

Registration number: 07893811

# Creative Industries UTC

(A company limited by guarantee)

Annual Report and Financial Statements

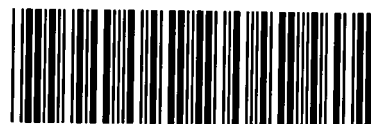
for the Year Ended 31 August 2016



**HALLIDAYS**  
MORE THAN JUST ACCOUNTANTS

Hallidays  
Chartered Accountants  
Riverside House  
Kings Reach Business Park  
Stockport  
SK4 2HD

SATURDAY



A18 25/03/2017 #205  
COMPANIES HOUSE

# **Creative Industries UTC**

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## **Creative Industries UTC**

### **Reference and Administrative Details**

<b>Members</b>	Sir Rodney Aldridge Julia Fawcett Honor Wilson-Fletcher (resigned 31 January 2016) Rebecca Martin (appointed 1 February 2016) Geoffrey Muirhead
<b>Trustees (Directors)</b>	Julia Fawcett Honor Wilson-Fletcher (resigned 31 January 2016) Geoff Muirhead Professor Helen Marshall Ian Bent Jon Corner Graham Cowley Phillip Duffy Iris Lanny (resigned 25 April 2016) Kevin Massey Collete McKune (resigned 31 October 2016) Kevin Price Elizabeth Vega
<b>Principal</b>	Sharon Gardner
<b>Senior Management Team</b>	Sharon Gardner, Principal - Appointed 01/06/2016 Anne Casey, Principal - Cessation 31/05/2016 Sharon Gardner, Deputy principal - Cessation 31/05/2016 Andrew Clarke, Deputy principal Jane Wood-Greaves, Deputy principal - Appointed 01/09/2016 Elaine Turner, Business Manager
<b>Principal and Registered Office</b>	100 - 102 Broadway Salford M50 2UW
<b>Company Registration Number</b>	07893811
<b>Auditors</b>	Hallidays Chartered Accountants Riverside House Kings Reach Business Park Stockport SK4 2HD

## **Creative Industries UTC**

### **Reference and Administrative Details (continued)**

<b>Bankers</b>	Lloyds bank 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	Anthony Collins 134 Edmund Street Birmingham B3 2ES

## **Creative Industries UTC**

### **Trustees' Report for the Year Ended 31 August 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 14 to 18 serving a catchment area in Greater Manchester. It has a pupil capacity of 720 and had a roll of 226 in the school census in January 2016.

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

##### ***Constitution***

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The directors act as the trustees for the charitable activities of Creative Industries UTC and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Creative Industries UTC.

Details of the directors/trustees who served throughout the year, except as noted, 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 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.

##### ***Trustees' indemnities***

Professional Indemnity Insurance is in place to protect directors/trustees, and officers from claims arising from negligent acts, errors or omissions occurring on trust business.

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

The directors/trustees are recruited by invitation, dependent on their expertise, experience and skills. The directors/trustees may appoint other directors/trustees as referenced in the Articles of Association and are appointed for a term of 4 years.

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

New directors/trustees are inducted into the workings of the academy, including policies and procedures, together with an appropriate training schedule depending upon their existing area of expertise.

## **Creative Industries UTC**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### ***Organisational structure***

The directors/trustees are responsible for: setting general policy, adopting an annual plan and budget, monitoring the trust by the use of financial management information, making strategic decisions about the direction of the trust and capital expenditure, making senior appointments, and approving the Annual Report and Statements.

The Principal is the accounting officer. The day to day management of the trust is delegated to her and the Senior Leadership Team. The Senior Leadership Team (SLT) consists of the Principal, Vice Principal and the Business Manager. These managers control the trust at an executive level implementing the policies laid down by the directors/trustees and reporting back to them. As a group the SLT is responsible for the authorisation of spending within agreed budgets and the appointment of staff - though appointment boards for posts in the Senior Leadership Team always contain a director/trustee. Some spending control is devolved to members of the management team within agreed limits within the scheme of delegation.

The directors/trustees meet at least each term with the first meeting in each academic year being the annual general meeting. Sub committees meet on at least a termly basis and report to the full governing body which ratifies their decisions. The full governing body then report to the Board of Trustees/Business Committee.

Roles and responsibilities of directors/trustees, and senior managers are clearly defined in the trust scheme of delegation.

#### ***Arrangements for setting pay and remuneration of key management personnel***

The Business Committee & Performance Review Committee in conjunction with the Education Committee will determine the pay ranges for those on the leadership scale when new appointments are proposed or when there is a significant change in the responsibilities of the serving members of the leadership group. With the exception of the Principal all members of the Senior Leadership Team will be paid on a consecutive five point leadership scale as determined by the Committees. Creative Industries UTC has a performance management system with annual target setting and appraisal which links to performance related pay increases. Teachers are paid broadly on the Teachers Pay scales and Support staff on the Local Authority pay scales for support staff although spot salaries are sometimes awarded. Creative Industries UTC is part of the Teachers' Pension Scheme and the Greater Manchester Pension Fund which is part of the Local Government Pension Scheme.

