

Company Registration Number: 07949154 (England and Wales)

CORE EDUCATION TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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CORE EDUCATION TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Sir Mark Grundy (resigned 14 February 2017) Prof. Monder Ram OBE Amarjit Talwar MBE Yvonne Wilkinson
Trustees	Robert Wiggins, Chair of Trustees (resigned 12 October 2016) Andrew Argyle Dr Steve Ball (resigned 13 September 2017) Susan Beardsmore (resigned 24 October 2016) Sabina Kauser Adrian Packer CBE, Chief Executive Officer (CEO) Amarjit Talwar MBE, Chair of Trustees from 12 October 2016
Company registered number	07949154
Company name	CORE Education Trust
Principal/Registered office	55 St Paul's Square Birmingham B3 1QS
Company secretary	Joanne Tyler
Executive Team	Adrian Packer CBE, Chief Executive Officer Joanne Tyler, Chief Operating Officer Usha Devi, Director of Education to 2 July 2017 Emma Leman, Director of Education from 7 August 2017
Independent auditor	Crowe Clark Whitehill LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
Bankers	Lloyds Bank 22A Great Hampton Street Birmingham West Midlands B18 6AH
Solicitors	Bates Wells Braithwaite 10 Queen Street Place London EC4R 1BE

CORE EDUCATION TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

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

The Academy Trust operated 1 secondary academy and 1 primary academy for pupils in Birmingham with a combined capacity of 1,520.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Academy Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum, Articles of Association and Funding Agreement are the primary governing documents of the Academy Trust. The Trustees of CORE Education Trust are also the Directors of the charitable company for the purpose of company law. The charitable company is known as CORE Education Trust.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

The Trustees are directors of the charitable company for the purpose of the Companies Act 2006 and Trustees for the purpose of charity legislation. The Trust is part of the Department for Education Risk Protection Arrangement and has professional indemnity cover.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

New Trustees are recruited in accordance with the Articles of Association. All new Trustees are recruited through a rigorous process which includes completion of a written application form, formal interview with the Members, skills audit, references and due diligence. The term of office for any Trustee is 4 years, although this time limit does not apply to the CEO.

The training and induction provided for new Trustees will depend on their existing experience and will always include Safeguarding and Prevent. Where necessary induction will provide training on charity and educational legal financial matters. All new Trustees will be given the opportunity to tour the academies and the chance to meet with students and staff. The Trust is a member of the National Governors Association. Additional training is provided as required based on individual or collective need. External advice and support is commissioned as and when necessary.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

All Trustees are provided with the policies, procedures, minutes, accounts, budgets and other documents they need to undertake their role.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

ORGANISATIONAL STRUCTURE

The structure of the Trust consists of four senior levels; the Board of Trustees which includes the CEO; Local Governing Bodies; the Headteacher and the broader Senior Leadership Teams, which includes Deputy Headteachers, Assistant Headteachers; and the Trust Executive Leadership Team, which includes the Chief Operating Officer, Director of Education who each lead the Trust's various oversight functions. An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the academies nurture the talents of its entire staff to support continual improvement and excellence.

The Trustees are responsible for setting the Trust's strategic direction, ethos and policies. They are responsible for oversight of each of the academies in terms of finance, outcomes and welfare of students and staff.

Within each Academy, it is the Headteacher and the Senior Leadership Team that control at an executive level, implementing policies set by the Trustees. The Headteacher is line managed by the Director for Education and reports to the Local Governing Body. A member of the Trust is in attendance at each Local Governing Body meeting. It is through these mechanisms that the Trustees retain overall oversight of governance. The CEO is the Accounting Officer for the Trust, supported by the Trust's Chief Financial Officer, a role undertaken by the Chief Operating Officer. It is for each Local Governing Body as described in their Schemes of Delegation to establish if they wish to have any sub committees. The expectation is that each Local Governing Body deals with all aspects of school standards except for the following, which should be dealt with via a single purpose panel:

- Pupil and staff discipline
- Staff capability
- Appeal committees
- Complaints

ARRANGEMENT FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The salaries of senior Trust staff are reviewed annually by the CEO; the CEO's salary is reviewed by the Chair of the Board of Trustees. All senior staff are performance managed against Trust KPIs relevant to their job role. In line with the scheme of delegation pay increases are recommended by the CEO through consultation with the Board of Trustees. The recommendation for the CEO's award is made by the Chair of the Board of Trustees.

Senior trust staff, including Headteachers employed during 2016-17, had a contractual entitlement to a maximum 15 % bonus which was mapped to KPIs relevant to their job role. For the year 2016-17, these KPIs were linked to the 3 Year Development Trust Plan approved by the Board the previous year. Each KPI was attributed a percentage value within the 15 percent range. The Board agreed, at the beginning of the academic year, what the percentage attributions would be for each member of staff. All bonus recommendations are presented to the Board of Trustees for approval.

