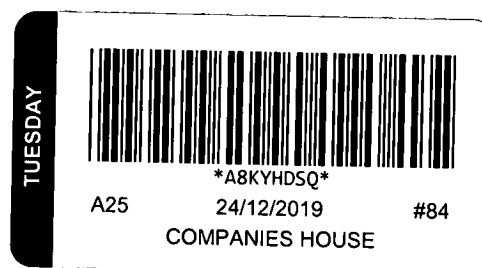


Company Registration Number: 07949154 (England and Wales)

CORE EDUCATION TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



CORE EDUCATION TRUST
(A company limited by guarantee)

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CORE EDUCATION TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS

Members

Amarjit Talwar MBE
Prof. Monder Ram OBE
Yvonne Wilkinson
Dr. Lynne Morris CBE

Trustees

Andrew Argyle
Razia Ali (appointed 23 January 2019, resigned 13 June 2019)
Sabina Kauser (resigned 25 February 2019)
Adrian Packer CBE, Chief Executive Officer (CEO)
Amarjit Talwar MBE, Chair of Trustees
Joanne Allsopp (resigned 23 January 2019)
Thomas Gibbins (appointed 23 January 2019)
Professor Monder Ram (appointed 23 January 2019)
Jeremy Sagoe (appointed 30 September 2019)
Laura Thursfield (appointed 30 September 2019)
Shuang Wang (appointed 23 January 2019)

Company registered number

07949154

Company name

CORE Education Trust

Principal/Registered office

55 St Paul's Square
Birmingham
West Midlands
B3 1QS

Company secretary

Joanne Tyler

Executive Team

Adrian Packer, Chief Executive Officer
Joanne Tyler, Chief Operating Officer
Saiqa Liaqat, Director of Academic Progress

Independent auditor

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Lloyds Bank
22A Great Hampton Street
Birmingham
West Midlands
B18 6AH

CORE EDUCATION TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS

Advisers (continued)

Solicitors	Trowers and Hamlins 10 Colmore Row Birmingham B3 2QD
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CORE EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2018 to 31 August 2019. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Academy Trust operates 5 secondary academies and 1 primary academy for pupils in Birmingham with a combined capacity of 4,190.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

CORE Education 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 year 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 Governance 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.

CORE EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 and the Director of Academic Progress. During this year, the Trust appointed a Trust Headteacher to support with the school improvement function across the academies. 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 Trust's Scheme of Delegation outlines the delegated responsibilities for the key governance tiers of CORE Education Trust and provides clarity on the role and responsibilities of those who contribute to the governance and oversight of the Trust and its academies.

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 the academy level executive function, implementing policies set by the Trustees. The Headteachers are managed by a named member of the Trust Executive Leadership Team and additionally reports to a Local Governing Body. 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. The expectation is that each Local Governing Body deals with agreed aspects of academy standards. The following aspects of the academy 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 through a performance management process which is verified by other individual specialist Trustees where appropriate; 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, incremental pay awards 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.

At the end of 2017/18, the CEO recommended an incremental pay freeze on the CEO salary. This was accepted by the Board but not as reflection of his performance, rather as a gesture of the Board's commitment to ethical sponsorship and to ensure that senior executive salaries do not increase at levels disproportionately beyond that of other staff across the Trust, including teachers. This arrangement remained in place for 2018/19.

The Headteachers in the Trust were set performance management objectives through a process with the Director of Academic Progress, the Chair of the LGB and the Head of Governance.

All pay awards for senior Trust staff are in line with annual percentage levels awarded to teaching staff in the Trust's Schools.

CORE EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

During this year the Trust continued to work with Perry Beeches Academy Trust on some outstanding issues with contracts, despite the schools transferring in the previous year. The complex nature of the transfer necessitated a pragmatic approach to resolving outstanding issues

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The principal object of the Charitable Company is the operation of CORE Education Trust and its Schools: Arena Academy; Central Academy; City Academy; Jewellery Quarter Academy, Nansen Primary School, Rockwood Academy. 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 four CORE Values:

Collaboration

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

Opportunity

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

Respect

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

Excellence

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

Each academy is supported, challenged and monitored to ensure these Values are embedded. As well as incorporating the CORE Values in the environment of the academy and by adopting them into specific academy initiatives, each academy is required to determine and promote a bespoke set of "CORE Characteristics". A CORE education for the children at each of its academies is underpinned by a curriculum philosophy at the centre of which lies an uncompromising focus on the development of character and communication.

OBJECTIVES, STRATEGIES AND ACTIVITIES

Following the expansion of the Trust in March 2018, a revised three-year Strategic Development Plan (2018-2021) was adopted by the Board of Trustees. The new plan is expressed in three parts, namely: Distinctive Strategic Priorities, which characterise the Trust's approach to developing a consistent ethos in all its academies; Dynamic Strategic Priorities, which are reviewed annually and respond to current circumstantial and contextual factors in the Trust and its academies and Developmental Strategic Priorities which relate to year on year progress measures in the Trust and all its academies.

CORE EDUCATION TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

PUBLIC BENEFIT

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

CORE Education Trust oversees 5 secondary academies and 1 primary academy and all associated support functions.

