

**MANCHESTER COMMUNICATION ACADEMY**  
**(A Company Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2011**



**Company Limited by Guarantee**  
**Registration number: 06754335(England and Wales)**

# **MANCHESTER COMMUNICATION ACADEMY**

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## **MANCHESTER COMMUNICATION ACADEMY**

### **REFERENCE AND ADMINISTRATIVE INFORMATION**

#### **MEMBERS / TRUSTEES**

Mr M Blackburn  
Mrs V Rosin  
Mr R Lawler (from 29/11/10)  
Ms S Webster  
Ms J Hailwood  
Mrs L Heath  
Ms S Wright (to 11/4/11)  
Mr J Putt (from 11/4/11)  
Mrs A Grant (from 29/11/10)

#### **SECRETARY**

Manchester Professional Services Ltd

#### **ACADEMY SENIOR LEADERSHIP TEAM**

Principal	Mrs L Heath
Vice Principal	Ms P Hodson
Vice Principal	Ms S Farrimond
Director of Finance & Premises	Mr I Wait

#### **PRINCIPAL TRADING ADDRESS**

Manchester Communication Academy  
Silchester Drive  
Harpurhey  
Manchester M40 8NT

#### **REGISTERED OFFICE**

Manchester Professional Services Ltd  
PO Box 532  
Town Hall  
Manchester M60 4EP

#### **COMPANY REGISTRATION NUMBER**

06754335

#### **AUDITORS**

Crowe Clark Whitehill LLP  
Arkwright House  
Parsonage Gardens  
Manchester  
M3 2HP

#### **BANKERS**

The Co-operative Bank  
PO Box 101  
1 Balloon St  
Manchester M60 4EP

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

#### **SOLICITORS**

Eversheds LLP  
1 Wood St  
London EC2 7WS

Weightmans LLP  
India Buildings  
Water St  
Liverpool L2 0GA

## **MANCHESTER COMMUNICATION ACADEMY**

### **REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 AUGUST 2011**

The Governors present their report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2011

Manchester Communication Academy (the Academy) was incorporated on 20<sup>th</sup> November 2008

The financial statements have been prepared in accordance with the accounting policies on pages 16 to 18 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005') and the Academies Financial Handbook

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

##### **Constitution**

The Academy is a company limited by guarantee with no share capital (registration no 06754335) and an exempt charity (since 1 August 2011). The charitable company's memorandum and articles of association signed on 10 November 2008 are the primary governing documents of the Academy.

Members of the charitable company are British Telecom, Manchester College and Manchester City Council.

The articles of association require the members of the charitable company to appoint at least six Governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

##### **Principal Activities**

The principal activity of the Academy Trust is to maintain, and to carry on or provide for the carrying on, an independent school known as the Manchester Communication Academy ("the Academy"). The Academy shall

- a) have a broad curriculum with an emphasis on a particular subject area, or particular subject areas, specified in the Academy's funding agreement, and
- b) provide education for pupils of different abilities and who are wholly or mainly drawn from the area in which the school is situated.

##### **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.

Subject to the provisions of the Companies Act, every Governor or other officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by them in that capacity in defending the proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the trust.

##### **Governors**

The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The term of office for any Governor is 4 years, save that (i) this time limit shall not apply to the Principal, (ii) a parent Governor shall cease to hold office if s/he ceases to have a child who is a registered pupil at the Academy and (iii) a staff Governor shall cease to hold office if s/he ceases to be employed at the Academy. Any Governor may be re-appointed or re-elected.

The Governors who were in office at 31 August 2011 and served throughout the year are listed on page 3.

During the period under review the Governors held 3 meetings.

The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. Inductions will be tailored specifically to the individual.

### **Organisational Structure**

During the year a unified management structure was introduced to help improve the way the Academy is run. The structure now consists of three levels: the Governors, The Senior Managers and the Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. The Senior Managers are the Principal, two Vice Principals and the Director of Finance.

These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a Governor. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign.

The Management Team which includes the Senior Management and the Assistant Vice-Principals will be responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

### **Connected Organisations**

The Academy Trust works closely with all its sponsors - British Telecom, Manchester City Council and The Manchester College. The Academy also works with the YPLA, local primary schools, the Manchester Adult Education Service (MAES) and our co-located organisations – the Manchester Football Association and the Primary Engineer organisation.

### **Risk management**

The Governors confirm that they have a system for identifying, evaluating and acting upon risks to the Academy. Risks are identified by Academy senior managers, and the actions required to manage and mitigate these risks are undertaken. Risks are allocated to senior managers who report on these to the lead governor for their area of responsibility.

## **OBJECTIVES AND ACTIVITIES**

### **Objects, aims and objectives**

The Trust's objects are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to, digital communication.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on digital communication.