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

The Rodney Aldridge Charitable Trust ('Aldridge Foundation') provided technical and project management support on the construction of the new building and financial management on the project, it offers governance, education and policy support on an ongoing basis.

The University of Salford are supporting the technical content of the curriculum with input from specialists in media and digital production providing progression opportunities for students, and provide further support through their knowledge as a major stakeholder and employer in the area.

The Lowry is sharing their strong expertise on community engagement and their knowledge as a cornerstone organisation, key stakeholder and employer in the area.

## **Creative Industries UTC**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### **Objectives and activities**

##### ***Objects and aims***

The main objectives of the Trust during the year ending 31 August 2016 are summarised below:

- To provide young people with a broad and balanced academic curriculum whilst offering a specialism which equips students to work in the digital sector.
- To prepare students for the work environment by developing their entrepreneurial skills through building live briefs with employer partners.
- To work with the University of Salford and industry partners so that students are aspirational and progression routes are clear to them.

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

The Trust's main strategy is to create unique opportunities for students to gain qualifications and experiences that will lead to jobs in technical and digital skills.

The Trust's approach to the strategy includes:

- We will develop mature, confident students who progress successfully.
- We employ staff who are passionate and knowledgeable about the creative and digital industry.
- We work actively with parents and students to plan each individual student's success
- We will work collaboratively with business and industry to ensure that students experience a real world context relevant to their learning.

##### ***Public benefit***

The trust's purpose is to advance, for public benefit, education as described in principal activities above. The directors/trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their duties.

## **Creative Industries UTC**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### **Strategic Report**

##### **Achievements and performance**

The 2016 public examination results at Creative Industries UTC for Maths and English resits reflect the efforts of students and staff as both results were above the national average for resits with English being considerably above. As this was our first year of opening we did not have any other public examinations.

##### ***Key non-financial performance indicators***

- 66% of students gained A\*-C GCSE grade in English
- 33% of students gained A\*-C GCSE grade in Maths

We are one of the most successful UTCs for the recruitment of students.

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

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

##### **Financial review**

Most of the trust income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA in the year ending 31 August 2016 and associated expenditure are shown as restricted funds in the Statement of Financial Activities. The Trust also received other grants from the EFA and other organisations. In accordance with the Charities Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the restricted general fund and fixed asset fund. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

During the year ending 31 August 2016, total restricted expenditure of £1,616,572 (which excludes depreciation and impairment charges of £1,784,395 and FRS102 service cost and interest of £4,000) was more than covered by recurrent grant income from the EFA together with other incoming resources which totaled £2,062,730. This is in line with the trust's strategy to build and maintain adequate reserves to fund an ambitious plan of future improvements and development of the organisation and its infrastructure.

Unrestricted income in the year ending 31 August 2016 amounted to £22,138 of which £21,492 was spent during the year.

At 31 August 2016 the net book value of fixed assets amounted to £12,314,924. Movements in fixed assets are shown in note 11 to the financial statements. The cost of fixed asset additions in the year ended 31 August 2016 amounted to £380,557.



## **Creative Industries UTC**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### **Strategic Report**

##### ***Reserves policy***

The directors/trustees review the level of reserves on an annual basis. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Trust's current level of free reserves (total reserves less the amounts held in the fixed asset reserve and restricted fund reserve) is £646.

It is the directors/trustees intention to adopt a prudent approach to reserves and aim to build a reserve of designated funds to safeguard against unforeseen circumstances, capital improvements or developments, late EFA payments, emergencies and other catastrophes. This is sound commercial practice designed to safeguard the quality of education received within the trust.

In addition the net liability due to the trust's participation in the Local Government Pension Scheme (LGPS) amounts to £22,000. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding LGPS liabilities would be met by the Department for Education. This guarantee provides comfort to the directors/trustees in the unlikely event of academy closure.

##### ***Investment policy***

The trustees/directors investment powers are governed by the Memorandum and Articles of Association. There are currently no funds available for long term investment and any surplus funds which are retained remain in the Trust's current account, which attracts a small amount of interest.

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

The principal risks and uncertainties facing Creative Industries UTC are:

- Financial – The Creative Industries UTC relies on government funding through the EFA which is dependant upon projected numbers based on the UTCs best estimate. As all of our incoming resources (apart from a £32,117 donation) was Government funded, there is no assurance that Government policy or funding practice will remain the same which provides a level of risk. As our funding continues to be based on a best estimate of student numbers there is a risk that we may be underfunded in subsequent years. All finance staff receive training to keep them up to date with financial procedures and practices.
- Reputational – Nationally, the UTC movement is new and still evolving therefore there is uncertainty especially whilst a minority of UTCs have had to close or delay opening. To mitigate this risk the trustees/directors are supported by the Baker Dearing Trust and continue to closely monitor and review the progress of Creative Industries UTC.
- Staffing – The ongoing success of Creative Industries UTC depends upon the recruitment and retention of high quality staff. The trustees/directors monitor and review policies and procedure to ensure continued development of staff.
- Safeguarding and child protection – The trustees/directors have ensured best practice in the recruitment and monitoring of staff, application of child protection policies and procedures, health and safety and behaviour policies.
- Governance and Management – There is a risk that the trustees/directors fail to effectively monitor the management of Creative Industries UTCs finances. This is mitigated by regular Business Committee meetings and the appointment of Internal Auditors. A further risk is the failure to comply with regulations and legislation. The trustees/directors continue to review and ensure that appropriate measures are in place to mitigate these risks.