VOLUNTEERS

The Trust is grateful for the unstinting efforts of its volunteers who are involved in serving as non-executive Members, Trustees and Governors. It is estimated that over 500 volunteer hours were provided during the year.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

In the previous financial year, the Trust inherited 4 academies from another sponsor. The rebrokerage process was protracted and determinantal to the stability and performance of each of these academies during this period. The immediate priority was therefore to secure effective senior leadership teams and new local governance arrangements. Since taking on the running of the new academies, CORE Education Trust has appointed a total of 10 new senior leaders and successfully constituted 4 new local governing bodies.

Arena Academy

Arena Academy has enjoyed leadership stability since CORE Education Trust became the sponsor last year. Under the previous sponsor, it had been judged by Ofsted as having Serious Weaknesses. The academy has now introduced a new curriculum model, with a particular focus on Key Stage 3. In its first year with CORE Education Trust as its sponsor, the academy's published data was in line with national averages. Despite a decline in published P8 outcomes this year, the academy maintained the highest levels of attainment across all the secondary Schools in the Trust. There has been an increase in pupil numbers which looks set to continue for the next 2 years.

Central Academy

The newly appointed Headteacher and his new leadership team have transformed the curriculum offer, particularly at Key Stage 3 and brought about much needed stability at an academy which had suffered a sharp decline under the previous sponsor. Under the previous sponsor, the academy had underachieved for many years, despite receiving an Ofsted judgement of Outstanding 2 years after it opened. The tide has now turned and results, although still below national averages, have improved for the first time since that decline.

City Academy

Pupil numbers have remained below target levels since the academy opened under the previous sponsor. This was made more serious by the academy being rated as Inadequate under the previous sponsor. This pupil number deficit remains as serious and significant challenge and is exacerbated by some significant legacy issues, not least extraordinarily high levels of PNA payments inherited from the previous sponsor. In its first year of being sponsored by CORE Education Trust, published results were in line with national averages. This year, there has been a decline which is being addressed by a Trust led intervention and increased levels of investment in new staff. This is challenging against the backdrop of the exceptionally high levels of inherited debt.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Jewellery Quarter Academy

This year, the academy received its first Section 5 Ofsted Inspection since opening and was rated Requires Improvement overall. Since the inspection, a new senior leadership team led by a new Headteacher has reorganised the Key Stage 3 curriculum and set about addressing some challenging legacy issues inherited from the previous sponsor. The School's first set of published data this year was in line with expectations.

Nansen Primary School

Nansen has continued to present challenges to the Trust with regards to the appointment of a permanent Headteacher. As a result, the Trust deployed the Director of Academic Progress as the Executive Headteacher with a view to restructure the senior leadership team and to address the ongoing academic underachievement at Key Stage 2. Although there were some improvement in maths and writing this year, reading remains a major focus for improvement.

Rockwood Academy

The leadership at Rockwood Academy has remained stable and overall performance has continued to improve. There is a significant increase in the number of students which has resulted in a £14m building programme supported by the Local Authority. This year, Progress 8 outcomes improved significantly on the previous year.

The Trust continues to pioneer arts, sport and cultural learning experiences for the children in CORE Education Trust academies. The Echo Eternal project led by the Trust on behalf of UK Holocaust Memorial Foundation (UKHMF) has expanded significantly providing new cultural and social integration opportunities for CORE Education Trust children who have now collaborated with at least 18 schools across the West Midlands.

KEY PERFORMANCE INDICATORS

The Trust's key performance indicators are further explained in achievements and performance.

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 2019/2020 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 on page 25.

FINANCIAL REVIEW

Each academy received income into its Unrestricted Fund, Restricted General Funds and Fixed Asset Fund during the year.

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 is 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 £27,507,631 (excluding transfer); expenditure against the fund was £26,735,963 (excluding transfers), giving an in year Restricted Fund surplus of £771,668 (excluding transfers). The deficit, after actuarial gains, transfers and academy transfers to the Restricted Fixed Asset Fund was £7,352,112.

CORE EDUCATION TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Unrestricted Funds

Income received into the Unrestricted Fund was £542,476. Expenditure against the fund was £512,373 for the year, giving an in year Unrestricted Fund surplus of £30,103.

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 £52,701,854 Restricted Fixed Asset Fund year end surplus after transfers between funds, and after transfers from existing academies.

Summary Fund Financial Performance

Total fund balance as at 31 August 2019 was £45,975,697 comprised of £625,542, £1,452,888 and £52,701,854 in Unrestricted, Restricted General and Restricted Fixed Asset Funds respectively as well as the Restricted Pension Reserve deficit of £8,805,000.

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 £52,146,786 as at 31 August 2019. The movement in this account is detailed in note 12.

Cash in hand at 31 August 2019 was £6,009,938.

RESERVES POLICY

The Trustees review the Trust reserves policy annually. The Board of Trustees has determined that the minimum level of free reserves should equate approximately to 1 month of the Trust payroll costs, which is approximately £1.4m. Beyond that, the policy of the Trust is to build a prudent level of reserves designed to meet the long term needs of renewal and any other unforeseen contingencies. In line with the approach of the previous 2 years, the overall reserves are pooled to mitigate the risks related to the £1.5m liability inherited from PBAT. This liability is attributed to the ESFA as a creditor. In addition, the Trustees have considered the considerable expansion programme at Rockwood Academy. In doing so they have noted the necessity to ring fence at least £400k to fund FF&E costs from 2020.

The Trust's free reserves that are available to be used on the Trust's charitable objects as at 31st August 2019 were £2,078,430, including £625,542 of Unrestricted reserves and £1,452,888 of Restricted General reserves. This represents approximately 1 month of payroll costs for the Trust, which is in line with current policy.