### **Strategies and activities**

The sponsors' vision is that the Academy will transform access to learning for students, their families and their communities and provide a centre of excellence for the combined teaching of communication and the use of technology. The students will develop the skills necessary to communicate effectively, collaborate with others, solve problems and generate new ideas.

To this end the activities provided include

- tuition and learning opportunities for all students to make appropriate academic progress
- training opportunities for all staff, and especially teaching staff,
- a programme of sporting and after school leisure activities for all students,

### **Public Benefit**

In setting our objectives and planning our activities the governors have considered the impact of the public benefit requirement including the guidance issued by the Charity Commission

The primary purpose of the Manchester Communication Academy is the advancement of education in the Manchester area. Inextricably linked with this purpose is the aim of contributing to the public good. Through the provision of educational and other activities, the Academy aims to contribute considerable benefit to the local community.

### **Equality & Diversity Policy**

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

### **Open Access Policy**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

### **ACHIEVEMENTS AND PERFORMANCE**

The primary achievement of the Academy Trust in the year ended 31 August 2011 has been to develop and maintain high standards of provision across all areas of our provision in this first full year of operation. A 'Balanced Scorecard' has been developed for the Governing Body that reports on key achievements.

- Pupil Performance – Outstanding performance in attainment and attendance have been reported, and recruitment of students is excellent – the Academy's year 7 is full (240 students)
- Staff Performance – 100% of staff performance reviews were good or outstanding
- Finances – see below
- Innovation – Academy staff met challenging targets regarding the addressing of conferences, hosting 'best practice' visits etc
- Community – Challenging targets on asset use (over 400 local users of assets) and enrolment targets for Adult Learners (over 200 in the first year) were set and reviewed through the year, with both targets being exceeded

### **Going Concern**

After making appropriate enquiries, the Governing Body has reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. Future funding is driven by pupil numbers, and the Academy has been, and is projected to be, over-subscribed for places, generating robust future revenues. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### **Key Financial Performance Indicators**

The Governing Body received a 'Balanced Scorecard' analysis of key performance indicators throughout the year (see above). The financial indicators showed that

- A balanced budget was approved at Autumn Term meeting of 2010/11
- A positive/surplus balance combining GAG and SUG was forecast and reported to the Governing Body throughout 2010/11
- Staffing cost below 80% of forecast income was observed & reported to the Governing Body throughout the year (actual c55%)

## **FINANCIAL REVIEW**

Revenue income received in the period principally relates to grants received from the YPLA in the form of General Annual Grant (GAG) and Start-Up Grant (SUG), which are shown as Restricted General Funds in the Statement of Financial Activities. Expenditure from this funding has supported the key objectives of the Academy Trust in the equipping of the Academy as an educational establishment and the provision of education for year 7 students in 2010/11.

### **Financial and Risk Management Objectives and Policies**

The Governing Body reviews risk at each meeting, including a specific risk identified for financial management. This is the risk that 'Best value principles are not applied to the procurement of services'. This risk is managed through a rolling programme of procurement review, identifying major areas of spend and testing market options. This programme is reported to the GB through the lead Finance Governor. More broadly, the Academy is developing a 10-year financial strategy to ensure resources meet requirements beyond our 'Start-Up' phase and to align Academy finances with our vision and objectives.

Another key financial risk for all Academies is the risk of insufficient liquidity – the risk that, through a mismatch in funds received to expenditure incurred, the Academy will become overdrawn. This is not allowed for Academies. This risk is avoided through careful budget profiling and timing of expenditure, and this aspect of financial management is reported to the Governing Body at each meeting.

### **RESERVES POLICY**

The Governors have reviewed the projected reserve levels of the Academy throughout this first year of operational income and expenditure budgets. The Governors have sought to strike a balance between an appropriate level of free reserves and reserves of Start Up Grant (SUG). The aim is to provide sufficient working capital to cover delays between spending and the receipt of grants, to provide a cushion to deal with unexpected emergencies such as urgent maintenance and to smooth the profile of receipt and expenditure of SUG.

### **PLANS FOR FUTURE PERIODS**

The Academy will strive to ensure that all students are able to realise their potential in both academic and non-academic terms. The Academy also intends to increase its student recruitment to the projected levels for years 7-11. For post-16 provision the Academy has currently deferred student recruitment, and is working with partners to develop an offer that enhances student choice.

### **AUDITORS**

In so far as the Governors are aware:

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

The auditors, Crowe Clark Whitehill have been appointed as the Academy's auditors for three years.