By way of creating a revised remuneration approach for senior staff, the CEO relinquished his contractual entitlement to an annual bonus from September 2016 and accepted a newly rationalised annual salary rate proposed by the Board of Trustees to reflect the expansion and development of the Trust. This was determined following an independent salary benchmarking process commissioned by Trustees to reflect the Trust plans to at least double the amount of pupils and increase the actual number of schools run by the Trust by at least three times. Following a consultation process instigated by the CEO, bonus entitlements for all staff will also cease from September 2017. Instead, all future pay awards for all Trust staff, including the CEO will be kept broadly in line with annual percentage levels awarded to teaching staff in the Trust's schools.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Academy Trust works with Shireland Collegiate Academy Trust. This organisation was connected through a common Member, Sir Mark Grundy.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The principal object of the Charitable Company is the operation of CORE Education Trust; in which are the academies of Nansen Primary School and Rockwood. The purpose is "to advance for the 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 a broad and balanced curriculum". This is exemplified within the Trust's mission:

To provide children with a high quality educational experience realised through a collective commitment to its four **CORE Values**:

Collaboration

To promote, facilitate and support an outward facing culture in all CORE Schools.

Opportunity

To run Schools efficiently and effectively to develop capacity, ensure transparent governance and improve performance.

Respect

To guarantee beyond statutory safeguarding standards in Schools and additionally ensure all children have access to a wide range of cultural experiences.

Excellence

To be uncompromising in an aspiration to achieve the highest standards in all trust and school endeavours and be committed to investing in programmes of excellence for all staff to achieve this.

CORE Education Trust Schools are expected to embed the four CORE Values in everything they do. The Trust expects these values to support an emphasis on the spiritual, moral, social and cultural development of children and allow for a celebration of diversity and a promotion of modern British values. The CORE Education Trust Schools should be centres of excellence in education and enterprise, provide vibrant community resources and be the focal point to enhance the social infrastructure of the local areas and communities they serve. Each CORE Education Trust School is expected to set out how it promotes the CORE Values in its specific local context. This provides an opportunity for each School to define its own Mission Statement.

OBJECTIVES, STRATEGIES AND ACTIVITIES

Rockwood Academy is an 11 - 16 mixed comprehensive school with capacity for around 600 students. In April 2016, it was rated Good. The academy is a central hub for enrichment pioneering outward facing approaches to learning. Rockwood is expanding over the next five years and its capacity will be 900 students. A new permanent Principal, Ms Sofia Darr took up post on 1 July 2017.

Nansen Primary School is a large primary school with capacity for 900 pupils. There is also a nursery on site educating a total of 78 pupils for 15 hours each. Mrs Cath Rindl took up permanent post as the Headteacher in September 2016.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

In 2016, Trustees set out a new three-year Trust Development Plan and published KPIs to cover the period 2016 - 2019.

The Trust's main priorities for September 2016 to August 17 were based on the following set of Strategic Management Themes:

<u>Collaboration</u> Partnerships, Clusters and Networks (SMT 1) Brand Development and Communications (SMT 2)	<u>Opportunity</u> Finance, facilities and estates (SMT 3) Governance (SMT 4)
<u>Respect</u> Safeguarding (SMT 5) Human resources, policy and legal (SMT 6)	<u>Excellence</u> Standards and school improvement (SMT 7) Regulatory compliance, including Ofsted (SMT 8)

PUBLIC BENEFIT

In setting objectives and planning the Trusts activities, the Board of Trustees have paid due regard to the published guidance from the Charity Commission regarding the principle of public benefit.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Nansen Primary School, Rockwood Academy and the Trust itself continued to build on the remarkable work of 2015-16. The Trust is associated with best practice sponsorship and received a national award for outstanding governance from NGA (National Governance Association). Feedback from regulators described the Trust's Scheme of Delegation as "exemplary".

KEY PERFORMANCE INDICATORS

For the 2nd successive year, the Trust successfully achieved almost all its KPIs: 33 out of a possible 34. Every Strategic Management Theme Expected Outcome was achieved, one partially and the rest fully.

The capacity of the Trust was also grown successfully in order to secure a strong position by which the CEO's ambitious expansion and development plans are now becoming realised.

Rockwood Academy

The academy continues to be heavily over-subscribed. The overall picture is the school is improving in terms of progress and attainment year on year. The progress 8 score of 0.82 took the school from average to well above average and placed Rockwood in top 2% highest performing schools for progress in the country according to DfE published results <https://www.compare-school-performance.service.gov.uk/school/138059>

- Progress 8 is well above national, with all groups having made significant improvements from 2016.
- Attainment 8 is above local and national averages, with most groups having made improvements with exception to the lower band and non-pupil premium students.
- English increased by 13% (strong pass) and 27 % (standard pass) from 2016 to 2017.

	<u>Rockwood</u>	<u>National</u>
% achieving grades 7-9 grades	22.2%	20%
% achieving grade 5-9 in English Language	59.8%	48%
% achieving grades 5-9 in English Literature	68.8%	54.7%

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Key areas for improvement have been identified as:

- Attainment in Maths
- Attainment for lower ability students
- Attainment for non-pupil premium students

Nansen Primary School

The academy continues to operate at full capacity in all year groups apart from Reception, with some 900 pupils. 811 of those students have English as an Additional Language (EAL) and more than 440 pupils qualifying for pupil premium. EYFS and KS 1 outcomes remain broadly in line with national averages. Outcomes at KS1 continue to improve in every area. The "Greater Depth" outcomes are showing very significant improvements.