The purpose of 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

CORE EDUCATION TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 the Trust expansion in the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trust has assessed the major risks to which it and its academies are exposed to, including:

Reputational: Continuing potential media interest has resulted in a concerted effort to change the perceived perception of the academies.

Financial: The Trust is aware of the economic uncertainties with regards to public funding and continues to assess the potential risks. The Trust has agreed to repay the Pupil Number Adjustment (PNA) debt that PBAT accumulated over 4 years. This has a significant impact on City Academy, Central Academy and Jewellery Quarter Academy.

Pensions: The rising cost of pension contributions is a concern to the Trust and increase to staffing costs inevitable.

Pupil numbers: City and Central Academy continue to recruit below capacity.

The estate: The inherited buildings were poorly designed and constructed with little regard for pupil welfare. Ultimately, Central and City academies are not fit for purpose. There is a woeful lack of outdoor space and sport facilities.

FUNDRAISING

Fundraising activities of the Trust are restricted to in-school activities such as summer fetes and dress down days, and are not bound by any voluntary scheme. These activities do not involve either professional fund-raisers or commercial participants.

Participants in the fund raising activities of the school are staff, pupils and parents and these activities do not involve the general public. All participants in the activities do so on a voluntary basis and are not subject to intrusive, persistent or undue pressure from the schools.

The Trust have received no complaints during the year regarding any of its fundraising activities. Fundraising income for the year was £5,712.

FUTURE DEVELOPMENTS

The Trust has no short or medium term plans to expand the number of academies it sponsors but pupil numbers are increasing at Rockwood and Arena academies.

The Trust is reviewing its whole estate and is particularly focused on how the 3 schools close to the city centre, namely: City Academy, Central Academy and Jewellery Quarter Academy may better share resources.

Addressing the poor physical state of these buildings is a high priority.

In order to most effectively deliver the Trust's Distinctive Strategic Priorities, Trustees have contemplated a strategic development strategy centered on the setting up of a CIC - a foundation which will operate as a project incubator for the benefit of the pupils in CORE Education Trust academies. This concept has been largely inspired by the success of the Echo Eternal project.

CORE EDUCATION TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

FUNDS HELD AS CUSTODIAN

The Trust holds funds for the Combined Cadet Force Association. The funds are held on behalf of the cadets and will be drawn down by the cadets upon application to the trust.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Academy Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy Trust's Equal opportunities policy, the Academy Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

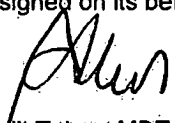
Full details of these policies are available from the Academy Trust's offices.

DISCLOSURE OF INFORMATION TO AUDITOR

In so far 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 10th Dec 2019 and signed on its behalf by:



Amarjit Talwar MBE
Chair of Trustees

CORE EDUCATION TRUST
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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 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Amarjit Talwar MBE (Chair)	4	4
Andrew Argyle	4	4
Razia Ali	1	1
Sabina Kauser	0	2
Joanne Allsopp	1	2
Thomas Gibbins	2	2
Adrian Packer CBE	4	4
Professor Mondar Ram	1	2
Shuang Wang	2	2

In line with the requirements of the Academies Financial Handbook, the Board of Trustees has formally met 4 times during the year. The Board of Trustees maintained effective financial oversight of funds through the meetings of the Finance and Audit Committee – a sub-committee of the Board of Trustees - which met 4 times in the academic year 18/19 and reported to the Board of Trustees. Management accounts were shared with the Chair of the Board of Trustees monthly, and received by other Trustees six times a year. Management accounts were considered at each Board of Trustees meeting as well as at each Finance and Audit Committee meeting.

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 into 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.

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

Attendance at meetings in the year was as follows:

Committee member	Meetings attended	Out of a possible
Andy Argyle (Chair)	4	4

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GOVERNANCE STATEMENT (continued)

Laura Thursfield	4	4
Kiran Vithal	2	3
Joanne Tyler	4	4
Adrian Packer CBE	4	4

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Renegotiating key contracts such as Cleaning, Catering, Photocopying.
- Introducing more robust performance management systems.
- Improved sharing of resources across the schools.
- Review of the Curriculum across the trust as part of Curriculum Financial Planning.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CORE Education Trust for the year 1 September 2018 to 31 August 2019 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 2018 to 31 August 2019 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;

CORE EDUCATION TRUST
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GOVERNANCE STATEMENT (continued)

- 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 U.K. LLP, the external auditor, to perform additional checks.

Due to the significant changes during the previous year in relation to the re-brokerage of certain schools within Perry Beeches The Academy Trust, the trust has focused on ensuring that the systems and controls across the trust are standardised and that they conform with best practice.

On a semi-annual basis, the external auditor will report 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

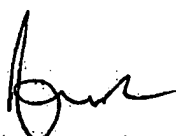
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 *10th Dec 2019* and signed on its behalf, by:


Amarjit Talwar MBE
Chair of Trustees


Adrian Packer CBE
Accounting Officer

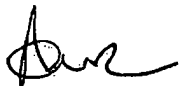
CORE EDUCATION TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of CORE Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2018.

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 2018.