## **Creative Industries UTC**

### **Trustees' Report for the Year Ended 31 August 2016 (continued)**

#### **Strategic Report**

##### ***Plans for future periods***

The future plans for Creative Industries UTC is to ensure a steady transition from two year groups to four year groups. The UTC has seen a rapid increase in student and staff numbers and should focus on ensuring successful outcomes for students in their first public exam results.

The planning for Creative Industries UTC for the 2016/17 academic year can be found in the UTC development plan which focuses on the following priorities:

- Leadership and Management
- Outcomes for students
- Quality of Teaching and Learning
- Personal development, behaviour and wellbeing

## Creative Industries UTC

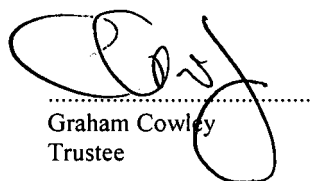
### Trustees' Report for the Year Ended 31 August 2016 (continued)

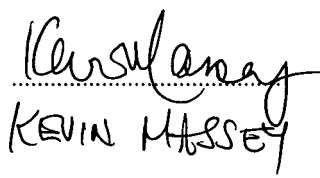
#### Auditor

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Board of Trustees/Business Committee on 23/3/17 and signed on its behalf by:

  
.....  
Graham Cowley  
Trustee

  
.....  
KEVIN MASSEY

## **Creative Industries UTC**

### **Governance Statement**

#### **Scope of responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Creative Industries UTC 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 Business Committee has delegated the day-to-day responsibility to Anne Casey, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Creative Industries UTC and the Secretary of State for Education. They are also responsible for reporting to the Business Committee 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 Statement of Trustees' Responsibilities. The Business Committee has formally met 5 times during the year. Attendance during the year at meetings of the Business Committee was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Geoff Muirhead	5	5
Ian Bent	5	5
Graham Cowley	4	5
Kevin Massey	4	5
Julia Fawcett	2	5
Jon Corner	4	5
Iris Lanny	1	3
Professor Helen Marshall	1	5
Collete McKune	2	5
Elizabeth Vega	2	5
Stephen Wild	4	5
Honor Wilson-Fletcher	2	2
Phillip Duffy	2	5
Kevin Price	1	5
Nicola Wall	1	1

## **Creative Industries UTC**

### **Governance Statement (continued)**

#### **Governance reviews**

Two Directors resigned throughout the year ending 31st August 2016 and one Director was appointed via a nomination and voting procedure to become a parent governor.

The Governing Body of Creative Industries UTC is entirely focussed on supporting and challenging the Principal and staff to ensure that students receive the best possible teaching and support in order to enter the world of work fully equipped to succeed.

The focus of the Governing Body in achieving this goal is as follows:

#### **Student Progress**

- Each student is to be treated as an individual
- Every student to be given the opportunity to experience external business environments
- Every student to achieve their full academic potential.

The Governing Body also look to monitor progress against the following criteria:

- Staff appraisal
- Internal and external examination results
- DfE monitoring visits / Ofsted
- Teaching standards
- Student Safety

The Governing Body also ensures that all staff and the directors/trustees are fully trained in courses relevant to college governance and that a monitoring programme is in place to make certain that the knowledge is up to date.

The Governing Body also ensures that the college is operating in a sound and sustainable financial basis.

External reviews of Governance have been done as part of the Department for Education monitoring visits during our first year of operation as a college.

The Governing Body is currently recruiting a new parent governor from the new intake of students and one or two more directors with an educational focus.

The Governing Body will carry out its next review at the Governing Body meeting in the Summer term 2017.

The Business Committee is a sub-committee of the Full Governing Body. Its purpose is to Support the Board in its responsibilities for issues relating to managing the UTC's business, budget, financial resources, audit and human resources matters (excluding the pay of staff). The committee has full authority to deal with and decide any matter specifically delegated to it for the decision and in all other cases shall monitor any business or financial matter or, where specifically requested by the Board of Governors, to enquire and report to the Board Attendance at meetings during the year was as follows:

## Creative Industries UTC

### Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
Graham Cowley	3	4
Stephen Wild	3	4
Jon Corner	2	4
Phillip Duffy	3	4
Geoff Muirhead	2	2
Elizabeth Vega	1	1

#### Review of value for money

As accounting officer the member has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- Minimising the costs of resources used by the college but having regard to quality
- Following the scheme of delegation set out in the Creative Industries Financial Handbook
- Having regard to the Academies Financial Handbook

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Creative Industries UTC for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

#### Capacity to handle risk

The Business Committee 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 Business Committee is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Business Committee.