The School and Trust are now focused on making similar strides with outcomes at KS2 which, although very slightly improved on last year's combined outcome, remain below national average levels in all areas.

The School Improvement Plan has been reviewed and strengthened with approaches to reading, writing and maths at KS2 overhauled in order to ensure that improvements in KS1 are maintained as cohorts move into the upper year groups in the school. A targeted plan for years 5 and 6 is in place to ensure legacy gaps are filled more effectively for those pupils who have not benefitted from a strengthened KS1 curriculum and approach introduced by the Trust in 2016.

GOING CONCERN

The Trust has considered its academies and the Trust's financial position and in particular has taken account of projected pupil numbers, the demand for places and the broader educational landscape. The Board of Trustees has reasonable expectations that the Trust has and will continue to have adequate resources to enable it to be a sustainable going concern for 2016/2017 and for the foreseeable future. For this reason the Trust continues to adopt the Going Concern principle in preparing its financial statements. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies.

FINANCIAL REVIEW

Each academy received income into its Unrestricted Fund, Restricted General Funds and Fixed Asset Fund during 2016/17.

Restricted General Fund

The majority of each academy's income was received through Education Skills Funding Agency (ESFA) recurrent revenue grants into the Restricted General Fund, the use of which restricted to the academy's charitable activities; its educational operations. These revenue grants, and the associated revenue expenditure made against them, are detailed in the SOFA. General Restricted Fund income for the year was £9,708,865; expenditure against the fund was £9,793,467, giving an in-year Restricted Fund deficit of 84,602. The deficit, after actuarial losses and transfers to the Restricted Fixed Asset Fund was £1,683,854.

Unrestricted Funds

Income received into the Unrestricted Fund was £285,451. Expenditure against the fund was £236,967 for the year, giving an in-year Unrestricted Fund surplus of £48,484.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Restricted Fixed Asset (Capital) Fund

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Trust's depreciation policy. The SOFA shows a £485,444 Restricted Fixed Asset Fund year end deficit after transfers between funds.

Summary of Financial Performance

Total fund balance as at 31 August 2017 was £14,074,528 comprised of £528,631, £353,662 and £18,512,235 in Unrestricted, Restricted General and Restricted Fixed Asset Funds respectively as well as the Restricted Pension Reserve deficit of £5,320,000.

Balance Sheet

The Trust's assets were predominantly used for providing education to school students. Some assets were let to the local community, predominantly for sports and holiday activities.

The net book value of the Trust's tangible fixed assets was £18,512,235 as at 31 August 2017. The movement in this account is detailed in note 12.

Cash in hand at 31 August 2017 was £1,180,895.

RESERVES POLICY

The Trustees review each academy's reserves annually. The Board of Trustees have determined that the appropriate level of free reserves should be a minimum of £200,000 in the first year of the academy's life. The policy of the Trust is to carry forward a prudent level of reserves designed to meet the long term needs of renewal and any other unforeseen contingencies, subject to the constraint that pupil led funding is for the benefit of the pupils that are currently on roll.

The Trust's free reserves that are available to be used on the Trusts charitable objects as at 31st August 2017 were £882,293, including £528,631 of Unrestricted reserves and £353,662 of Restricted General reserves. This represents approximately 1.5 months of payroll costs for the trust.

The reason for this reserve is to provide sufficient working capital and to provide a cushion to deal with unexpected emergencies or unplanned population growth as required by local circumstances. In future years capital maintenance and development projects may be considered in the reserves policy review.

INVESTMENT POLICY

The Trust receives its income from the ESFA on a monthly basis which covers recurring income. Cash balances are maintained at appropriate level. The aims of the investment policy are:

- To ensure adequate cash balances are maintained in the current accounts to cover the day to day working capital requirements of the schools
- To minimise the risk of loss of capital
- To optimize returns on invested funds

During the year the Trust did not invest any money and all funds remained in the current accounts due to the turbulence and settling of staffing issues.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The trust has assessed the major risks to which it and its schools are exposed to, in particular those relating to finances, teaching, provision of facilities and reputational risk.

- **Reputational:** The continued media interest has resulted in a concerted effort to change the perceived perception of the schools. The trust and its schools need to be aware of the impact continuing investigations may have on its reputation.
- **Financial:** The trust is aware of the economic uncertainties with regards to public funding and has started the process to assess the potential risks.
- **Pensions:** The rising cost of pension contributions is a concern to the trust and increase to staffing costs inevitable. The removal of contracting out arrangements and have resulted in increased NI contributions.
- **Safeguarding:** The trust continues to ensure the highest standards are maintained in the recruitment of staff, trustees, governors and volunteers. The trust is working in collaboration with the Local Authority to deliver the training on Prevent for the schools within Birmingham. This continues to be an area the trust will lead on at a national level.

PLANS FOR FUTURE PERIODS

FUTURE DEVELOPMENTS

The agreed strategy for expansion and development has been reviewed in light of developments with the potential rebrokerage of 4 new secondary schools in 2017-18. Discussions about this are on-going but it is clear that the Trust will need to revise its original plans for the future based on this development.