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

CORE EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who 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 & 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 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 *10th Dec 2019* and signed on its behalf by:



Amarjit Talwar MBE
Chair of Trustees

CORE EDUCATION TRUST
(A company limited by guarantee)

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 (the 'academy') for the year ended 31 August 2019 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 (which includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement), other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 the financial year 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

CORE EDUCATION TRUST
(A company limited by guarantee)

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

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 concern basis of accounting unless the Trustees either intend to liquidate the academy 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. This description forms part of our Auditor's report.

USE OF OUR REPORT

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.


Helen Drew (Senior statutory auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
Date: 18-12-19

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 8 May 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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 Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Cavey HCO
Crowe U.K. LLP

Reporting Accountant

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 18-12-19

CORE EDUCATION TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:					
Donations & capital grants:					
Transfers from existing academies	2	-	-	-	11,379,290
Other donations & capital grants	2	5,712	685,573	691,285	22,903,782
Charitable activities	5	438,800	27,507,631	27,946,431	18,968,923
Other trading activities	3	95,224	-	95,224	64,009
Investments	4	2,740	-	2,740	1,491
TOTAL INCOME	542,476	27,507,631	685,573	28,735,680	53,317,495
EXPENDITURE ON:					
Raising funds:					
Fundraising trading		93,750	-	93,750	86,328
Charitable activities:					
Transfers from ESFA (note 27)		-	-	-	1,420,455
Other charitable activities		418,623	26,736,376	1,972,274	19,316,613
TOTAL EXPENDITURE	6	512,373	26,736,376	1,972,274	20,823,396
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	16	30,103 34,772	771,255 (350,675)	(1,286,701) 315,903	(485,343) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		64,875	420,580	(970,798)	(485,343)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(1,557,000)	-	(1,557,000)
NET MOVEMENT IN FUNDS		64,875	(1,136,420)	(970,798)	(2,042,343)
RECONCILIATION OF FUNDS:					
Total funds brought forward		560,667	(6,215,692)	53,672,652	48,017,627
TOTAL FUNDS CARRIED FORWARD		625,542	(7,352,112)	52,701,854	45,975,284

The notes on pages 24 to 50 form part of these financial statements.

CORE EDUCATION TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07949154

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£	2019 £	£	Restated 2018 £
FIXED ASSETS					
Tangible assets	12		52,146,786		53,672,652
CURRENT ASSETS					
Debtors	13	795,087		592,179	
Cash at bank and in hand		6,009,938		3,402,636	
		<u>6,805,025</u>		<u>3,994,815</u>	
CREDITORS: amounts falling due within one year	14	<u>(3,573,636)</u>		<u>(2,212,955)</u>	
NET CURRENT ASSETS			<u>3,231,389</u>		<u>1,781,860</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>55,378,175</u>		<u>55,454,512</u>
CREDITORS:					
Amounts falling due after more than one year	15		<u>(597,891)</u>		<u>(916,885)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>54,780,284</u>		<u>54,537,627</u>
Defined benefit pension scheme liability	22		<u>(8,805,000)</u>		<u>(6,520,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>45,975,284</u>		<u>48,017,627</u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
Restricted income funds	16	1,452,888		304,308	
Restricted fixed asset funds	16	52,701,854		53,672,652	
Restricted funds excluding pension liability		<u>54,154,742</u>		<u>53,976,960</u>	
Pension reserve		<u>(8,805,000)</u>		<u>(6,520,000)</u>	
Total restricted funds			<u>45,349,742</u>		<u>47,456,960</u>
Unrestricted income funds	16		<u>625,542</u>		<u>560,667</u>
TOTAL FUNDS			<u>45,975,284</u>		<u>48,017,627</u>

The financial statements on pages 21 to 50 were approved by the Trustees, and authorised for issue, on 10th Dec 2019 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 2019

	Note	2019 £	<i>Restated</i> 2018 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>2,365,397</u>	<u>1,673,142</u>
Cash flows from investing activities:			
Interest received		2,740	1,491
Purchase of tangible fixed assets		(446,408)	(178,491)
Capital grants from DfE Group		<u>685,573</u>	<u>79,861</u>
Net cash provided by/(used in) investing activities		<u>241,905</u>	<u>(97,139)</u>
Change in cash and cash equivalents in the year		2,607,302	1,576,003
Cash and cash equivalents brought forward		<u>3,402,636</u>	<u>1,826,633</u>
Cash and cash equivalents carried forward	20	<u><u>6,009,938</u></u>	<u><u>3,402,636</u></u>

The notes on pages 24 to 50 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 2019

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 funders 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/donor and include grants from the Department for Education Group.

CORE EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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.

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.

The trust has agreed to accept historical pupil number adjustment deficits of certain Perry Beeches The Academy Trust schools, in the form of a loan that will be repaid out of each schools future GAG entitlement. This loan has been accounted for as charitable donation expenditure through the sofa with an equal and opposite loan on the Balance sheet. This loan is considered to meet the definition of a concessionary loan. Further details are provided in the notes to the financial statements.

CORE EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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
Furniture and fixtures	-	10 years
Motor vehicles	-	4 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 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in hand

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

CORE EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.12 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

1.13 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 notes 14 and 15. 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.

CORE EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.14 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 22, 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.

1.15 Transfer in of existing academies

The transfer into the trust of an existing Academy involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

During the previous year the assets and liabilities transferred from Arena Academy, Central Academy, City Academy and Jewellery Quarter Academy have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. The fair value is in accordance with the accounting policies set out for Core Education Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 27.

CORE EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.16 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.

