LLP**

Chartered Accountants  
Statutory Auditor

Clifton Down House  
Beaufort Buildings  
Clifton Down  
Bristol  
BS8 4AN

Date 19/12/12



# **CREATIVE EDUCATION ACADEMIES TRUST**

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

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

---

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 2013, 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 year 1 September 2012 to 31 August 2013 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 auditors**

The accounting officer is responsible, under the requirements of Creative Education Academies Trust's funding agreement with the Secretary of State for Education dated [enter date here], and the Academies Financial Handbook extant from 1 September 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 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 Trust's income and expenditure.

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

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

---

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Richard Bott (Senior Statutory Auditor)

for and on behalf of

**Mazars LLP**

Chartered Accountants  
Statutory Auditor

Clifton Down House  
Beaufort Buildings  
Clifton Down  
Bristol  
BS8 4AN

Date 19/12/13

**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 YEAR ENDED 31 AUGUST 2013**

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>Incoming resources</b>						
Incoming resources from generated funds						
Voluntary income	3	544,020	(1,097,000)	32,257,769	31,704,789	36,089,440
Activities for generating funds	4	550,428	-	-	550,428	93,334
Investment income	5	2,598	-	-	2,598	1,250
Incoming resources from charitable activities	6	-	20,880,610	1,164,667	22,045,277	12,434,637
Other incoming resources	7	65,122	-	-	65,122	208,184
<b>Total incoming resources</b>		<b>1,162,168</b>	<b>19,783,610</b>	<b>33,422,436</b>	<b>54,368,214</b>	<b>48,826,845</b>
<b>Resources expended</b>						
Charitable activities	10,11	535,888	19,545,711	1,990,112	22,071,711	12,664,339
Governance costs	8	-	561,466	-	561,466	495,583
Other resources expended	9	-	-	4,922,597	4,922,597	-
<b>Total resources expended</b>		<b>535,888</b>	<b>20,107,177</b>	<b>6,912,709</b>	<b>27,555,774</b>	<b>13,159,922</b>
<b>Net incoming resources / (resources expended) before revaluations</b>		<b>626,280</b>	<b>(323,567)</b>	<b>26,509,727</b>	<b>26,812,440</b>	<b>35,666,923</b>
Actuarial gains and losses on defined benefit pension schemes		-	(211,000)	-	(211,000)	(395,000)
<b>Net movement in funds for the year</b>		<b>626,280</b>	<b>(534,567)</b>	<b>26,509,727</b>	<b>26,601,440</b>	<b>35,271,923</b>
Total funds at 1 September 2012		317,117	(2,399,341)	37,354,147	35,271,923	-
<b>Total funds at 31 August 2013</b>		<b>943,397</b>	<b>(2,933,908)</b>	<b>63,863,874</b>	<b>61,873,363</b>	<b>35,271,923</b>

All activities relate to continuing operations

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

The notes on pages 20 to 42 form part of these financial statements

# CREATIVE EDUCATION ACADEMIES TRUST

Registered number 07617529

(A Company Limited by Guarantee)

## BALANCE SHEET

AS AT 31 AUGUST 2013

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	19		63,946,739		37,370,740
<b>Current assets</b>					
Stocks	20	21,128		-	
Debtors	21	893,908		827,803	
Cash at bank and in hand		3,057,705		1,593,407	
		<u>3,972,741</u>		<u>2,421,210</u>	
<b>Creditors: amounts falling due within one year</b>	22	<u>(1,987,117)</u>		<u>(1,939,027)</u>	
<b>Net current assets</b>			1,985,624		482,183
<b>Total assets less current liabilities</b>			65,932,363		37,852,923
Defined benefit pension scheme liability	28		<u>(4,059,000)</u>		<u>(2,581,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u>61,873,363</u>		<u>35,271,923</u>
<b>Funds of the academy</b>					
Restricted funds					
Restricted funds	23	1,125,092		181,659	
Restricted fixed asset funds	23	63,863,874		37,354,147	
Restricted funds excluding pension liability		64,988,966		37,535,806	
Pension reserve		<u>(4,059,000)</u>		<u>(2,581,000)</u>	
Total restricted funds			60,929,966		34,954,806
Unrestricted funds	23		<u>943,397</u>		<u>317,117</u>
<b>Total funds</b>			<u>61,873,363</u>		<u>35,271,923</u>