FUNDS HELD AS CUSTODIAN

The Trust is not the custodian of funds on behalf of others.

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the Trustees are aware:

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

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 20 December 2017 and signed on its behalf by:

Amarjit Talwar MBE

Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between CORE Education 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 5 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
Amarjit Talwar MBE (Chair)	5	5
Andrew Argyle	4	5
Dr Steve Ball	5	5
Susan Beardsmore	2	2
Sabina Kauser	4	5
Adrian Packer CBE	5	5

The skills set of the Trustees ensures that the Board is not just educationally focused but includes knowledge of finance, business, legal and safeguarding. The Trustees have completed a skills audit and work will be undertaken during this coming year to evaluate the results and put in to place an action plan. An annual evaluation will take place during the Summer Term.

The scheme of delegation sets out clearly the responsibilities of the office holders in the governance and executive teams within the Trust. The scheme ensures that all the headteachers in the schools continue to be held to account by the Local Governing Body's with the involvement of the CEO to provide additional guidance and professional advice.

An agreed format for reports from the headteachers has been implemented across Trust schools and the CEO report is focused on providing clear information on school performance with benchmarking data used against previous performance and similar schools.

The Finance Committee is a sub-committee of the main Board of Trustees. Attendance during the year at meetings of the Finance Committee was as follows:

Committee member	Meetings attended	Out of a possible
Andy Argyle (Chair)	4	4
Bryony Flint	4	4
Richard Egan (resigned 6 Dec 2016)	1	1
Joanne Tyler	4	4
Cath Rindl	2	2
Fuzel Choudhury (resigned 30 June 2017)	2	2
Adrian Packer CBE	4	4

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by Revising the Trust Scheme of Delegation.

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 at CORE Education Trust for the period 1st September 2016 to 31st August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Directors has considered the need for a specific internal audit function and has decided to appoint Crowe Clark Whitehill LLP, the external auditor, to perform additional checks as permitted by the Academies Financial Handbook 2016.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

- Testing of payroll systems
- Testing of payroll systems
- Testing of control account/bank reconciliations
- Performing an interim review of the Trust's financial procedures

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GOVERNANCE STATEMENT (continued)

On a semi-annual basis, the auditor reports to the Board of Trustees through the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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 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 external auditor and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 20 December 2017 and signed on its behalf, by:



Amarjit Talwar MBE
Chair of Trustees



Adrian Packer CBE
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of CORE Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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



Adrian Packer CBE
Accounting Officer

Date: 20 December 2017

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable 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 20 December 2017 and signed on its behalf by:



Amarjit Talwar MBE
Chair of Trustees

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

OPINION

We have audited the financial statements of CORE Education Trust for the year ended 31 August 2017 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

CORE EDUCATION TRUST
(A company limited by guarantee)

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

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

concern basis of accounting unless the Trustees either intend to liquidate the academy's or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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


Helen Drew (Senior statutory auditor)
for and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
20 December 2017

CORE EDUCATION TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 6 November 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CORE Education Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF CORE EDUCATION TRUST'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of CORE Education Trust's funding agreement with the Secretary of State for Education dated 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes a review of the design and implementation of the charitable company's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the charitable company and specific transactions identified from our review.

CORE EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CORE
EDUCATION 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe Clark Whitehill LLP
Crowe Clark Whitehill LLP
Reporting Accountant
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

20 December 2017

CORE EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	11,468	-	28,031	39,499	37,447
Charitable activities	5	106,767	9,708,865	-	9,815,632	9,574,662
Other trading activities	3	166,041	-	-	166,041	155,963
Investments	4	1,175	-	-	1,175	2,229
TOTAL INCOME		285,451	9,708,865	28,031	10,022,347	9,770,301
EXPENDITURE ON:						
Raising funds		116,309	-	-	116,309	57,224
Charitable activities:						
Transfer out of academy trust		-	-	-	-	8,173,894
Other charitable activities		120,658	9,793,467	711,727	10,625,852	11,200,955
TOTAL EXPENDITURE	6	236,967	9,793,467	711,727	10,742,161	19,432,073
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	48,484	(84,602)	(663,696)	(719,814)	(9,661,772)
		-	(198,252)	198,252	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		48,484	(282,854)	(485,444)	(719,814)	(9,661,772)
Actuarial losses on defined benefit pension schemes	21	-	(1,401,000)	-	(1,401,000)	(1,414,000)
NET MOVEMENT IN FUNDS		48,484	(1,683,854)	(485,444)	(2,120,814)	(11,075,772)
RECONCILIATION OF FUNDS:						
Total funds brought forward		480,147	(3,169,356)	18,997,679	16,308,470	27,271,114
Prior year adjustment (Note 15)		-	(113,128)	-	(113,128)	-
TOTAL FUNDS CARRIED FORWARD		528,631	(4,966,338)	18,512,235	14,074,528	16,195,342

The notes on pages 22 to 46 form part of these financial statements.