1.17 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 22, 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 2019. 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.

During the previous year the fair value of the assets transferred to the Trust from the ESFA and from Perry Beeches The Academy Trust have been estimated based on a combination of: valuations undertaken in March 2017 (by a RICS registered Chartered Surveyor, using a Depreciated Replacement Cost basis); and asset registers received from Perry Beeches The Academy Trust.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Leasehold property transferred from existing academies	-	-	-	-	11,812,788
Transfer of fixtures and fittings	-	-	-	-	1,671,157
Transfer of other liabilities	-	-	-	-	(2,104,655)
Transfer from Academy Trusts	-	-	-	-	11,379,290
Donations	5,712	-	-	5,712	-
Capital grants	-	-	685,573	685,573	79,861
ESFA leasehold property donations	-	-	-	-	22,823,921
Other income	5,712	-	685,573	691,285	22,903,782
Total 2019	5,712	-	685,573	691,285	34,283,072
Total 2018	-	(2,104,655)	36,387,727	34,283,072	

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	58,050	58,050	47,072
Sale of goods	8,564	8,564	4,021
Other income	28,610	28,610	12,916
	95,224	95,224	64,009
Total 2018	64,009	64,009	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	2,740	2,740	1,491
<i>Total 2018</i>	<u>1,491</u>	<u>1,491</u>	

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Funding for educational operations (summarised below)	-	27,507,631	27,507,631	18,129,217
School trip income	174,174	-	174,174	42,086
Catering income	70,595	-	70,595	192,898
Other income	194,031	-	194,031	604,722
	<u>438,800</u>	<u>27,507,631</u>	<u>27,946,431</u>	<u>18,968,923</u>
<i>Total 2018</i>	<u>839,706</u>	<u>18,129,217</u>	<u>18,968,923</u>	

FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
General annual grant (GAG)	24,242,130	24,242,130	14,949,471
Other DfE/ESFA grants	3,228,904	3,228,904	2,898,963
Local Authority Grants	4,770	4,770	236,362
Other grants	31,827	31,827	44,421
	<u>27,507,631</u>	<u>27,507,631</u>	<u>18,129,217</u>
<i>Total 2018</i>	<u>18,129,217</u>	<u>18,129,217</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

6. EXPENDITURE

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising trading					
Direct costs	-	82,188	11,562	93,750	86,328
Support costs	-	-	-	-	-
Funding for educational operations:					
Direct costs	15,807,536	-	1,722,753	17,530,289	11,525,575
Support costs	3,676,812	5,007,253	2,912,919	11,596,984	7,791,038
Transfers from ESFA (note 27)	-	-	-	-	1,420,455
	<u>19,484,348</u>	<u>5,089,441</u>	<u>4,647,234</u>	<u>29,221,023</u>	<u>20,823,396</u>
<i>Total 2018</i>	<u>13,296,324</u>	<u>2,899,220</u>	<u>4,627,852</u>	<u>20,823,396</u>	

7. SUPPORT COSTS

	Educational operations £	Transfer from ESFA £	Total 2018 £
Premises costs	3,325,830	-	1,573,280
Catering costs	750,841	-	566,976
Other support costs	1,249,743	-	731,571
Governance costs	35,171	-	46,485
Professional fees	562,225	-	633,265
ESFA pupil number adjustment transferred (note 27)	-	-	1,420,455
Wages and salaries	2,160,234	-	1,806,757
National insurance	249,231	-	163,862
Pension cost	1,291,435	-	942,902
Depreciation	1,972,274	-	1,325,940
	<u>11,596,984</u>	<u>-</u>	<u>9,211,493</u>
<i>Total 2018</i>	<u>7,791,038</u>	<u>1,420,455</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 include statutory requirements including the audit of the statutory accounts and other legal costs.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets:		
- owned by the trust	1,972,274	1,325,940
Auditor's remuneration - audit	21,000	23,000
Auditor's remuneration - other services	6,600	7,790
Operating lease rentals	1,519,982	1,109,671

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	14,082,817	9,597,121
Social security costs	1,471,218	952,776
Operating costs of defined benefit pension schemes	2,878,020	1,985,280
	<u>18,432,055</u>	<u>12,535,177</u>
Agency staff costs	889,087	577,271
Staff restructuring costs	163,206	183,876
	<u>19,484,348</u>	<u>13,296,324</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	29,122	8,609
Severance payments	134,084	175,267
	<u>163,206</u>	<u>183,876</u>

b. Non-statutory/non-contractual staff severance payments

Included in severance and redundancy payments were 10 (2018 - 7) severance payments totalling £163,206 (2018 - £175,267). Of this total non-contractual payments were as follows; £20,028, £13,000, £20,000, £6,090 and £8,500.

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	230	199
Administration and support	190	173
Management	41	28
	<u>461</u>	<u>400</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. STAFF COSTS (continued)

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	7	4
In the band £70,001 - £80,000	0	2
In the band £80,001 - £90,000	4	1
In the band £90,001 - £100,000	2	0
In the band £100,001 - £110,000	1	1
In the band £160,001 - £170,000	1	1

The key management personnel of the trust comprise the executive team detailed on page 1. The total amount of employee benefits (including employers' pension and national insurance contributions) received by key management personnel for their services to the academy trust was £629,044 (2018: £497,315).