The financial statements were approved by the Trustees, and authorised for issue, on 19/12/2013 and are signed on their behalf, by

Chair of Trustees

The notes on pages 20 to 42 form part of these financial statements

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	<b>Note</b>	<b>2013 £</b>	<b>2012 £</b>
Net cash flow from operating activities	<b>25</b>	1,784,485	1,072,783
Returns on investments and servicing of finance	<b>26</b>	2,598	1,250
Capital expenditure and financial investment	<b>26</b>	(322,785)	(16,593)
<b>Increase in cash in the year</b>		<u>1,464,298</u>	<u>1,057,440</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	<b>2013 £</b>	<b>2012 £</b>
Increase in cash in the year	<u>1,464,298</u>	<u>1,057,440</u>
<b>Movement in net funds in the year</b>	<u>1,464,298</u>	<u>1,057,440</u>
Net funds at 1 September 2012	<u>1,593,407</u>	<u>535,967</u>
<b>Net funds at 31 August 2013</b>	<u>3,057,705</u>	<u>1,593,407</u>

The notes on pages 20 to 42 form part of these financial statements

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

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

#### **FOR THE YEAR ENDED 31 AUGUST 2013**

---

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

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

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

##### **1.2 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

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

#### **FOR THE YEAR ENDED 31 AUGUST 2013**

---

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

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

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

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

##### **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.

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

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

All resources expended are inclusive of irrecoverable VAT.

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013**

---

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

##### **1.5 Going concern**

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

##### **1.6 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.

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:

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

##### **1.7 Operating leases**

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

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.

##### **1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### **1.9 Taxation**

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



# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013**

---

#### **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 28, 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.

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

Under the funding agreement with the Secretary of State the Trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2 % could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Trust has not exceeded these limits during the year ended 31 August 2013.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**3. Voluntary income**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Inherited defined benefit pension scheme liability	-	(1,097,000)	(1,097,000)	(1,979,000)
Assets transferred from Local Authority on conversion	544,020	-	544,020	178,327
Assets transferred from Local Authority on conversion	-	32,257,769	32,257,769	37,890,113
	<u>544,020</u>	<u>31,160,769</u>	<u>31,704,789</u>	<u>36,089,440</u>
Voluntary income	<u>544,020</u>	<u>31,160,769</u>	<u>31,704,789</u>	<u>36,089,440</u>

**4. Activities for generating funds**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Hire of facilities	115,085	-	115,085	93,334
Trip Income	237,550	-	237,550	-
Catering Income	190,060	-	190,060	-
Music Services Income	7,733	-	7,733	-
	<u>550,428</u>	<u>-</u>	<u>550,428</u>	<u>93,334</u>

**5. Investment income**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Investment income	<u>2,598</u>	<u>-</u>	<u>2,598</u>	<u>1,250</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	17,105,597	17,105,597	9,949,885
Start Up Grant	-	415,979	415,979	1,506,818
Pupil Premium	-	694,509	694,509	136,755
Capital Grant	-	1,164,667	1,164,667	342,793
16-18 Funding	-	927,360	927,360	158,348
Project Management Grant	-	1,128,284	1,128,284	-
	-	21,436,396	21,436,396	12,094,599
<b>Other government grants</b>				
SEN Funding	-	108,925	108,925	31,298
Local Authority Grants	-	80,719	80,719	(37,538)
Other Grants Received	-	419,237	419,237	346,278
	-	608,881	608,881	340,038
	-	22,045,277	22,045,277	12,434,637

**7. Other incoming resources**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £	Total funds 2012 £
Sundry income	65,122	-	65,122	208,184
	65,122	-	65,122	208,184