CORE EDUCATION TRUST
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REGISTERED NUMBER: 07949154

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		18,512,235		18,997,679
CURRENT ASSETS					
Debtors	13	474,447		537,109	
Cash at bank and in hand		1,180,895		1,548,424	
		<u>1,655,342</u>		<u>2,085,533</u>	
CREDITORS: amounts falling due within one year	14	<u>(773,049)</u>		<u>(1,263,870)</u>	
NET CURRENT ASSETS			882,293		821,663
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,394,528</u>		<u>19,819,342</u>
Defined benefit pension scheme liability	21		<u>(5,320,000)</u>		<u>(3,624,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>14,074,528</u>		<u>16,195,342</u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
Restricted income funds	16	353,662		341,516	
Restricted fixed asset funds	16	18,512,235		18,997,679	
Restricted funds excluding pension liability		<u>18,865,897</u>		<u>19,339,195</u>	
Pension reserve		<u>(5,320,000)</u>		<u>(3,624,000)</u>	
Total restricted funds			13,545,897		15,715,195
Unrestricted income funds	16		528,631		480,147
TOTAL FUNDS			<u>14,074,528</u>		<u>16,195,342</u>

The financial statements on pages 19 to 46 were approved by the Trustees, and authorised for issue, on 20 December 2017 and are signed on their behalf, by:


Amarjit Talwar MBE
Chair of Trustees

CORE EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash used in operating activities	19	(170,452)	(724,315)
Cash flows from investing activities:			
Interest received		1,175	2,229
Purchase of tangible fixed assets		(226,283)	(251,072)
Capital grants from DfE/ESFA		28,031	31,526
Net cash used in Investing activities		(197,077)	(217,317)
 Cash transferred out - Golden Hillock		 -	 (1,174,441)
Net cash used in financing activities		 -	 (1,174,441)
 Change in cash and cash equivalents in the year		 (367,529)	 (2,116,073)
Cash and cash equivalents brought forward		1,548,424	3,664,497
Cash and cash equivalents carried forward	20	1,180,895	1,548,424

The notes on pages 22 to 46 form part of these financial statements.

CORE EDUCATION TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The prior year expenditure figures include the transfer out of Golden Hillock School as at 1 September 2015. Details can be found in the Statement of financial activities.

1.2 Company status

The academy trust is a company limited by guarantee, incorporated and registered in England and Wales (registration no. 07949154). The registered office is CORE Education Trust, 55 St Paul's Square, Birmingham, B3 1QS. The members and directors of the company are 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 Going concern

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

1.4 Fund accounting

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

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

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

CORE EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Income

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

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

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

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

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

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.

CORE EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.6 Expenditure

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

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

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

Where assets are transferred out of the trust, the transferred assets are measured at fair value and removed from the balance sheet at the point when the risks and rewards of ownership pass to the receiving trust, which is the agreed date within the transfer agreement. An equal amount of expenditure is recognised for the transfer of an existing academy out of the trust within charitable expenditure.

Expenditure is inclusive of irrecoverable VAT.

CORE EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

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

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

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

Leasehold land and buildings	-	between 10 and 125 years
Motor vehicles	-	4 years
Fixtures & fittings	-	10 years
Computer equipment	-	3 years

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

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.

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.

1.10 Cash at Bank and in hand

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

CORE EDUCATION TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 Liabilities and provisions

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

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

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

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 Agency arrangements

The academy trust is acting as an agent to distribute a one-off amount from the Combined Cadet Force Association. These funds are being held on behalf of the cadets and will be drawn down by the cadets from the academy trust. These funds have been excluded from the statement of financial activities as the academy trust does not have control over the charitable application of funds.

The funds received and paid and any balance held are disclosed in note 26.

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	11,468	-	11,468	5,921
Capital grants	-	28,031	28,031	31,526
	<u>11,468</u>	<u>28,031</u>	<u>39,499</u>	<u>37,447</u>
Total 2016	<u>5,921</u>	<u>31,526</u>	<u>37,447</u>	

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

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	44,696	44,696	36,040
Sales of goods	1,929	1,929	8,801
Other income	119,416	119,416	111,122
	<u>166,041</u>	<u>166,041</u>	<u>155,963</u>
<i>Total 2016</i>	<u>155,963</u>	<u>155,963</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	1,175	1,175	2,229
	<u>2,229</u>	<u>2,229</u>	
<i>Total 2016</i>	<u>2,229</u>	<u>2,229</u>	

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

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Funding for educational operations (summarised below)	-	9,708,865	9,708,865	9,542,461
School trip income	21,688	-	21,688	20,780
Catering income	80,384	-	80,384	11,421
Other income	4,695	-	4,695	-
	<u>106,767</u>	<u>9,708,865</u>	<u>9,815,632</u>	<u>9,574,662</u>
<i>Total 2016</i>	<u>32,201</u>	<u>9,542,461</u>	<u>9,574,662</u>	

FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
General annual grant (GAG)	7,714,165	7,714,165	8,125,308
Other DfE/ESFA grants	1,733,860	1,733,860	1,173,568
	<u>9,448,025</u>	<u>9,448,025</u>	<u>9,298,876</u>
Other government grants			
Local Authority grants	251,350	251,350	243,585
	<u>251,350</u>	<u>251,350</u>	<u>243,585</u>
Other funding			
Other grants	9,490	9,490	-
	<u>9,490</u>	<u>9,490</u>	<u>-</u>
	<u>9,708,865</u>	<u>9,708,865</u>	<u>9,542,461</u>
<i>Total 2016</i>	<u>9,542,461</u>	<u>9,542,461</u>	