#### 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 Business Committee;
- regular reviews by the Finance and General Purposes 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;

## Creative Industries UTC

### 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 Business Committee has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Hallidays to carry out a programme of internal checks as Responsible Officer

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the auditor Responsible Officer will report to the Business Committee on the operation of the systems of control and on the discharge of the Business Committee's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

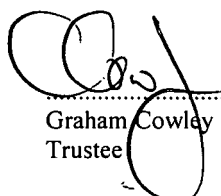
#### Review of effectiveness

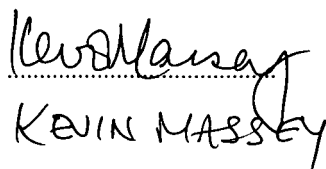
As accounting officer, Anne Casey has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees/Business Committee on 23/3/17 and signed on its behalf by:

  
Graham Cowley  
Trustee

  
KEVIN MASSEY

## **Creative Industries UTC**

### **Statement on Regularity, Propriety and Compliance**

As accounting officer of Creative Industries UTC I have considered my responsibility to notify the Academy Trust Business Committee and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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 2015.

I confirm that I and the Academy Trust Business Committee 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 2015.

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 Business Committee and EFA.



.....  
Sharon Gardner  
Accounting Officer



## Creative Industries UTC

### Statement of Trustees' Responsibilities

The trustees (who are 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 published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

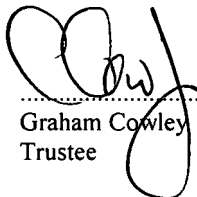
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

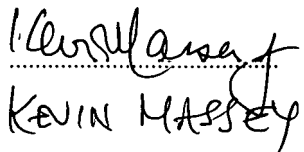
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the Board of Trustees/Business Committee on 23/3/17 and signed on its behalf by:

  
Graham Cowley  
Trustee

  
KEVIN MASSEY

## **Creative Industries UTC**

### **Independent Auditor's Report on the Financial Statements to the Members of Creative Industries UTC**

We have audited the financial statements of Creative Industries UTC for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 15), 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. 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 (APB'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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Basis for qualified opinion on financial statements**

We were unable to obtain sufficient appropriate audit evidence regarding the recoverability of the VAT debtor carried at £1,277,658 on the balance sheet as at 31st August 2016. This VAT debtor relates to historic invoices on the building of the school which dates as far back as 2013. The refund claim was submitted to HMRC after the year end and no confirmation that the refund is to be processed has been received by the date of our audit report. As such we were unable to obtain sufficient appropriate audit evidence about the recoverability of this balance.

#### **Qualified opinion on the financial statements**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2015 to 2016; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Creative Industries UTC**

### **Independent Auditor's Report on the Financial Statements to the Members of Creative Industries UTC (continued)**

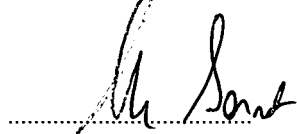
#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

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



Anna Bennett (Senior Statutory Auditor)  
For and on behalf of Hallidays, Statutory Auditor

Riverside House  
Kings Reach Business Park  
Stockport  
SK4 2HD

Date: 24/03/17

## **Creative Industries UTC**

### **Independent Reporting Accountant's Report on Regularity to Creative Industries UTC and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 10 June 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Creative Industries UTC during the period 1 September 2015 to 31 August 2016 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 the Business Committee and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Business Committee and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Business Committee and the EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Creative Industries UTC's funding agreement with the Secretary of State for Education dated 5 November 2013 and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 from 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- We have confirmed that the activities conform to the academy's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy are within the academy's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy and extended the procedures required for financial statements to include regularity.

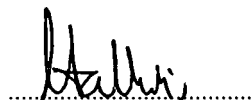
## Creative Industries UTC

### Independent Reporting Accountant's Report on Regularity to Creative Industries UTC and the Education Funding Agency (continued)

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy's delegated authorities and that the internal delegations have been approved by the governing body and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the governing body and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

#### 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 from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hallidays, Chartered Accountants

Riverside House  
Kings Reach Business Park  
Stockport  
SK4 2HD

Date: 24/03/17

## Creative Industries UTC

### Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2016 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	32,117	-	368,363	400,480
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	1,639,955	-	-	1,639,955
Other trading activities	4	21,830	157	-	-	21,987
Investments	5	308	-	-	-	308
Total		<u>22,138</u>	<u>1,672,229</u>	<u>-</u>	<u>368,363</u>	<u>2,062,730</u>
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
Academy trust educational operations	7	<u>21,492</u>	<u>1,616,572</u>	<u>4,000</u>	<u>1,784,395</u>	<u>3,426,459</u>
Total		<u>21,492</u>	<u>1,616,572</u>	<u>4,000</u>	<u>1,784,395</u>	<u>3,426,459</u>
Net income/(expenditure)		646	55,657	(4,000)	(1,416,032)	(1,363,729)
Transfers between funds		-	(12,194)	-	12,194	-
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	21	<u>-</u>	<u>-</u>	<u>(18,000)</u>	<u>-</u>	<u>(18,000)</u>
Net movement in funds/(deficit)		646	43,463	(22,000)	(1,403,838)	(1,381,729)
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2015		<u>-</u>	<u>-</u>	<u>-</u>	<u>13,718,762</u>	<u>13,718,762</u>
Total funds/(deficit) carried forward at 31 August 2016		<u>646</u>	<u>43,463</u>	<u>(22,000)</u>	<u>12,314,924</u>	<u>12,337,033</u>