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**Resources expended**

	<b>Staff costs</b> £	<b>Premises</b> £	<b>Other costs</b> £	<b>2013</b> £
<b>Sub-Header</b>				
<b>Academy's educational operations</b>				
- Direct costs	12,530,835	747,889	1,050,681	14,329,405
- Allocated support costs	2,428,713	2,249,952	3,063,641	7,742,306
<b>Sub total</b>	<b>14,959,548</b>	<b>2,997,841</b>	<b>4,114,322</b>	<b>22,071,711</b>
<b>Sub-Header</b>				
- Governance costs	-	-	504,644	504,644
- Other resources expended	-	4,922,597	-	4,922,597
<b>Total</b>	<b>14,959,548</b>	<b>7,920,438</b>	<b>4,618,966</b>	<b>27,498,952</b>

**8. Governance costs**

	<b>Unrestricted funds</b> <b>2013</b> £	<b>Restricted funds</b> <b>2013</b> £	<b>Total funds</b> <b>2013</b> £	<b>Total funds</b> <b>2012</b> £
Auditors' remuneration	-	56,802	56,802	41,720
Legal and professional fees	-	504,664	504,664	453,863
	<b>-</b>	<b>561,466</b>	<b>561,466</b>	<b>495,583</b>

**9. Other resources expended**

	<b>Unrestricted funds</b> <b>2013</b> £	<b>Restricted funds</b> <b>2013</b> £	<b>Total funds</b> <b>2013</b> £	<b>Total funds</b> <b>2012</b> £
Loss on disposal of fixed assets	-	4,922,597	4,922,597	-

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**10. Direct costs**

	<b>Academy £</b>	<b>Total 2013 £</b>	<b>Total 2012 £</b>
Pension income	129,000	129,000	86,000
Educational supplies	258,489	258,489	144,000
Examination fees	332,580	332,580	212,852
External education and fees	95,248	95,248	32,470
Depreciation	747,889	747,889	282,189
Other direct costs	75,824	75,824	48,159
Educational trips	159,540	159,540	-
Wages and salaries	10,328,916	10,328,916	6,252,866
National insurance	768,601	768,601	455,544
Pension cost	1,433,318	1,433,318	917,597
Subtotal	14,329,405	14,329,405	8,431,677
Other direct costs	-	-	24,182
	<u>14,329,405</u>	<u>14,329,405</u>	<u>8,455,859</u>

**11 Support costs**

	<b>Academy £</b>	<b>Total 2013 £</b>	<b>Total 2012 £</b>
Maintenance of premises and equipment	1,928,499	1,928,499	965,737
Student bursary and rewards	109,313	109,313	19,363
IT support costs	159,871	159,871	-
Cleaning and waste management	250,264	250,264	242,194
Rates	627,872	627,872	430,584
Insurance	185,722	185,722	207,381
Minibus costs	23,853	23,853	24,616
Catering costs	214,115	214,115	156,139
Bank charges	465	465	258
Other support costs	535,412	535,412	281,432
Legal and professional fees	825,641	825,641	-
Recruitment costs	118,495	118,495	-
Loss on disposal	12,618	12,618	-
Wages and salaries	1,949,542	1,949,542	1,287,520
National insurance	283,875	283,875	192,263
Pension cost	195,296	195,296	147,215
Depreciation	321,453	321,453	253,777
	<u>7,742,306</u>	<u>7,742,306</u>	<u>4,208,479</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

---

**12 Net incoming resources / (resources expended)**

This is stated after charging

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Depreciation of tangible fixed assets - Support costs	321,453	253,777
Depreciation of tangible fixed assets - Direct costs	774,889	282,189
	<u>                    </u>	<u>                    </u>

**13 Auditors' remuneration**

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Fees payable to the Trust's auditor for the audit of the academy's annual accounts	34,625	25,000
	<u>                    </u>	<u>                    </u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**14. Staff costs**

Staff costs were as follows

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Wages and salaries	12,278,458	7,540,386
Social security costs	1,052,476	647,806
Other pension costs (Note 28)	1,628,614	1,064,812
	<u>14,959,548</u>	<u>9,253,004</u>

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

	<b>2013</b>	<b>2012</b>
	<b>No.</b>	<b>No.</b>
Teachers	239	154
Administration and support	177	113
Management	22	32
	<u>438</u>	<u>299</u>

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

	<b>2013</b>	<b>2012</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	6	6
In the band £80,001 - £90,000	1	3
In the band £90,001 - £100,000	0	2
In the band £110,001 - £120,000	1	0
In the band £140,001 - £150,000	1	0
	<u>9</u>	<u>11</u>