CORE EDUCATION TRUST
(A company limited by guarantee)

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

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	116,309	116,309	57,224
Funding for educational operations:					
Direct costs	4,790,217	-	439,135	5,229,352	6,382,454
Support costs	2,421,330	1,664,175	1,310,995	5,396,500	4,818,501
Transfer out of Academy Trust	-	-	-	-	8,173,894
	<u>7,211,547</u>	<u>1,664,175</u>	<u>1,866,439</u>	<u>10,742,161</u>	<u>19,432,073</u>
Total 2016	<u><u>7,609,501</u></u>	<u><u>1,664,921</u></u>	<u><u>10,157,651</u></u>	<u><u>19,432,073</u></u>	

7. SUPPORT COSTS

	Educational operations £	Total 2016 £
Premises costs	952,448	998,726
Catering costs	446,406	318,647
Other support costs	531,057	672,852
Governance costs	44,813	87,197
Professional fees	288,919	133,438
Transfer out of academy trust (note 24)	-	8,173,894
Wages and salaries	1,753,951	1,565,193
National insurance	133,182	81,278
Pension cost	534,197	294,975
Depreciation	711,727	666,195
	<u>5,396,500</u>	<u>12,992,395</u>
At 31 August 2016	<u><u>4,705,373</u></u>	

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the trust's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit of the statutory accounts.

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

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the trust	711,727	666,195
Auditor's remuneration - audit	19,500	24,000
Auditor's remuneration - other services	25,113	28,104
Operating lease rentals	360,621	431,926

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	5,071,816	4,878,804
Social security costs	493,242	408,721
Operating costs of defined benefit pension schemes	990,709	759,648
	<u>6,555,767</u>	<u>6,047,173</u>
Apprenticeship levy	4,432	-
Supply teacher costs	636,348	1,405,090
Staff restructuring costs	15,000	157,238
	<u><u>7,211,547</u></u>	<u><u>7,609,501</u></u>

Staff restructuring costs comprise:

	2017 £	2016 £
Redundancy payments	-	116,022
Severance payments	15,000	41,216
	<u>15,000</u>	<u>157,238</u>

Included in restructuring costs were 1 (2016 - 15) non-statutory/ non-contractual severance payments totalling £15,000 (2016 - £41,216). Individually these amounts were £15,000 (2016 - £9,716, £3,500, £10,000 and 12 at £1,500).

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

	2017 No.	2016 No.
Teachers	76	73
Administration and support	125	124
Management	13	11
	<u><u>214</u></u>	<u><u>208</u></u>

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

9. STAFF COSTS (continued)

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	2	0
In the band £110,001 - £120,000	1	0
In the band £140,001 - £150,000	0	1
In the band £150,000 - £160,000	1	0

The key management personnel of the trust comprise the executive team detailed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £416,064 (2016: £282,626).

10. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
Adrian Packer CBE	Remuneration	150,000-155,000	135,000-140,000
	Pension contributions paid	25,000-30,000	15,000-20,000

The above trustee also received benefits in kind amounting to £577 in the current year in relation to private healthcare insurance (2016 - £10,200 in relation to rent paid for accommodation as part of his contractual arrangements).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL to no Trustees).

11. TRUSTEES' AND OFFICERS' INSURANCE

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

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

12. TANGIBLE FIXED ASSETS

	Long Leasehold Land & Buildings £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	20,769,113	25,050	642,895	442,165	21,879,223
Additions	58,806	-	21,825	145,652	226,283
At 31 August 2017	20,827,919	25,050	664,720	587,817	22,105,506
Depreciation					
At 1 September 2016	2,328,922	14,614	156,340	381,668	2,881,544
Charge for the year	556,510	6,263	65,290	83,664	711,727
At 31 August 2017	2,885,432	20,877	221,630	465,332	3,593,271
Net book value					
At 31 August 2017	17,942,487	4,173	443,090	122,485	18,512,235
At 31 August 2016	18,440,191	10,436	486,555	60,497	18,997,679

The trust occupies long leasehold land and buildings that have been provided to the trust by Birmingham City Council on 125 year leases. The legal owner is Birmingham City Council.

13. DEBTORS

	2017 £	2016 £
Trade debtors	66,065	36,408
Other debtors	101,151	226,604
Prepayments and accrued income	307,231	274,097
	<u>474,447</u>	<u>537,109</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	216,342	610,817
ESFA - Abatement of GAG	-	184,020
Other creditors	29,323	1,372
Accruals and deferred income	527,384	467,661
	<u>773,049</u>	<u>1,263,870</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	58,759	67,044
Resources deferred during the year	61,053	58,759
Amounts released from previous years	(58,759)	(67,044)
Deferred income at 31 August 2017	<u>61,053</u>	<u>58,759</u>

Deferred income relates to grants received in advance of entitlement for the 17-18 academic year.