## **MANCHESTER COMMUNICATION ACADEMY**

### **REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2011**

#### **Statement on Internal Control**

##### **Scope of Responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that Manchester Communication Academy 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 Governing Body has delegated the day-to-day responsibility to the Principal, 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 Manchester Communication Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Manchester Communication Academy for the year ended 31 August 2011 and up to the date of approval of the annual report and financial statements.

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

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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

The Academy 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 Governing Body,
- regular reviews by the lead Finance Governor of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Sue Webster, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.



## **MANCHESTER COMMUNICATION ACADEMY**

### **REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2011**

The RO's programme of work meets the requirements set out in the YPLA's financial handbook. No material control issues have arisen from the RO's programme of work.

#### **Review of Effectiveness**

As Accounting Officer, the Principal 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 Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy 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 lead Finance Governor and the Responsible Officer and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## MANCHESTER COMMUNICATION ACADEMY

### REPORT OF THE GOVERNORS (continued) FOR THE YEAR ENDED 31 AUGUST 2011

#### Statement of the Responsibilities of the Governors

The Governors (who act as trustees for the charitable activities of Manchester Communication Academy and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the annual accounts requirements issued by the Young People's Learning Agency, United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) and applicable law and regulations

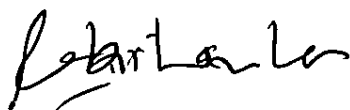
Company law requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing financial statements giving a true and fair view, the Governors are required to

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

The Governors are responsible for keeping proper 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 which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the governors on 26/11/11 and signed on their behalf by



Robin Lawler  
Lead Governor - Finance

## **MANCHESTER COMMUNICATION ACADEMY**

### **Independent Auditor's Report to the Member of Manchester Communication Academy Limited. FOR THE YEAR ENDED 31 AUGUST 2011**

We have audited the financial statements of Manchester Communication Academy for the year ended 31 August 2011 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 28

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction [2010/11] issued by the Young Peoples' Learning Agency

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

#### **Respective responsibilities of governors and auditor**

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 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, including the Annual Accounts Direction [2010/11] issued by the Young Peoples' Learning Agency, and
- have been prepared in accordance with the requirements of the Companies Act 2006

#### **Opinion on other matter prescribed by the Young Peoples' Learning Agency/Department for Education**

In our opinion the grants received from by the Young Peoples' Learning Agency/Department for Education have been applied for the intended purpose

**MANCHESTER COMMUNICATION ACADEMY**

**Independent Auditor's Report to the Member of Manchester Communication Academy Limited  
(continued)  
FOR THE YEAR ENDED 31 AUGUST 2011**

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

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

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

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

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

  
Vicky Szulist

Senior Statutory Auditor  
For and on behalf of  
Crowe Clark Whitehill LLP  
Statutory Auditor  
Arkwright House  
Parsonage Gardens  
Manchester  
M3 2HP

*5th December 2011*

**MANCHESTER COMMUNICATION ACADEMY**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(including Income and Expenditure Account and Statement of Total  
Recognised Gains and Losses)  
**FOR THE YEAR ENDED 31 AUGUST 2011**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2011 £000	Total 2010 £000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary income	3	-	-	2	2	-
Activities for generating funds	4	50	-	-	50	-
<i>Incoming resources from charitable activities</i>						
Funding for the Academy's educational operations	5	13	3,644	28,886	32,543	476
Other Incoming resources	6	-	11	-	11	89
<b>Total incoming resources</b>		<b>63</b>	<b>3,655</b>	<b>28,888</b>	<b>32,606</b>	<b>565</b>
<b>Resources expended</b>						
<i>Charitable activities</i>						
Academy's educational operations	8	13	2,811	1,137	3,961	485
Governance costs	9	-	14	-	14	3
<b>Total resources expended</b>	7	<b>13</b>	<b>2,825</b>	<b>1,137</b>	<b>3,975</b>	<b>488</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>50</b>	<b>830</b>	<b>27,751</b>	<b>28,631</b>	<b>77</b>
Gross transfers between funds	16	-	(341)	341	-	-
<b>Net income/(expenditure) for the year</b>		<b>50</b>	<b>489</b>	<b>28,092</b>	<b>28,631</b>	<b>77</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses) gains on defined benefit pension schemes	16,25	-	3	-	3	-
<b>Net movement in funds</b>		<b>50</b>	<b>492</b>	<b>28,092</b>	<b>28,634</b>	<b>77</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2010		2	75	-	77	-
<b>Funds carried forward at 31 August 2011</b>	17	<b>52</b>	<b>567</b>	<b>28,092</b>	<b>28,711</b>	<b>77</b>

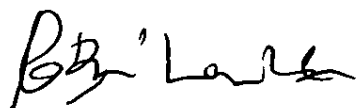
All of the Academy's activities derive from continuing operations during the above two financial periods