## Creative Industries UTC

### Statement of Financial Activities for the Year Ended 31 August 2015 (including Income and Expenditure Account)

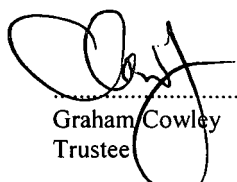
	Note	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
<b>Income and endowments from:</b>				
Donations and capital grants	2	79,152	5,700,158	5,779,310
<i>Charitable activities:</i>				
Funding for the Academy trust's educational operations	3	<u>177,398</u>	<u>-</u>	<u>177,398</u>
Total		256,550	5,700,158	5,956,708
<b>Expenditure on:</b>				
<i>Charitable activities:</i>				
Academy trust educational operations	7	<u>217,205</u>	<u>20,000</u>	<u>237,205</u>
Net income		<u>39,345</u>	<u>5,680,158</u>	<u>5,719,503</u>
Net movement in funds		39,345	5,680,158	5,719,503
<b>Reconciliation of funds</b>				
Total (deficit)/funds brought forward at 1 September 2014		<u>(39,345)</u>	<u>8,038,604</u>	<u>7,999,259</u>
Total funds carried forward at 31 August 2015		<u>-</u>	<u>13,718,762</u>	<u>13,718,762</u>

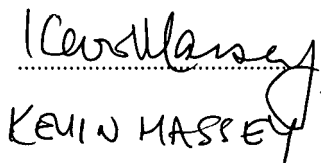
# Creative Industries UTC

(Registration number: 07893811)  
Balance Sheet as at 31 August 2016

	Note	2016 £	(As restated) 2015 £
<b>Fixed assets</b>			
Tangible assets	11	12,314,924	13,718,762
<b>Current assets</b>			
Debtors	12	1,474,102	1,706,508
Cash at bank and in hand		298,822	308,700
		<u>1,772,924</u>	<u>2,015,208</u>
Creditors: Amounts falling due within one year	13	<u>(1,728,815)</u>	<u>(2,015,208)</u>
Net current assets		<u>44,109</u>	<u>-</u>
Total assets less current liabilities		<u>12,359,033</u>	<u>13,718,762</u>
Net assets excluding pension liability		12,359,033	13,718,762
Pension scheme liability	21	<u>(22,000)</u>	<u>-</u>
Net assets including pension liability		<u>12,337,033</u>	<u>13,718,762</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		43,463	-
Restricted fixed asset fund		12,314,924	13,718,762
Restricted pension fund		<u>(22,000)</u>	<u>-</u>
		12,336,387	13,718,762
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>646</u>	<u>-</u>
Total funds		<u>12,337,033</u>	<u>13,718,762</u>

The financial statements on pages 20 to 40 were approved by the Board of Trustees/Business Committee and authorised for issue on 23/3/17 and signed on their behalf by:

  
.....  
Graham Cowley  
Trustee

  
.....  
KEVIN HASSEY



## Creative Industries UTC

### Statement of Cash Flows for the Year Ended 31 August 2016

	Note	2016 £	(As restated) 2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	17	2,008	(591,406)
Cash flows from investing activities	18	<u>(11,886)</u>	<u>-</u>
Change in cash and cash equivalents in the year		(9,878)	(591,406)
Cash and cash equivalents at 1 September		<u>308,700</u>	<u>900,106</u>
Cash and cash equivalents at 31 August	19	<u><u>298,822</u></u>	<u><u>308,700</u></u>

## **Creative Industries UTC**

### **Notes to the Financial Statements for the Year Ended 31 August 2016**

#### **1 Accounting policies**

##### **Statement of accounting policies**

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

##### **Basis of preparation**

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Creative Industries UTC meets the definition of a public benefit entity under FRS 102.

##### **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 company 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 Academy 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.

##### **Income**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

##### **Grants**

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. 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.

## **Creative Industries UTC**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **1 Accounting policies (continued)**

##### ***Sponsorship income***

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

##### ***Donations***

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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 Academy Trust has provided the goods or services.

##### ***Donated goods, facilities and services***

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

##### ***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.

All resources expended are inclusive of irrecoverable VAT.

##### ***Expenditure on raising funds***

This 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.