15. PRIOR YEAR ADJUSTMENT

A catering purchase invoice amounting to £113,128, recorded in the current years figures actually related to the academic year 2015/16. Accordingly, a prior period adjustment has been recognised in the financial statements to recognise the costs in 2015/16. This adjustment has had the effect of increasing the prior year catering costs and reducing the brought forward restricted fund by £113,128. There is no impact on the overall surplus as at 31 August 2017.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Balance at 1 September 2016 <i>As restated</i> £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	480,147	285,451	(236,967)	-	-	528,631
Restricted funds						
General Annual Grant	341,516	7,714,165	(7,503,767)	(198,252)	-	353,662
Other DfE/ESFA grants	-	1,733,860	(1,733,860)	-	-	-
Other government grants	-	251,350	(251,350)	-	-	-
Non government grants	-	9,490	(9,490)	-	-	-
Pension reserve	(3,624,000)	-	(295,000)	-	(1,401,000)	(5,320,000)
	<u>(3,282,484)</u>	<u>9,708,865</u>	<u>(9,793,467)</u>	<u>(198,252)</u>	<u>(1,401,000)</u>	<u>(4,966,338)</u>
Restricted fixed asset funds						
Restricted Fixed Assets	18,997,679	28,031	(711,727)	198,252	-	18,512,235
Total restricted funds	<u>15,715,195</u>	<u>9,736,896</u>	<u>(10,505,194)</u>	<u>-</u>	<u>(1,401,000)</u>	<u>13,545,897</u>
Total of funds	<u>16,195,342</u>	<u>10,022,347</u>	<u>(10,742,161)</u>	<u>-</u>	<u>(1,401,000)</u>	<u>14,074,528</u>

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

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1. September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds - all funds	1,374,970	196,314	(134,499)	-	-	1,436,785
Transfer out of academy trust	-	-	(956,638)	-	-	(956,638)
	<u>1,374,970</u>	<u>196,314</u>	<u>(1,091,137)</u>	<u>-</u>	<u>-</u>	<u>480,147</u>
Restricted funds						
General Annual Grant	1,072,512	8,125,308	(8,636,758)	(219,546)	-	341,516
Other ESFA/DfE grants	264,574	1,173,568	(1,438,142)	-	-	-
Other government grants	-	243,585	(243,585)	-	-	-
Pension reserve	(4,063,000)	-	1,853,000	-	(1,414,000)	(3,624,000)
	<u>(2,725,914)</u>	<u>9,542,461</u>	<u>(8,465,485)</u>	<u>(219,546)</u>	<u>(1,414,000)</u>	<u>(3,282,484)</u>
Restricted fixed asset funds						
Restricted Fixed Assets	28,622,058	31,526	(666,195)	219,546	-	28,206,935
Transfer out of academy trust	-	-	(9,209,256)	-	-	(9,209,256)
	<u>28,622,058</u>	<u>31,526</u>	<u>(9,875,451)</u>	<u>219,546</u>	<u>-</u>	<u>18,997,679</u>
Total restricted funds	<u>25,896,144</u>	<u>9,573,987</u>	<u>(18,340,936)</u>	<u>-</u>	<u>(1,414,000)</u>	<u>15,715,195</u>
Total of funds	<u>27,271,114</u>	<u>9,770,301</u>	<u>(19,432,073)</u>	<u>-</u>	<u>(1,414,000)</u>	<u>16,195,342</u>

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

16. STATEMENT OF FUNDS (continued)

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

Unrestricted funds

This fund represents unrestricted funds accumulated over time that can be spent at the discretion of the Trustees in the furtherance of the charitable objects.

Restricted general funds

This fund represents grants received for the trust's operational activities and development to be spent on the furtherance of the Trust's charitable objects.

Restricted fixed asset fund

This fund represents the carrying value of the fixed assets that have been funded by grants from the ESFA plus amounts received to be expended in the future on fixed assets.

Gains and losses

These represent the actuarial gains and losses on the Local Government Pension Scheme.

Transfers

These represent funds transferred from GAG to fund capital purchases and transfers between funds where costs have been borne out of different funds.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Core Education Trust	369,248	218,350
Rockwood Academy	437,089	245,836
Nansen Primary School	75,956	357,477
Total before fixed asset fund and pension reserve	882,293	821,663
Restricted fixed asset fund	18,512,235	18,997,679
Pension reserve	(5,320,000)	(3,624,000)
Total	14,074,528	16,195,342

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	Total 2016 £
Core Education Trust	-	756,160	64,079	306,894	1,127,133	687,872
Rockwood Academy	1,997,759	921,667	162,507	1,063,379	4,145,312	4,802,315
Nansen Academy	2,792,458	743,503	324,608	897,420	4,757,989	5,101,797
Golden Hillock School	-	-	-	-	-	8,173,894
	<u>4,790,217</u>	<u>2,421,330</u>	<u>551,194</u>	<u>2,267,693</u>	<u>10,030,434</u>	<u>18,765,878</u>

17. CENTRAL SERVICES

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

- Leadership, Finance and Administrative support
- Audit fees
- Governance costs

The Trust charges for these services on the following basis:

A flat rate based on 7% of GAG income which is considered to broadly represent the relative size and complexity of each constituent academy.