# MANCHESTER COMMUNICATION ACADEMY

## BALANCE SHEET Company Number 06754335 FOR THE YEAR ENDED 31 AUGUST 2011

	Notes	2011 £000	2011 £000	2010 £000	2010 £000
<b>Fixed assets</b>					
Tangible assets	13		28,092		-
<b>Current assets</b>					
Debtors	14	383		152	
Cash at bank and in hand		449		236	
		<u>832</u>		<u>388</u>	
<b>Creditors</b> : Amounts falling due within one year	15	(211)		(312)	
<b>Net current assets</b>			<u>621</u>		<u>77</u>
Total assets less current liabilities			28,713		77
<b>Net assets excluding pension liability</b>			28,713		77
Pension scheme liability	25		(2)		-
<b>Net assets including pension liability</b>			<u>28,711</u>		<u>77</u>
<b>Funds of the academy</b>					
<b>Restricted funds</b>					
Fixed asset funds	17		28,092		-
General funds	17		569		75
Pension Reserve	17		(2)		-
<b>Total restricted funds</b>			<u>28,659</u>		<u></u>
<b>Unrestricted funds</b>					
General fund	17		52		2
<b>Total unrestricted funds</b>			<u>52</u>		<u>2</u>
<b>Total funds</b>			<u>28,711</u>		<u>77</u>

The financial statements on pages 13 to 36 were approved by the Governors, and authorised for issue on 28 November 2011 and are signed on their behalf by



**Robin Lawler**  
Lead Governor - Finance

**MANCHESTER COMMUNICATION ACADEMY**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2011**

	Notes	2011 £000	2010 £000
<b>Net cash inflow from operating activities</b>	20	<b>731</b>	<b>237</b>
Capital expenditure	21	(519)	-
<b>(Decrease)/Increase in cash in the year</b>		<b>212</b>	<b>237</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2010		237	-
<b>Net funds at 31 August 2011</b>		<b>449</b>	<b>237</b>

## **MANCHESTER COMMUNICATION ACADEMY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011**

#### **1 STATEMENT OF ACCOUNTING POLICIES**

##### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the YPLA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

##### **Going Concern**

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements. Funding levels are primarily driven by pupil numbers, and the continued over-subscription of places at the Academy indicates that the Governors' assessment is reasonable.

##### **Incoming Resources**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

##### **Grants receivable**

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.

##### **Donations**

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

##### **Other income**

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

##### **Resources Expended**

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

##### **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.



## MANCHESTER COMMUNICATION ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

#### 1 STATEMENT OF ACCOUNTING POLICIES (continued)

##### **Charitable activities**

These are costs incurred on the Academy Trust's educational operations

##### **Governance Costs**

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses. All resources expended are inclusive of irrecoverable VAT.

##### **Tangible Fixed Assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows. Depreciation is charged annually, and newly acquired fixed assets are charged for a full year's depreciation in the year of their purchase.

Long leasehold buildings	50 years
Short-term additions to leasehold buildings	8 years
Fixtures, fittings and equipment	4 years
ICT equipment	3 years

##### **Leased Assets**

Rentals under operating leases are charged on a straight-line basis over the lease term.

##### **Taxation**

The Academy 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 Academy 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.

##### **VAT Accounting**

The Finance Act 2011 put in place a special scheme whereby Academies are able to reclaim input VAT on their non-business activities directly from HMRC and VAT grant will no longer be payable by the YPLA. This change took effect on 1<sup>st</sup> April 2011. Manchester Communication Academy has accounted for its expenditure during the year to 31<sup>st</sup> August 2011 gross of VAT and has set up a debtor at 31<sup>st</sup> August 2011 to recover the input VAT for the 5 months to 31<sup>st</sup> August 2011 on its non-business activities from HMRC. Expenditure will be accounted for net of input VAT in the year to 31<sup>st</sup> August 2012.

##### **Recognition of Liabilities**

Liabilities are recognised once there is a legal or constructive obligation that commits the Academy to the obligation.

## **MANCHESTER COMMUNICATION ACADEMY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011**

#### **1 STATEMENT OF ACCOUNTING POLICIES (continued)**

##### **Pensions Benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

##### **Fund Accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Young People's Learning Agency, Department for Education, sponsor, or other funders, where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Young People's Learning Agency & Department for Education.