##### ***Charitable activities***

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

## Creative Industries UTC

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 1 Accounting policies (continued)

##### **Tangible fixed assets**

Assets costing £500 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 over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold land	Straight line over 125 years
Furniture and equipment	Straight line over 4 years
Computer equipment	Straight line over 4 years

##### **Liabilities**

Liabilities 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 Trust 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**

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

##### **Leased assets**

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

## **Creative Industries UTC**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **1 Accounting policies (continued)**

##### **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.

##### **Pension 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. 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 quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, 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.

##### **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 trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by The Education Funding Agency/Department for Education/sponsor/other 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 Education Funding Agency/Department for Education.

##### **Critical accounting estimates and areas of judgement**

Estimates and judgements 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.

# Creative Industries UTC

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31/08/2016. 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.

#### **First time adoption of FRS 102**

These financial statements are the first financial statements of Creative Industries UTC prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Creative Industries UTC for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

There were no adjustments necessary to reconcile to the previous UK GAAP.

### 2 Donations and capital grants

	Restricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Capital grants	-	368,363	368,363	5,700,158
Other donations	32,117	-	32,117	79,152
	<u>32,117</u>	<u>368,363</u>	<u>400,480</u>	<u>5,779,310</u>

## Creative Industries UTC

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 3 Funding for the Academy Trust's educational operations

	Restricted funds £	Total 2016 £	Total 2015 £
<b>DfE/EFA revenue grants</b>			
Start up grant	-	-	177,398
General Annual Grant (GAG)	1,502,284	1,502,284	-
Other DFE grants	53,362	53,362	-
	<u>1,555,646</u>	<u>1,555,646</u>	<u>177,398</u>
<b>Other government grants</b>			
Other government grants	84,309	84,309	-
Total grants	<u>1,639,955</u>	<u>1,639,955</u>	<u>177,398</u>

#### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £
Hire of facilities	4,525	-	4,525
School shop sales	17,305	-	17,305
Other sales	-	157	157
	<u>21,830</u>	<u>157</u>	<u>21,987</u>

#### 5 Investment income

	Unrestricted funds £	Total 2016 £
Short term deposits	<u>308</u>	<u>308</u>

# Creative Industries UTC

## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 6 Expenditure

	Non Pay Expenditure			Total 2016 £	Total 2015 £
	Staff costs £	Premises £	Other costs £		
<b>Academy's educational operations</b>					
Direct costs	935,143	1,388,924	113,008	2,437,075	153,984
Allocated support costs	266,265	562,769	160,350	989,384	83,221
	<u>1,201,408</u>	<u>1,951,693</u>	<u>273,358</u>	<u>3,426,459</u>	<u>237,205</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Depreciation	1,784,395	35,000
Fees payable to auditor - audit	12,600	4,200
- other audit services	<u>2,950</u>	<u>-</u>

### 7 Charitable activities

	Total 2016 £	Total (As restated) 2015 £
Direct costs - educational operations	2,437,075	153,984
Support costs - educational operations	<u>989,384</u>	<u>83,221</u>
	<u>3,426,459</u>	<u>237,205</u>

	Educational operations £	Total 2016 £	Total 2015 £
<b>Analysis of support costs</b>			
Support staff costs	266,265	266,265	12,120
Depreciation	395,471	395,471	-
Technology costs	40,461	40,461	5,814
Premises costs	167,298	167,298	640
Other support costs	103,633	103,633	60,447
Governance costs	<u>16,256</u>	<u>16,256</u>	<u>4,200</u>
Total support costs	<u>989,384</u>	<u>989,384</u>	<u>83,221</u>



## Creative Industries UTC

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 8 Staff

##### Staff costs

	2016 £	2015 £
<b>Staff costs during the year were:</b>		
Wages and salaries	925,412	119,381
Social security costs	73,901	12,933
Operating costs of defined benefit pension schemes	<u>150,481</u>	<u>13,790</u>
	1,149,794	146,104
Supply staff costs	<u>51,614</u>	<u>-</u>
	<u><u>1,201,408</u></u>	<u><u>146,104</u></u>

##### Staff numbers

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

	2016 No	2015 No
<b>Charitable Activities</b>		
Teachers	16	-
Administration and support	10	-
Management	<u>5</u>	<u>1</u>
	<u><u>31</u></u>	<u><u>1</u></u>

##### Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2016 No	2015 No
£60,001 - £70,000	1	-
£70,001 - £80,000	1	-
£110,001 - £120,000	<u>-</u>	<u>1</u>

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £258,240 (2015: £146,104).

## Creative Industries UTC

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 9 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 Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees.

During the year ended 31 August 2016, travel and subsistence expenses totalling £706 (2015 - £Nil) were reimbursed or paid directly to 1 trustees (2015 - 1).

Other related party transactions involving the trustees are set out in note 22.