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

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

#### **FOR THE YEAR ENDED 31 AUGUST 2013**

---

#### **15. Central services**

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

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

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

The actual amounts charged during the year were as follows

	<b>2013</b>
	<b>£</b>
Abbeyfield School	294,103
Ash Green School	157,886
Fair Oak Academy	199,372
Harpfield Primary Academy	13,244
Hagley Park Academy	195,979
	<hr/>
Total	<b>860,584</b> <hr/>



# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013**

---

#### **16. Trustees' remuneration and expenses**

The Chief Executive Officer receives remuneration in respect of services provided undertaking the role of Chief Executive Officer, and not in respect of services as a Trustee. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their role as Trustees.

The value of Trustee's (Director and non-Director) remuneration during the year ended 31 August 2013 fell within the following bands:

Marc Jordan £140,000 - £150,000

During the year, no Trustees received any reimbursement of expenses claimed in their role of trustee (2012 - £NIL)

#### **17. Trustees' and Officers' Insurance**

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £2,696 (2012 - £2,631).

The cost of this insurance is included in the total insurance cost.

#### **18. Other finance costs**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Expected return on pension scheme assets	111,000	68,000
Interest on pension scheme liabilities	(240,000)	(154,000)
	<u>(129,000)</u>	<u>(86,000)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**19. Tangible fixed assets**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
<b>Cost</b>				
At 1 September 2012	36,875,000	-	1,031,706	-
Additions	18,122	19,296	103,531	187,073
Disposals	(4,985,000)	-	(23,756)	-
Inherited assets	32,120,000	22,235	75,153	40,381
At 31 August 2013	64,028,122	41,531	1,186,634	227,454
<b>Depreciation</b>				
At 1 September 2012	282,189	-	253,777	-
Charge for the year	747,888	7,733	292,699	21,020
On disposals	(62,403)	-	(5,901)	-
At 31 August 2013	967,674	7,733	540,575	21,020
<b>Net book value</b>				
At 31 August 2013	63,060,448	33,798	646,059	206,434
At 31 August 2012	36,592,811	-	777,929	-
				<b>Total £</b>
<b>Cost</b>				
At 1 September 2012				37,906,706
Additions				328,022
Disposals				(5,008,756)
Inherited assets				32,257,769
At 31 August 2013				65,483,741
<b>Depreciation</b>				
At 1 September 2012				535,966
Charge for the year				1,069,340
On disposals				(68,304)
At 31 August 2013				1,537,002
<b>Net book value</b>				
At 31 August 2013				63,946,739
At 31 August 2012				37,370,740

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**20. Stocks**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	21,128	-

**21 Debtors**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade debtors	77,458	30,836
VAT repayable	364,049	254,557
Other debtors	243,350	339,542
Prepayments and accrued income	209,051	202,868
	<u>893,908</u>	<u>827,803</u>

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

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade creditors	824,299	1,149,341
Other taxation and social security (see below)	359,332	80,366
Other creditors	225,716	-
Accruals and deferred income	577,770	709,320
	<u>1,987,117</u>	<u>1,939,027</u>

**Other taxation and social security**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
PAYE/NI control	<u>359,332</u>	<u>80,366</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**23. Statement of funds**

	<b>Brought Forward £</b>	<b>Incoming resources £</b>	<b>Resources Expended £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
<b>Unrestricted funds</b>					
General Funds - all funds	317,117	1,162,168	(535,888)	-	943,397
<b>Restricted funds</b>					
General Annual Grant (GAG)	181,659	17,105,597	(17,074,614)	-	212,642
Start Up Fund	-	415,979	(395,351)	-	20,628
Other DfE/YPLA grants	-	2,750,152	(2,131,210)	-	618,942
LEA and other grants	-	608,882	(336,004)	-	272,878
Pension reserve	(2,581,000)	(1,097,000)	(169,998)	(211,000)	(4,058,998)
	<u>(2,399,341)</u>	<u>19,783,610</u>	<u>(20,107,177)</u>	<u>(211,000)</u>	<u>(2,933,908)</u>
<b>Restricted fixed asset funds</b>					
Restricted Fixed Asset Funds - all funds	37,354,147	33,422,436	(6,912,709)	-	63,863,874
Total restricted funds	<u>34,954,806</u>	<u>53,206,046</u>	<u>(27,019,886)</u>	<u>(211,000)</u>	<u>60,929,966</u>
Total of funds	<u><u>35,271,923</u></u>	<u><u>54,368,214</u></u>	<u><u>(27,555,774)</u></u>	<u><u>(211,000)</u></u>	<u><u>61,873,363</u></u>