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 academy. 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:

		2019 £	2018 £
Adrian Packer CBE	Remuneration	160,000-165,000	160,000-165,000
	Pension contributions paid	25,000-30,000	25,000-30,000

The above trustee also received benefits in kind amounting to £Nil (2018: £658) in the current year in relation to private healthcare insurance.

During the year ended 31 August 2019, 1 Trustee received reimbursement of £38 for expenses (2018 - £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 2019**

12. TANGIBLE FIXED ASSETS

	Long Leasehold Land & Buildings £	Motor vehicles £	Fixture & fittings £	Computer equipment £	Total £
Cost					
At 1 September 2018	55,558,012	25,050	1,098,967	1,909,834	58,591,863
Additions	-	-	201,868	244,540	446,408
At 31 August 2019	<u>55,558,012</u>	<u>25,050</u>	<u>1,300,835</u>	<u>2,154,374</u>	<u>59,038,271</u>
Depreciation					
At 1 September 2018	3,815,200	25,050	310,571	768,390	4,919,211
Charge for the year	1,353,086	-	112,497	506,691	1,972,274
At 31 August 2019	<u>5,168,286</u>	<u>25,050</u>	<u>423,068</u>	<u>1,275,081</u>	<u>6,891,485</u>
Net book value					
At 31 August 2019	<u>50,389,726</u>	<u>-</u>	<u>877,767</u>	<u>879,293</u>	<u>52,146,786</u>
At 31 August 2018	<u>51,742,812</u>	<u>-</u>	<u>788,396</u>	<u>1,141,444</u>	<u>53,672,652</u>

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 of the properties is Birmingham City Council and The Secretary of State for Department of Education.

13. DEBTORS

	2019 £	2018 £
Trade debtors	72,803	59,629
Other debtors	15,200	12,768
VAT repayable	43,153	90,328
Prepayments and accrued income	663,931	429,454
	<u>795,087</u>	<u>592,179</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

14. CREDITORS: Amounts falling due within one year

	2019 £	<i>Restated</i> 2018 £
Trade creditors	2,438,415	776,600
ESFA pupil number adjustment	476,730	472,828
Other creditors	37,220	38,034
Accruals and deferred income	621,271	925,493
	3,573,636	2,212,955
	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	315,387	61,053
Resources deferred during the year	142,924	315,387
Amounts released from previous years	(315,387)	(61,053)
Deferred income at 31 August 2019	142,924	315,387

Deferred income relates to grants received in advance of entitlement for the 19-20 academic year.

15. CREDITORS: Amounts falling due after more than one year

	2019 £	2018 £
ESFA pupil number adjustment	597,891	916,885

On 1 March 2018, the trust inherited a pupil number adjustment from Perry Beeches The Academy Trust as part of the re-brokerage of Arena Academy, Central Academy, City Academy and Jewellery Quarter Academy.

This adjustment is repayable over the next 4 years out of future GAG funding, agreed as part of an interest free, repayment plan with the ESFA.

The loan is considered to meet the definition of a concessionary loan.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds - all funds	560,667	542,476	(512,373)	34,772	-	625,542
Restricted funds						
General Annual Grant	1,694,021	24,242,130	(23,057,967)	(350,675)	-	2,527,509
Other DfE/ESFA grants	-	3,228,904	(3,228,904)	-	-	-
Other government grants	-	4,770	(4,770)	-	-	-
Non government grants	-	31,827	(31,827)	-	-	-
ESFA PNA adjustment	(1,389,713)	-	315,092	-	-	(1,074,621)
Pension reserve	(6,520,000)	-	(728,000)	-	(1,557,000)	(8,805,000)
	<u>(6,215,692)</u>	<u>27,507,631</u>	<u>(26,736,376)</u>	<u>(350,675)</u>	<u>(1,557,000)</u>	<u>(7,352,112)</u>
Restricted fixed asset funds						
Restricted Fixed Assets	53,672,652	-	(1,972,274)	446,408	-	52,146,786
Capital grants	-	685,573	-	(130,505)	-	555,068
	<u>53,672,652</u>	<u>685,573</u>	<u>(1,972,274)</u>	<u>315,903</u>	<u>-</u>	<u>52,701,854</u>
Total restricted funds	<u>47,456,960</u>	<u>28,193,204</u>	<u>(28,708,650)</u>	<u>(34,772)</u>	<u>(1,557,000)</u>	<u>45,349,742</u>
Total of funds	<u>48,017,627</u>	<u>28,735,680</u>	<u>(29,221,023)</u>	<u>-</u>	<u>(1,557,000)</u>	<u>45,975,284</u>

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.

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

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 2019.

ANALYSIS OF ACADEMIES BY FUND BALANCE

The purpose of 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.

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £	Total 2018 £
Core Education Trust	636,337	379,138
Rockwood Academy	815,375	512,387
Nansen Primary School	870,161	778,226
Arena Academy	124,047	26,876
Central Academy	10,437	(102,620)
City Academy Birmingham	(673,103)	(1,016,724)
Jewellery Quarter Academy	295,176	287,692
Total before fixed asset fund and pension reserve	2,078,430	864,975
Restricted fixed asset fund	52,701,854	53,672,652
Pension reserve	(8,805,000)	(6,520,000)
Total	45,975,284	48,017,627

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
City Academy Birmingham	(673,103)

City Academy Birmingham is currently in deficit due to the pupil number adjustment liability brought in on transfer (see note 27). As part of the trust's ongoing strategy, the trust is continuing to support this school over the coming years whilst the liability is cleared as per the repayment plan.