#### 10 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 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.

#### 11 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Assets under construction £	Total £
<b>Cost</b>					
At 1 September 2015	2,500,000	110,030	799,367	10,344,365	13,753,762
Additions	202,466	13,928	164,163	-	380,557
Transfers	10,344,365	-	-	(10,344,365)	-
At 31 August 2016	13,046,831	123,958	963,530	-	14,134,319
<b>Depreciation</b>					
At 1 September 2015	35,000	-	-	-	35,000
Impairment	1,399,460	-	-	-	1,399,460
Charge for the year	113,698	30,355	240,882	-	384,935
At 31 August 2016	1,548,158	30,355	240,882	-	1,819,395
<b>Net book value</b>					
At 31 August 2016	11,498,673	93,603	722,648	-	12,314,924
At 31 August 2015	2,465,000	110,030	799,367	10,344,365	13,718,762

## Creative Industries UTC

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 12 Debtors

	2016 £	(As restated) 2015 £
VAT recoverable	1,277,658	1,175,082
Prepayments	21,916	-
Accrued grant and other income	174,528	531,426
	<u>1,474,102</u>	<u>1,706,508</u>

#### 13 Creditors: amounts falling due within one year

	2016 £	(As restated) 2015 £
Trade creditors	23,156	561,517
EFA creditor: abatement of GAG	243,689	-
Other creditors	1,211,559	1,449,491
Accruals	232,146	4,200
Deferred income	18,265	-
	<u>1,728,815</u>	<u>2,015,208</u>
		<u>2016 £</u>

#### Deferred income

Resources deferred in the year	<u>18,265</u>
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Deferred income relates to rate relief received in respect of future periods.

#### 14 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant	-	1,502,284	(1,446,627)	(12,194)	43,463
Donations	-	32,117	(32,117)	-	-
Other DFE Grants	-	53,362	(53,362)	-	-
Other government grants	-	84,309	(84,309)	-	-
Other restricted income	-	157	(157)	-	-
	<u>-</u>	<u>1,672,229</u>	<u>(1,616,572)</u>	<u>(12,194)</u>	<u>43,463</u>

## Creative Industries UTC

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 14 Funds (continued)

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted fixed asset funds</b>					
DFE/EFA Capital grants	11,253,762	368,363	(685,738)	12,194	10,948,581
Leasehold Land	2,465,000	-	(1,098,657)	-	1,366,343
	<u>13,718,762</u>	<u>368,363</u>	<u>(1,784,395)</u>	<u>12,194</u>	<u>12,314,924</u>
<b>Restricted pension funds</b>					
Restricted pension fund	-	-	(4,000)	(18,000)	(22,000)
Total restricted funds	<u>13,718,762</u>	<u>2,040,592</u>	<u>(3,404,967)</u>	<u>(18,000)</u>	<u>12,336,387</u>
<b>Unrestricted funds</b>					
Unrestricted general funds	-	22,138	(21,492)	-	646
Total funds	<u>13,718,762</u>	<u>2,062,730</u>	<u>(3,426,459)</u>	<u>(18,000)</u>	<u>12,337,033</u>

#### 15 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	12,314,924	12,314,924
Current assets	646	1,772,278	-	1,772,924
Current liabilities	-	(1,728,815)	-	(1,728,815)
Pension scheme liability	-	(22,000)	-	(22,000)
Total net assets	<u>646</u>	<u>21,463</u>	<u>12,314,924</u>	<u>12,337,033</u>

#### 16 Capital commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements	<u>-</u>	<u>252,157</u>

## Creative Industries UTC

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 17 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	2016	(As restated) 2015
	£	£
Net (expenditure)/income	(1,363,729)	5,719,503
Depreciation	1,784,395	20,000
Capital grants from DfE and other capital income	(368,363)	(5,700,158)
Interest receivable	(308)	-
Defined benefit pension scheme cost less contributions payable	4,000	-
Decrease/(increase) in debtors	232,406	(937,168)
(Decrease)/increase in creditors	(286,393)	306,417
Net cash provided by/(used in) Operating Activities	<u>2,008</u>	<u>(591,406)</u>

#### 18 Cash flows from investing activities

	2016	2015
	£	£
Dividends, interest and rents from investments	308	-
Purchase of tangible fixed assets	(380,557)	(5,700,158)
Capital funding received from sponsors and others	<u>368,363</u>	<u>5,700,158</u>
Net cash used in investing activities	<u>(11,886)</u>	<u>-</u>

#### 19 Analysis of cash and cash equivalents

	At 31 August 2016	At 31 August 2015
	£	£
Cash at bank and in hand	<u>298,822</u>	<u>308,700</u>
Total cash and cash equivalents	<u>298,822</u>	<u>308,700</u>

#### 20 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 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.

## **Creative Industries UTC**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **21 Pension and similar obligations**

The Academy Trust'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 Tameside Metropolitan Borough Council. Both are multi-employer defined benefit schemes.

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

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

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

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

## Creative Industries UTC

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 21 Pension and similar obligations (continued)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £127,506 (2015: £11,190).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

#### 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 2016 was £30,000 (2015 - £Nil), of which employer's contributions totalled £22,000 (2015 - £Nil) and employees' contributions totalled £8,000 (2015 - £Nil). The agreed contribution rates for future years are 17.2 per cent for employers and between 5 and 12.5 per cent for employees.