**MANCHESTER COMMUNICATION ACADEMY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2011**

**2 GENERAL ANNUAL GRANT (GAG)**

**a Results and Carry Forward for the Year**

	2011	2010
	£000	£000
GAG brought forward from previous year	-	-
GAG allocation for current year	2,118	-
<b>Total GAG available to spend</b>	<b>2,118</b>	-
Recurrent expenditure from GAG	(1,728)	-
Fixed assets purchased from GAG	(341)	-
Other restricted GAG funds	49	-
<b>GAG carried forward to next year</b>	<b>49</b>	-
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(254)	-
<b>GAG to surrender to DfE</b>	-	-
(12% rule breached if result is positive)	(205)	-
	No breach	No breach

**b. Use of GAG brought forward from previous year for recurrent purposes**

(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)

Recurrent expenditure from GAG in current year	1,728	-
GAG allocation for current year	(2,118)	-
GAG allocation for previous year x 2%	-	-
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b>	<b>(390)</b>	-
(2% rule breached if result is positive)	No breach	No breach

**MANCHESTER COMMUNICATION ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2011**

**3 VOLUNTARY INCOME**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2011 £000</b>	<b>Total 2010 £000</b>
Donations - Capital	-	2	2	-
	-	2	2	-

**4 ACTIVITIES FOR GENERATING FUNDS**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2011 £000</b>	<b>Total 2010 £000</b>
Hire of facilities	50	-	50	-
	50	-	50	-

# MANCHESTER COMMUNICATION ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

### 5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000	Total 2010 £000
<b>DfE/YPLA capital grant</b>				
Devolved Formula Capital allocations	-	14	14	-
Academy main building	-	28,710	28,710	-
Other capital grant from LA	-	162	162	-
	-	28,886	28,886	-
<b>DfE / YPLA revenue grants</b>				
General Annual Grant (GAG) (note 2)	-	2,118	2,118	-
Start Up Grants	-	1,145	1,145	-
Lead in and implementation grant	-	-	-	476
School standards fund	-	35	35	-
Other DfE / YPLA grants	-	81	81	-
	-	3,379	3,379	476
<b>Other Government grants</b>				
Extended schools programme	-	11	11	-
SEN from LA	-	62	62	-
Aim Higher	-	32	32	-
Pupil Premium	-	40	40	-
	-	146	146	-
<b>Other Income</b>				
From HMRC re VAT recovery	-	119	119	-
School Trip Income	13	-	13	-
	13	119	132	-
	13	32,530	32,543	476

# **MANCHESTER COMMUNICATION ACADEMY**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011**

### **6 OTHER INCOMING RESOURCES**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2011 £000</b>	<b>Total 2010 £000</b>
Project income	-	11	11	89
	<u>-</u>	<u>11</u>	<u>11</u>	<u>89</u>

### **7 RESOURCES EXPENDED**

	<b>Staff Costs £000</b>	<b>Non Pay Expenditure Premises £000</b>	<b>Other Costs £000</b>	<b>Total 2011 £000</b>	<b>Total 2010 £000</b>
Academy's educational operations					
Direct costs	1,307	910	643	2,860	485
Allocated support costs	362	596	143	1,101	-
	<u>1,669</u>	<u>1,506</u>	<u>786</u>	<u>3,961</u>	<u>485</u>
Governance costs including allocated support costs	-	-	14	14	3
	<u>1,669</u>	<u>1,506</u>	<u>801</u>	<u>3,975</u>	<u>488</u>

### **Net Incoming/outgoing resources for the year include:**

	<b>2011 £0</b>	<b>2010 £0</b>
Fees payable to auditor		
Audit	9	3
Other services	3	-
Operating lease rentals	<u>17</u>	<u>-</u>

# MANCHESTER COMMUNICATION ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

### 8. CHARITABLE ACTIVITIES – ACADEMY'S EDUCATION OPERATIONS

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000	Total 2010 £000
<b>Direct costs</b>				
Teaching and educational support staff costs	13	1,294	1,307	366
Depreciation	-	910	910	-
Educational supplies	-	322	322	-
Examination fees	-	6	6	-
Staff development	-	24	24	-
Educational consultancy	-	28	28	-
Other direct costs	-	263	263	119
	<u>13</u>	<u>2,847</u>	<u>2,860</u>	<u>485</u>
<b>Allocated support costs</b>				
Support staff costs	-	362	362	-
Depreciation	-	227	227	-
Recruitment and support	-	22	22	-
Maintenance of premises and equipment	-	23	23	-
Electricity, gas & water	-	84	84	-
Cleaning	-	97	97	-
Rent & rates	-	42	42	-
Insurance	-	32	32	-
Security and transport	-	79	79	-
Utility & Site Costs	-	12	12	-
Marketing & promotion	-	6	6	-
Telephone, postage & stationery	-	26	26	-
Other support costs	-	89	89	-
	<u>-</u>	<u>1,101</u>	<u>1,101</u>	<u>-</u>
	<u>13</u>	<u>3,948</u>	<u>3,961</u>	<u>485</u>