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

- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees,
- Restricted funds (excluding pension reserve) represent funds received from the Department for Education and is specifically spent on the running of the academies,
- Pension reserve represents the movements on the Local Government Pension Schemes' Liabilities,
- Restricted fixed asset funds represent resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**23. Statement of funds (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2013 were allocated as follows

	<b>Total £</b>
Abbeyfield School	738,943
Ash Green School	123,419
Fair Oak Academy	450,196
Hagley Park Academy	354,225
Harpfield Primary Academy	95,574
Central Services	306,132
	<hr/>
Total before fixed asset fund and pension reserve	2,068,489
Restricted fixed asset fund	63,863,874
Pension reserve	(4,059,000)
	<hr/>
Total	<u><u>61,873,363</u></u>

**Analysis of academies by cost**

Expenditure incurred by each academy during the year was as follows

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depr'n £</b>	<b>Total £</b>
Abbeyfield School	4,273,930	361,656	46,986	1,703,723	6,386,295
Ash Green School	2,707,922	583,797	27,259	1,046,049	4,365,027
Fair Oak Academy	2,672,893	404,805	50,658	1,379,922	4,508,278
Hagley Park Academy	2,617,277	335,667	38,180	1,472,929	4,464,053
Harpfield Primary Academy	192,315	21,231	639	72,029	286,214
Central Services	-	747,056	94,769	862,959	1,704,784
Consolidation adjustment	-	-	-	(860,584)	(860,584)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	12,464,337	2,454,212	258,491	5,677,027	20,854,067
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**Summary of funds**

	<b>Brought Forward £</b>	<b>Incoming resources £</b>	<b>Resources Expended £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
General funds	317,117	1,162,168	(535,888)	-	943,397
Restricted funds	(2,399,341)	19,783,610	(20,107,177)	(211,000)	(2,933,908)
Restricted fixed asset funds	37,354,147	33,422,436	(6,912,709)	-	63,863,874
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	35,271,923	54,368,214	(27,555,774)	(211,000)	61,873,363
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £	Total funds 2012 £
Tangible fixed assets	-	294,423	63,652,314	63,946,737	37,370,740
Current assets	943,397	2,817,784	211,560	3,972,741	2,421,210
Creditors due within one year	-	(1,987,116)	-	(1,987,116)	(1,939,026)
Provisions for liabilities and charges	-	(4,058,999)	-	(4,058,999)	(2,581,000)
	<u>943,397</u>	<u>(2,933,908)</u>	<u>63,863,874</u>	<u>61,873,363</u>	<u>35,271,923</u>

**25 Net cash flow from operations**

	2013 £	2012 £
Net incoming resources before revaluations	26,812,440	35,666,923
Returns on investments and servicing of finance	(2,598)	(1,250)
Inherited defined benefit pension scheme liability	1,097,000	1,979,000
Depreciation of tangible fixed assets	1,069,340	-
Donated assets	(32,257,769)	(37,890,113)
Increase in stocks	(21,129)	-
Increase in debtors	(66,105)	(827,802)
Profit on disposal of fixed assets	12,619	-
Increase in creditors	48,090	1,939,025
Disposal of property	4,922,597	-
FRS 17 adjustments	170,000	207,000
<b>Net cash inflow from operations</b>	<u>1,784,485</u>	<u>1,072,783</u>

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

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>2,598</u>	<u>1,250</u>
	<b>2013 £</b>	<b>2012 £</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(328,022)	(16,593)
Sale of tangible fixed assets	<u>5,237</u>	<u>-</u>
<b>Net cash outflow capital expenditure</b>	<u>(322,785)</u>	<u>(16,593)</u>