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

#### Principal actuarial assumptions

	At 31 August 2016 %
Rate of increase in salaries	3.40
Rate of increase for pensions in payment/inflation	2.10
Discount rate for scheme liabilities	<u>2.10</u>

#### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	- 0.5%
<b>Adjustment to discount rate</b>	<b>£</b>
Present value of total obligation	<u>14,000</u>
	+ 0.5%
<b>Adjustment to rate of inflation</b>	<b>£</b>
Present value of total obligation	<u>14,000</u>
	+ 1 Year
<b>Adjustment to mortality age rating assumption</b>	<b>£</b>
Present value of total obligation	<u>2,000</u>

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

## Creative Industries UTC

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 21 Pension and similar obligations (continued)

	At 31 August 2016
<b>Retiring today</b>	
Males retiring today	21.40
Females retiring today	24.00
<b>Retiring in 20 years</b>	
Males retiring in 20 years	24.00
Females retiring in 20 years	<u>26.60</u>

The Academy Trust's share of the assets and liabilities in the scheme were:

	At 31 August 2016 £
Equities	23,760
Government bonds	5,610
Property	1,980
Cash	<u>1,650</u>
Total market value of assets	33,000
Present value of scheme liabilities - funded	<u>(55,000)</u>
Deficit in the scheme	<u>(22,000)</u>

The actual return on scheme assets was £4,290 (2015 - £Nil).



## Creative Industries UTC

### Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

#### 21 Pension and similar obligations (continued)

##### Amounts recognised in the statement of financial activities

	2016 £
Current service cost (net of employee contributions)	26,000
Total operating charge	<u>26,000</u>

##### Changes in the present value of defined benefit obligations were as follows:

	2016 £
Current service cost	26,000
Interest cost	1,000
Employee contributions	8,000
Actuarial losses	<u>20,000</u>
At 31 August	<u>55,000</u>

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

	2016 £
Interest income	1,000
Return on plan assets (excluding net interest on the net defined pension liability)	2,000
Employer contributions	22,000
Employee contributions	<u>8,000</u>
At 31 August	<u>33,000</u>

#### 22 Related party transactions

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

During the year the academy made the following related party transactions:

##### **The Lowry Centre Limited**

(Julia Fawcett is Group Chief Executive of The Lowry Centre Limited.)

In November 2015, £216 was paid to The Lowry Centre Limited for dance classes for the students of Creative Industries UTC. The Lowry Centre Limited paid £2,000 for hire of studios during April, May and June 2016, in addition £200 was paid in respect of students DJing at an event, this was passed onto the students by Creative Industries UTC. There were no transactions in year ending 31 August 2015. At the balance sheet date the amount due to The Lowry Centre Limited was £Nil (2015 - £Nil).

##### **The Landing at Media City UK**

(Stephen Wild was a Director of The Landing at Media City UK up to 14 October 2016.)

The Landing at Media City UK provided an IT technician for the period September to December 2015 at a cost amounting to £2,100 (2015: £nil). At the balance sheet date the amount due to The Landing at Media City UK was £Nil (2015 - £Nil).

## **Creative Industries UTC**

### **Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**

#### **22 Related party transactions (continued)**

##### **Informed Solutions**

(Elizabeth Vega is Global CEO of Informed Solutions.)

A donation of £10,000 (2015: £nil) was made by Informed Solutions to Creative Industries UTC. At the balance sheet date the amount due to Informed Solutions was £Nil (2015 - £Nil).

##### **Peel Media Limited**

(Stephen Wild is Managing Director of Peel Media Limited)

The land on which the academy is built is leased from Peel Investments (Intermediate) Limited, a company related to Peel Media Limited. At the balance sheet date the amount due to Peel Media Limited was £Nil (2015 - £Nil).

##### **The Aldridge Foundation**

(Honor Wilson-Fletcher is the Chief Executive Officer of The Aldridge Foundation.)

The Aldridge Foundation have made donations amounting to £21,317 (2015: £79,152) to Creative Industries UTC. At the balance sheet date the amount due to The Aldridge Foundation was £Nil (2015 - £Nil).

#### **23 Transition to FRS 102**

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31/08/2015 and the date of transition to FRS 102 and SORP 2015 was therefore 01/09/2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

No adjustments have arisen from the transition to FRS 102 and therefore comparative figures are as previously stated.

#### **24 Prior year adjustment**

The land on which the academy is built is subject to a lease dated 19 November 2013 between Creative Industries UTC and Peel Investments (Intermediate) Limited, this lease was not previously recognised on the balance sheet of Creative Industries UTC. In accordance with the Academies Accounts Direction the lease should be recognised on the balance sheet of the lessee and this has been corrected by way of a prior year adjustment. This has had the effect of increasing fixed assets and restricted fixed asset funds brought forward by £2,465,000.

The input VAT associated with this transaction was also omitted and is now correctly reflected in the VAT debtor and amounts due to the Education Funding Agency.