# MANCHESTER COMMUNICATION ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

### 9 GOVERNANCE COSTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2011 £000	Total 2010 £000
Legal and professional fees	-	2	2	-
Auditor's remuneration		12	12	3
	-	14	14	3

### 10 STAFF COSTS

Staff costs during the period were	2011 £000	2010 £000
Wages and salaries	1,390	295
Social security costs	108	30
Other pension costs	171	41
	<u>1,669</u>	<u>366</u>

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

	2011 No	2010 No.
<b>Charitable Activities</b>		
Teachers	21	6
Management	5	-
Teaching Support	15	
Administration & support	11	-
	<u>52</u>	<u>6</u>

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

	2011 No	2010 No
£60,001 - £70,000	2	2
£100,001 - £110,000	<u>1</u>	<u>1</u>

Three of the above employees participated in the Teachers' Pension Scheme (2010 3) During the year ended 31 August 2011 pension contributions for these staff amounted to £31,812 (2010 £30,969)



# MANCHESTER COMMUNICATION ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

### 11. GOVERNORS REMUNERATION AND EXPENSES

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of the Principal's remuneration was in the £100,001 - £110,000 band in 2011 (2010 - £100,001 - £110,000). The value of staff governor's remuneration was in the £30-40,000 band (2010 - N/A).

Expenses reimbursed to governors during the year totalled £nil (2010 - £nil).

Related party transactions involving the trustees are set out in note 26.

### 12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2.5m on any one claim and the cost for the year ended 31 August 2011 was £980.

### 13. TANGIBLE FIXED ASSETS

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
<b>Cost</b>				
At 1 September 2010	-	-	-	-
Transfers from BSF	27,129	725	856	28,710
Additions	9	455	55	519
Disposals	-	-	-	-
At 31 August 2011	27,138	1,180	911	29,229
<b>Depreciation</b>				
At 1 September 2010	-	-	-	-
Charged in year	543	294	300	1,137
Disposals	-	-	-	-
At 31 August 2011	543	294	300	1,137
<b>Net book values</b>				
At 31 August 2011	26,595	886	611	28,092
At 31 August 2010	-	-	-	-

The Academy opened on the 6th September 2010. Opening valuations are as at that date. The Academy had no Fixed Assets at 31/8/10. The lease for the Academy's buildings is to be for 125 years, final agreement on the lease between MCC and the Academy was being finalised at time of audit.

**MANCHESTER COMMUNICATION ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2011**

**14. DEBTORS**

	<b>2011 £000</b>	<b>2010 £000</b>
Trade Debtors	186	-
Prepayments and Accrued Income	25	-
YPLA	42	152
Sundry debtors	130	-
	<u>383</u>	<u>152</u>

**15. CREDITORS. amounts falling due within one year**

	<b>2011 £000</b>	<b>2010 £000</b>
Trade creditors	25	-
Other creditors	66	308
Accruals and deferred income	120	4
	<u>211</u>	<u>312</u>

**Deferred income**

Deferred Income at 1 September 2010	-	-
Resources deferred in the year	40	-
Deferred Income at 31 August 2011	<u>40</u>	<u>-</u>

Deferred income at 31 August 2011 includes £40,000 grant from the Local Authority received before the year end which relates to the next year

# MANCHESTER COMMUNICATION ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

### 16 FUNDS

	Balance at 1 September 2010	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2011
	£000	£000	£000	£000	£000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	2,118	(1,728)	(341)	49
Start Up Grant	-	1,145	(625)	-	520
Implementation grant	13	-	(13)	-	-
Other DfE/YPLA grants	-	81	(81)	-	-
School Standards Fund	-	35	(35)	-	-
SEN from LA	-	62	(62)	-	-
Pupil Premium grant	-	32	(32)	-	-
Other government grants	-	51	(51)	-	-
Pension Reserve	-	-	(5)	3	(2)
Other restricted	62	11	(73)	-	-
HMRC VAT income	-	119	(119)	-	-
	<u>75</u>	<u>3,654</u>	<u>(2,824)</u>	<u>(338)</u>	<u>567</u>
<b>Restricted fixed asset funds</b>					
DfE/YPLA capital grants	-	28,710	(1,006)	-	27,704
Devolved Capital Grant	-	14	(3)	-	11
Local Authority Capital Grant	-	162	(41)	-	121
Guinness Northern Counties Housing Trust donation	-	2	(1)	-	1
Capital expenditure from GAG	-	-	(86)	341	255
	<u>-</u>	<u>28,888</u>	<u>(1,137)</u>	<u>341</u>	<u>28,092</u>
<b>Total restricted funds</b>	<u>75</u>	<u>32,542</u>	<u>(3,961)</u>	<u>3</u>	<u>28,659</u>
<b>Unrestricted funds</b>					
Unrestricted funds	2	63	(13)	-	52
<b>Total unrestricted funds</b>	<u>2</u>	<u>63</u>	<u>(13)</u>	<u>-</u>	<u>52</u>
<b>Total funds</b>	<u>77</u>	<u>32,605</u>	<u>(3,974)</u>	<u>3</u>	<u>28,711</u>