The policy of the Trust is to build a prudent level of reserves designed to meet the long term needs of renewal and any other unforeseen contingencies. In line with the approach of the previous 2 years, the overall reserves are pooled to mitigate the risks related to the £1.5m liability inherited from PBAT.

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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 2019 £	Total 2018 £
Core Education Trust	59,517	1,898,177	52,983	570,499	2,581,176	3,683,159
Rockwood Academy	2,775,727	343,273	346,047	1,034,574	4,499,621	4,235,400
Nansen Academy	2,537,495	388,482	424,622	875,684	4,226,283	4,060,158
Arena Academy	3,468,566	412,884	393,039	1,517,655	5,792,144	2,916,735
Central Academy	2,515,740	212,979	160,478	745,174	3,634,371	1,831,942
City Academy Birmingham	2,124,788	184,744	143,394	624,435	3,077,361	1,533,944
Jewellery Quarter Academy	2,325,703	236,273	237,840	637,977	3,437,793	1,236,118
	<u>15,807,536</u>	<u>3,676,812</u>	<u>1,758,403</u>	<u>6,005,998</u>	<u>27,248,749</u>	<u>19,497,456</u>

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

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2018</i>
	£	£	£	£	£	£
General Funds - all funds	528,631	905,206	(873,170)	-	-	560,667
Restricted funds						
General Annual Grant	353,662	14,949,471	(13,479,740)	(129,372)	-	1,694,021
Other DfE/ESFA grants	-	2,898,963	(2,898,963)	-	-	-
Other government grants	-	167,707	(167,707)	-	-	-
Non government grants	-	44,421	(44,421)	-	-	-
ESFA PNA adjustment	-	-	(1,420,455)	30,742	-	(1,389,713)
Pension reserve	(5,320,000)	(2,036,000)	(613,000)	-	1,449,000	(6,520,000)
	<u>(4,966,338)</u>	<u>16,024,562</u>	<u>(18,624,286)</u>	<u>(98,630)</u>	<u>1,449,000</u>	<u>(6,215,692)</u>
Restricted fixed asset funds						
Restricted Fixed Assets	18,512,235	36,307,866	(1,325,940)	178,491	-	53,672,652
Capital grants	-	79,861	-	(79,861)	-	-
Total restricted funds	<u>13,545,897</u>	<u>52,412,289</u>	<u>(19,950,226)</u>	<u>-</u>	<u>1,449,000</u>	<u>47,456,960</u>
Total of funds	<u><u>14,074,528</u></u>	<u><u>53,317,495</u></u>	<u><u>(20,823,396)</u></u>	<u><u>-</u></u>	<u><u>1,449,000</u></u>	<u><u>48,017,627</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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:

	2019	2018
	£	£
Rockwood Academy	318,212	277,798
Nansen Primary School	282,199	279,569
Arena Academy	341,058	195,824
Central Academy	260,063	124,002
City Academy Birmingham	225,662	100,465
Jewellery Quarter Academy	242,754	102,741
Total	<u>1,659,948</u>	<u>1,080,399</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	52,146,786	52,146,786
Current assets	557,224	5,692,733	555,068	6,805,025
Current liabilities	68,731	(3,642,367)	-	(3,573,636)
Creditors due in more than one year	-	(597,891)	-	(597,891)
Defined pension scheme liability	-	(8,805,000)	-	(8,805,000)
	<u>625,542</u>	<u>(7,352,112)</u>	<u>52,701,854</u>	<u>45,975,284</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	53,672,652	53,672,652
Current assets	560,667	2,788,410	-	3,349,077
Creditors due within one year	-	(1,567,217)	-	(1,567,217)
Creditors due in more than one year	-	(916,885)	-	(916,885)
Provisions for liabilities and charges	-	(6,520,000)	-	(6,520,000)
	<u>560,667</u>	<u>(6,215,692)</u>	<u>53,672,652</u>	<u>48,017,627</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

	2019 £	<i>Restated</i> 2018 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(485,343)	32,494,099
Adjustment for:		
Depreciation charges	1,972,274	1,325,940
Interest receivable	(2,740)	(1,491)
Increase in debtors	(271,639)	(117,732)
Increase in creditors	1,110,418	321,340
Capital grants from DfE and other capital income	(685,573)	(79,861)
LGPS Pension adjustments - service cost less employer contributions	560,000	453,000
LGPS Pension adjustments - interest and finance costs	168,000	160,000
Transfer from existing academies	-	(34,271,866)
ESFA pupil number adjustment	-	1,389,713
Net cash provided by operating activities	2,365,397	1,673,142

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	<i>Restated</i> 2018 £
Cash in hand	6,009,938	3,402,636
Total	6,009,938	3,402,636

21. CONTINGENT LIABILITIES

In December 2018 the Court of Appeal ruled against the Government in the 'McCloud/Sergeant' judgement which found that the transitional protection arrangements put in place when the firefighters' and judges' pension schemes were reformed were age discriminatory. The ruling potentially has implications for all public sector schemes which were reformed around the same time and could lead to members who were discriminated against being compensated. The Government applied to the Supreme Court for permission to appeal this judgement and in June 2019 this permission was denied.