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Rockwood Academy	308,462	232,698
Nansen Primary School	298,765	258,456
Total	<u>607,227</u>	<u>491,154</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	18,512,235	18,512,235
Current assets	528,631	1,126,711	-	1,655,342
Current liabilities	-	(773,049)	-	(773,049)
Defined pension scheme liability	-	(5,320,000)	-	(5,320,000)
	<u>528,631</u>	<u>(4,966,338)</u>	<u>18,512,235</u>	<u>14,074,528</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	18,997,679	18,997,679
Current assets	480,147	1,605,386	-	2,085,533
Creditors due within one year	-	(1,150,742)	-	(1,150,742)
Provisions for liabilities and charges	-	(3,624,000)	-	(3,624,000)
	<u>480,147</u>	<u>(3,169,356)</u>	<u>18,997,679</u>	<u>16,195,342</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(719,814)	(9,661,772)
Adjustment for:		
Depreciation charges	711,727	666,195
Dividends, interest and rents from investments	(1,175)	(2,229)
Decrease in debtors	61,762	44,838
Decrease in creditors	(489,921)	(52,715)
Capital grants from DfE and other capital income	(28,031)	(31,526)
LGPS Pension adjustments	295,000	139,000
Removal of Golden Hillock	-	8,173,894
Net cash used in operating activities	<u>(170,452)</u>	<u>(724,315)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	1,180,895	1,548,424
Total	<u>1,180,895</u>	<u>1,548,424</u>

21. 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 West Midlands Pension Fund. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (previously 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

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NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £427,000 (2016 - £426,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £349,000 (2016 - £290,000), of which employer's contributions totalled £257,000 (2016 - £219,000) and employees' contributions totalled £92,000 (2016 - £71,000). The agreed contribution rates for future years are 17.4% for employers and between 5.5% and 12.5% 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.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	3.75 %
Rate of increase for pensions in payment / inflation	2.70 %	2.00 %
Inflation assumption (CPI)	2.70 %	2.00 %

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

	2017	2016
Retiring today		
Males	21.8	23.1
Females	24.3	25.6
Retiring in 20 years		
Males	24.0	25.3
Females	26.6	28.1

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21. PENSION COMMITMENTS (continued)

Sensitivity analysis - impact on scheme liabilities	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	8,642,000	6,212,000
Discount rate -0.1%	9,075,000	6,534,000
Mortality assumption - 1 year increase	9,155,000	6,542,000
Mortality assumption - 1 year decrease	8,567,000	6,206,000
CPI rate +0.1%	9,026,000	6,508,000
CPI rate -0.1%	8,691,000	6,240,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,237,000	1,630,000
Government bonds	259,000	191,000
Other bonds	136,000	235,000
Property	258,000	218,000
Cash/liquidity	176,000	176,000
Other	470,000	297,000
Total market value of assets	3,536,000	2,747,000

The actual return on scheme assets was £495,000 (2016 - £432,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Administration expenses	1,000	2,000
Net interest on defined liability	77,000	78,000
Current service cost	474,000	278,000
Total	552,000	358,000
Actual return on scheme assets	495,000	432,000

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	6,371,000	6,651,000
Current service cost	474,000	278,000
Interest cost	141,000	167,000
Employee contributions	92,000	71,000
Actuarial losses	1,823,000	1,757,000
Benefits paid	(45,000)	(120,000)
Transfer out of Academy Trust	-	(2,433,000)
	<u>8,856,000</u>	<u>6,371,000</u>
Closing defined benefit obligation	<u>8,856,000</u>	<u>6,371,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	2,747,000	2,588,000
Interest income	64,000	89,000
Actuarial losses	422,000	343,000
Employer contributions	257,000	219,000
Employee contributions	92,000	71,000
Benefits paid	(45,000)	(120,000)
Transfer out of Academy Trust	-	(441,000)
Administration expenses	(1,000)	(2,000)
	<u>3,536,000</u>	<u>2,747,000</u>
Closing fair value of scheme assets	<u>3,536,000</u>	<u>2,747,000</u>

22. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	373,437	386,561
Between 1 and 5 years	1,491,911	1,496,109
After more than 5 years	4,848,168	5,221,104
	<u>6,713,516</u>	<u>7,103,774</u>
Total	<u>6,713,516</u>	<u>7,103,774</u>

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23. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

24. TRANSFER OUT OF ACADEMY TRUST

At 1 September 2015, the assets and liabilities of Golden Hillock School were transferred out of the academy trust at their net book values (considered to be approximate to their fair value) for nil consideration.

The assets and liabilities of Golden Hillock School at 1 September 2015 included fixed assets of £9,209,256, cash of £1,174,441, and the Local Government Pension Deficit of £1,992,000. The remaining £217,803 relates to a mixture of short term assets and liabilities.

The transaction has therefore resulted in a loss of £8,173,894 in the previous years financial statements.

25. MEMBERS' LIABILITY

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

26. AGENCY ARRANGEMENTS

As at 31 August 2017 the academy trust was showing £24,000 (2016: £nil) in other creditors as a one-off amount from Combined Cadet Force Association. These funds are being held on behalf of the cadets and will be drawn down by the cadets upon application to the trust.