During the year £341,000 was transferred from the General Annual Grant (GAG) fund to the Capital Expenditure from GAG fund in order to facilitate the purchase of fixed assets for use within the Academy

**MANCHESTER COMMUNICATION ACADEMY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2011**

**16. FUNDS (continued)**

Restricted General Funds are used specifically to provide educational resources for the pupils of the Academy

Restricted Fixed Assets funds provide for the installation, maintenance and repair of the fixed assets of the Academy

Unrestricted Funds are those other resources which may be used to further the objectives of the Academy

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2011 are represented by

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	28,092	28,092
Current assets	56	776	-	832
Current liabilities	(4)	(207)	-	(211)
Pension scheme liability	-	(2)	-	(2)
<b>Total net assets</b>	<u>52</u>	<u>567</u>	<u>28,092</u>	<u>28,711</u>

**18 CAPITAL COMMITMENTS**

	2011 £000	2010 £000
Contracted for, but not provided in the financial statements	<u>30</u>	<u>-</u>

**19. FINANCIAL COMMITMENTS**

***Operating leases***

At 31 August 2011 the Academy had annual commitments under non-cancellable operating leases as follows

	2011 £000	2010 £000
<u>Land and buildings</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	<u>-</u>	<u>-</u>
<u>Other</u>		
Expiring within one year	-	-
Expiring within two and five years inclusive	11	-
Expiring in over five years	<u>-</u>	<u>-</u>

# MANCHESTER COMMUNICATION ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

### 20. RECONCILIATION OF OPERATING (DEFICIT)/SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £000	2010 £000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	28,631	77
Depreciation (note 13)	1,137	-
FRS 17 pension cost less contributions payable (note 26)	(55)	-
FRS 17 pension finance income (note 26)	58	-
Capital grants from DfE and other capital income	(28,710)	-
(Increase)/decrease in debtors	(231)	-
Increase/(decrease) in creditors	(99)	-
<b>Net cash inflow from operating activities</b>	<b>731</b>	<b>77</b>

### 21. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Purchase of tangible fixed assets	(519)	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(519)</b>	<b>-</b>

### 22. ANALYSIS OF CHANGE IN NET FUNDS

	At 1 September 2010 £000	Cash flows £000	At 31 August 2011 £000
Cash in hand and at bank	237	212	449
	<u>237</u>	<u>212</u>	<u>449</u>

### 23. CONTINGENT LIABILITIES

There are no contingent liabilities of which the Governors or staff are aware as at 31 August 2011, which need to be reflected in the accounts

### 24. 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

## **MANCHESTER COMMUNICATION ACADEMY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011**

#### **25. PENSION AND OTHER OBLIGATIONS**

The Academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Greater Manchester Pension Fund (GMPF) Both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

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

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

The TPS is an unfunded defined benefit scheme Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972 A notional asset value is ascribed to the scheme for the purpose of determining contribution rates

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions For the period from 1 September 2010 to 31 August 2011, the employer contribution was 14.1% The employee rate was 6.4% for the same period

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme The Academy is unable to identify its share of the underlying assets and liabilities of the scheme

Accordingly, the academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contributions scheme The academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates

# MANCHESTER COMMUNICATION ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

### 25. PENSION AND OTHER OBLIGATIONS (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2011 was £77,000, of which employer's contributions totalled £53,000 and employees' contributions totalled £24,000. As this is the first operational year of the Academy the whole of the liability has been brought into the accounts at the year end 31 August 2011. The agreed contribution rates for future years are 14.6 per cent for employers, and between 5.5% and 7.5%, depending on pay, for employees.

#### Principal Actuarial Assumptions

	At 31 August 2011
Rate of increase in salaries	4.40%
Rate of increase for pensions in payment / inflation	2.60%
Discount rate for scheme liabilities	5.40%
Inflation assumption (CPI)	6.00%

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

	At 31 August 2011
<i>Retiring today</i>	
Males	20.1
Females	22.9
<i>Retiring in 20 years</i>	
Males	22.5
Females	25.0

# MANCHESTER COMMUNICATION ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

### 25 PENSION AND OTHER OBLIGATIONS (continued)

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2011	Fair value at 31 August 2011 £000	Expected return at 31 August 2011	Fair value at 31 August 2011 £000
Equities	6.80%	72	7.30%	19
Bonds	4.60%	22	4.80%	6
Property	4.80%	7	5.30%	2
Cash	3.90%	9	4.40%	2
<b>Total market value of assets</b>		<b>110</b>		<b>29</b>
Present value of scheme liabilities				
- Funded		(112)		(37)
<b>Surplus/(deficit) in the scheme</b>		<b>(2)</b>		<b>(8)</b>

The actual return on the scheme assets for period 30 June 2010 to 30 June 2011 was 16.9%. The estimated return on the scheme assets for period 1 August 2010 to 31 August 2011 is 6.7%.