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**NOTES TO THE FINANCIAL STATEMENTS
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22. 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 2016 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

The Academy Trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,338,000 (2018 - £858,000) and at the year-end Nil (2018 - £154,500) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

22. PENSION COMMITMENTS (continued)

possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

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 2019 was £791,000 (2018 - £628,000), of which employer's contributions totalled £592,000 (2018 - £484,000) and employees' contributions totalled £199,000 (2018 - £144,000). The agreed contribution rates for future years are 18.8% 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 trust 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:

	2019	2018
Discount rate for scheme liabilities	1.85 %	2.65 %
Rate of increase in salaries	3.70 %	3.80 %
Rate of increase for pensions in payment / inflation	2.20 %	2.30 %
Inflation assumption (CPI)	2.20 %	2.30 %

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

	2019	2018
Retiring today		
Males	20.9	21.9
Females	23.2	24.4
Retiring in 20 years		
Males	22.6	24.1
Females	25.1	26.7

Sensitivity analysis - impact on scheme liabilities	At 31 August 2019	At 31 August 2018
	£	£
Discount rate +0.1%	15,557,000	12,015,000
Discount rate -0.1%	16,341,000	12,616,000
Mortality assumption - 1 year increase	16,528,000	12,725,000
Mortality assumption - 1 year decrease	15,381,000	11,913,000
CPI rate +0.1%	16,013,000	12,561,000
CPI rate -0.1%	15,876,000	12,069,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	4,159,000	3,665,000
Government bonds	655,000	417,000
Other bonds	262,000	214,000
Property	565,000	470,000
Cash/liquidity	250,000	217,000
Other	1,028,000	809,000
	<u>6,919,000</u>	<u>5,792,000</u>

The actual return on scheme assets was £402,000 (2018 - £51,000).

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

	2019 £	2018 £
Administration expenses	3,000	2,000
Net interest on defined liability	165,000	158,000
Current service cost	940,000	937,000
Settlements - trfs into trust	-	2,036,000
Past service costs	212,000	-
	<u>1,320,000</u>	<u>3,133,000</u>
Total	<u>1,320,000</u>	<u>3,133,000</u>
Actual return on scheme assets	<u>402,000</u>	<u>51,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. PENSION COMMITMENTS (continued)

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

	2019 £	2018 £
Opening defined benefit obligation	12,312,000	8,856,000
Transferred in on existing academies joining the trust	-	3,722,000
Current service cost	940,000	937,000
Interest cost	328,000	279,000
Employee contributions	201,000	144,000
Actuarial losses/(gains)	1,796,000	(1,519,000)
Benefits paid	(65,000)	(107,000)
Past service costs	212,000	-
Transfer into Academy Trust	-	-
	<u>15,724,000</u>	<u>12,312,000</u>

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

	2019 £	2018 £
Opening fair value of scheme assets	5,792,000	3,536,000
Transferred in on existing academies joining the trust	-	1,686,000
Interest income	163,000	121,000
Actuarial losses/(gains)	239,000	(70,000)
Employer contributions	592,000	484,000
Employee contributions	201,000	144,000
Benefits paid	(65,000)	(107,000)
Administration expenses	(3,000)	(2,000)
	<u>6,919,000</u>	<u>5,792,000</u>

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FOR THE YEAR ENDED 31 AUGUST 2019

23. OPERATING LEASE COMMITMENTS

At 31 August 2019 the total of the trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts payable:		
Within 1 year	1,294,933	1,527,190
Between 1 and 5 years	4,406,137	5,968,768
After more than 5 years	5,937,270	21,109,122
Total	11,638,340	28,605,080

The charitable company is committed to funding payments under the PFI Scheme for Arena Academy. The current annual cost of the PFI contract is £1,100,000. Annual funding is received from the ESFA towards these costs which is approximately £930,000 per year.

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

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 2019 the academy trust was showing £37,220 (2018: £32,908) 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.

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FOR THE YEAR ENDED 31 AUGUST 2019

27. TRANSFERS INTO THE TRUST

In the previous year the following transfers were received into the trust as part of the re-brokerage of the following Perry Beeches The Academy Trust schools:

- Arena Academy
- Central Academy
- City Academy
- Jewellery Quarter Academy

Perry Beeches The Academy Trust

	Value reported by transferring trust £	Transfers from ESFA £	Transfer in recognised £
Tangible fixed assets			
Long-term leasehold property	11,812,788	22,823,921	34,636,709
Fixtures and fittings	409,875	-	409,875
Computer equipment	1,261,282	-	1,261,282
Liabilities			
Local authority deficit inherited	(68,655)	-	(68,655)
Pupil number deficit inherited	-	(1,420,455)	(1,420,455)
Pensions			
Pension scheme liabilities inherited	(2,036,000)	-	(2,036,000)
Net assets	<u>11,379,290</u>	<u>21,403,466</u>	<u>32,782,756</u>

The above assets and liabilities received from Perry Beeches The Academy Trust represent their fair values based on the Trustees best estimate as explained in section 1.16. We have not been able to reconcile these values back to the transferring academy.

28. POST BALANCE SHEET EVENT

Growth funding income has been awarded to the trust for an ongoing building project in Rockwood of approximately £14 million. This income and all related expenditure is being undertaken and administered by Birmingham City council on the trust's behalf. Once all works have been completed on the building project the property will be valued to reflect the new extension.

At the point of completion we understand Birmingham City council will hand over legal ownership to the trust, at which point the building will be accounted for as a donation. The building is not currently being utilised by the trust.