# CREATIVE EDUCATION ACADEMIES TRUST

## (A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 27 Analysis of changes in net funds

	1 September 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	1,593,407	1,464,298	-	3,057,705
<b>Net funds</b>	<b>1,593,407</b>	<b>1,464,298</b>	<b>-</b>	<b>3,057,705</b>

#### 28. 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 related to the period ended 31 March 2004 and of the LGPS 31 March 2012

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

#### Teachers' Pension Scheme

##### Introduction

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

#### The Teachers' Pension Budgeting and Valuation Account

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

The Teachers' Pensions Regulations require an annual account, 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, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

# **CREATIVE EDUCATION ACADEMIES TRUST**

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013**

---

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

##### **Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was 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 review, 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.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

##### **Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the



# CREATIVE EDUCATION ACADEMIES TRUST

## (A Company Limited by Guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

#### 28. Pension commitments (continued)

Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The 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 FRS 17 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.

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £332,000, of which employer's contributions totalled £417,000 and employees' contributions totalled £134,000. The agreed contribution rates for future years are between 13% and 22.4% for employers and 5.5% and 7.5% for employees.

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

The amounts recognised in the Balance Sheet are as follows:

	2013 £	2012 £
Present value of funded obligations	(7,067,000)	(4,112,000)
Fair value of scheme assets	3,008,000	1,531,000
Net liability	<u>(4,059,000)</u>	<u>(2,581,000)</u>

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

	2013 £	2012 £
Current service cost	(466,000)	(246,000)
Interest on obligation	(240,000)	(154,000)
Expected return on scheme assets	111,000	68,000
Total	<u>(595,000)</u>	<u>(332,000)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**28. Pension commitments (continued)**

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

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Opening defined benefit obligation	4,112,000	-
Current service cost	466,000	246,000
Interest cost	240,000	154,000
Contributions by scheme participants	134,000	85,000
Actuarial Losses	423,000	432,000
Losses on curtailments	-	126,000
Liabilities assumed in a business combination	413,000	-
Benefits paid	(8,000)	(4,000)
Inherited	1,287,000	3,073,000
	<hr/>	<hr/>
Closing defined benefit obligation	7,067,000	4,112,000
	<hr/>	<hr/>

Movements in the fair value of the Trust's share of scheme assets

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Opening fair value of scheme assets	1,531,000	-
Expected return on assets	111,000	68,000
Actuarial gains and (losses)	212,000	37,000
Contributions by employer	417,000	-
Contributions by employees	134,000	85,000
Assets acquired in a business combination	159,000	247,000
Benefits paid	-	(4,000)
Inherited	444,000	1,094,000
Contributions in respect of Unfunded Benefits	-	4,000
	<hr/>	<hr/>
	3,008,000	1,531,000
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £606,000 (2012 - £395,000)

The Trust expects to contribute £4,062,951 to its Defined Benefit Pension Scheme in 2014

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

	<b>2013</b>	<b>2012</b>
Equities	73 00 %	73 00 %
Government bonds	17 00 %	16 00 %
Property	7 00 %	9 50 %
Cash/liquidity	3 00 %	1 50 %

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**28. Pension commitments (continued)**

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

	<b>2013</b>	<b>2012</b>
Discount rate for scheme liabilities	4.60 %	4.10 %
Expected return on scheme assets at 31 August	5.90 %	4.90 %
Rate of increase in salaries	5.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.80 %	2.20 %

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

	<b>2013</b>	<b>2012</b>
Retiring today		
Males	21.50	21.55
Females	23.43	23.5
Retiring in 20 years		
Males	23.17	23.05
Females	25.67	25.75

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Defined benefit obligation	(7,067,000)	(4,112,000)	-	-	-
Scheme assets	3,008,000	1,531,000	-	-	-
<b>Deficit</b>	<b>(4,059,000)</b>	<b>(2,581,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Experience adjustments on scheme liabilities	(423,000)	(432,000)	-	-	-
Experience adjustments on scheme assets	212,000	37,000	-	-	-

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**29. Operating lease commitments**

At 31 August 2013 the Trust had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>			<b>Other</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expiry date:</b>				
Within 1 year	-	-	15,332	1,342
Between 2 and 5 years	35,330	35,330	9,359	22,142

**30. Related party transactions**

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