### Amounts recognised in the statement of financial activities

	2011 £000
Current service cost (net of employee contributions)	51
Total operating charge	<b>51</b>
<b>Analysis of pension finance income / (costs)</b>	
Expected return on pension scheme assets	(5)
Interest on pension liabilities	4
<b>Pension finance income / (costs)</b>	<b>(1)</b>



# **MANCHESTER COMMUNICATION ACADEMY**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011**

### **25. PENSION AND OTHER OBLIGATIONS (continued)**

#### **Local Government Pension Scheme (Continued)**

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £3,000 gain (2010 £ Nil)

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

	<b>2011 £000</b>
<b>At 1 September 2010</b>	<b>37</b>
Current service cost	<b>51</b>
Interest cost	<b>4</b>
Employee contributions	<b>24</b>
Actuarial (gain)/loss	<b>(4)</b>
<b>At 31 August 2011</b>	<b>112</b>

#### **Movements in the fair value of academy's share of scheme assets:**

	<b>2011 £000</b>
<b>At 1 September</b>	<b>29</b>
Expected return on assets	<b>5</b>
Actuarial gain/(loss)	<b>(1)</b>
Employer contributions	<b>53</b>
Employee contributions	<b>24</b>
<b>At 31 August</b>	<b>110</b>

The estimated value of employer contributions for the year ended 31 August 2012 is £57,000

# **MANCHESTER COMMUNICATION ACADEMY**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011**

### **25 PENSION AND OTHER OBLIGATIONS (continued)**

The five-year history of experience adjustments is as follows

	<b>2011 £000</b>
Defined benefit obligation at end of year	<b>(112)</b>
Fair value of plan assets at end of year	<b>110</b>
Deficit	<b>(2)</b>
<b>Experience adjustments on share of scheme assets</b>	
Amount £'000*	<b>(1)</b>
<b>Experience adjustments on scheme liabilities.</b>	
Amount £'000*	<b>-</b>

### **26 RELATED PARTY TRANSACTIONS**

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

Manchester City Council provided £40,000 of sponsorship to the academy in 2010/11. There were no other transactions with MCC outside its role as the Local Authority to the Academy.

British Telecom provided £10,000 of funding in support of the Urban Crew programme. All other expenditure with BT relates to the provision of telephony services to the Academy and was conducted at arm's length.

# MANCHESTER COMMUNICATION ACADEMY

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2011

	Notes	2011 £000	2010 £000
<b>Income</b>			
DfE/YPLA General Annual Grant (GAG)	5	2,118	-
DfE/YPLA Start Up Grant	5	1,145	-
DfE/YPLA capital grants	5	28,886	-
Other DfE / YPLA grants	5	116	476
Other Government grants	5	146	-
Voluntary income	3	2	-
Activities for generating funds	4	50	-
Other income	5	132	-
Project income	6	11	88
<b>Total income</b>		<b>32,606</b>	<b>564</b>
<b>Expenditure</b>			
Staff costs	7	1,669	366
Non pay expenditure	7		
- Premises	7	369	-
- Recruitment & Marketing		-	92
- Legal		-	1
- Audit (Governance)		14	3
- Other	7	786	25
Fixed Asset expenditure			
- Depreciation	13	1,137	-
<b>Total expenditure</b>		<b>3,975</b>	<b>487</b>
<b>Net Income / (Expenditure) for the year</b>		<b>28,631</b>	<b>77</b>

The income and expenditure account is derived from the statement of financial activities on page 13 which, together with the notes to the financial statements on pages 16-34 provides full information on the movements during the year on all the funds of the Academy Trust

All of the academy's activities derived from continuing operations during the above two financial periods

**MANCHESTER COMMUNICATION ACADEMY**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 AUGUST 2011**

	Notes	2011 £000	2010 £000
Excess of income over expenditure for the year		28,598	77
Actuarial (losses) gains on defined benefit pension schemes	25	3	-
<b>Total recognised gains and losses for the year</b>		<b>28,601</b>	<b>77</b>
<b>Net movement to (from) funds</b>			
Restricted funds		28,584	75
Unrestricted fund		50	2
		<b>28,634</b>	<b>77</b>