

Manchester Creative Studio
(A Company Limited by Guarantee)

Annual Report and Financial Statements
For the Year Ended
31 August 2016



Registered Company Number: 08339878 (England & Wales)

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MANCHESTER CREATIVE STUDIO

Reference and Administrative Information

Board of Directors

Mr A Morgan (Chair)
Dr V Kalra
Ms N Mistry
Mr S Kuncewicz (Resigned 1 December 16)
Mr M Uddin (Appointed 1 July 16)
Mr A Lovatt
Mr M Potts (Resigned 31 January 16)
Mr D McCall (Resigned 31 August 16)
Mr S Miah (Resigned 1 July 16)

Board of Governors

Max Larcombe
Stephen Kuncewicz (Chair)
Gemma Horridge
Nimisha Mistry
Peter Rasmsay (Principal and accounting officer)
Matthew Green
Ben Barsky
Natalie Gross
Alex Comyn
Rob Croll (Staff Governor)
Elizabeth Whitehead (Resigned 1 July 2016)

Members

Raja Miah
Ben Barsky
Stephen Kuncewicz

Senior Management

CEO
Principal

Raja Miah
Peter Ramsay

School Address & Registered Office

Manchester Creative Studio,
16 Blossom Street
Ancoats
Manchester
M4 5AW

Company register number

08339878

Bankers

Santander UK plc
298 Deansgate
Manchester
M3 4HH

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Reference and Administrative Information

Independent Auditors

Sleigh and Story,
Thornhill Brigg Mills,
Thornhill Beck Lane,
Brighouse
HD6 4AH.

Solicitors

Schofield Sweeney
Springfield House
76 Wellington Street
Leeds
LS1 2AY

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Annual Report of the Governors for the year ended 31 August 2016

The Board of Trustees present their annual report together with the financial statements and auditor's reports of the registered company for the year 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law. The governors have complied with the duty in section 17(5) of the 2011 Charities Act to have due regard to guidance published by the Charity Commission, including public benefit guidance.

Structure, Governance and Management Constitution

The Manchester Creative Studio is a company limited by guarantee, registered company no 08339878. The governing documents of the company is its Memorandum and Articles of Association dated 7 May 2013.

The board of trustees act as the directors of the company for the purposes of company law. The company is known as Manchester Creative Studio.

Details of Board of Directors who have served through the year except as noted are included in the Reference and Administrative Details.

Members' Liability

Each member of the company undertakes to contribute to the assets of the company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before they ceased to be a member.

Governors Indemnities

Employees and Directors/Governors are covered by professional indemnity insurance for failure arising from the performance of their duties that may lead to civil liability. There are no other third party indemnities beyond this which require reporting in the context of section 236 of the Companies Act 2006.

Principal Activities

The Manchester Creative Studio is an independent, taxpayer- funded secondary school set up to provide young people of all abilities high standards of education. The objective of the school is to provide a faith sensitive environment where young people can flourish and achieve the highest standard of attainment whatever their background.

Recruitment and Appointment or Election of Directors/Governors

The directors of the company are also, under the company's Articles, known as members of the Board of Trustees. A number of the Board of Trustees are Governors of the school. Under the requirement of the Memorandum and Articles of Association the members of the Trust are elected to serve for a period of four years after which they must be re-elected at the next Annual General Meeting.

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It is the plan that Governors retire by rotation and, being eligible, offer themselves for re-election.

All Governors do give their time voluntarily and receive no benefits from the trust.

The Governors seek to ensure that the interests of the Trust are appropriately reflected on the Board.

Policies and Procedures Adopted for the Induction and Training of Directors and Governors.

Governors and Directors are given formal training on the responsibilities, duties and Academies Handbook by Schofield Sweeney Solicitors

Governors will be inducted in the workings of the School by the CEO, Principal and the educational Specialist who supports the Principal.

Child protection is a key focus of the school with NSPCC safeguarding training made available to all new Governors.

Each Board member and Governor will be DBS checked and training is made available annually to all parties. This training is via on line modules.

Members of the Board may avail themselves of trained and induction courses offered by professional organisations. Each governor will be issued with a Governance Framework, Scheme of Delegation, Gifts & Hospitality, Code of Conduct, Expenses, and a Declaration of interests policy.

A skills register will be maintained to assess the skills required of new Governors to ensure the correct levels of specialism to support the school operation and delivery. This register utilises national guidance on governors skill requirements.

Organisational Structure

The directors meet as a board at least 3 times a year to determine the general policy of the company and review its overall management and control for which they are legally responsible.

Financial Powers and Duties Reserved for the Board of Directors.

General

Approval of a written scheme of delegation of its financial powers and duties to its Local Governing Board, Leadership management, Pupil Outcomes, Personal committee, Behaviour and Welfare and Curriculum the Principal and other staff is imperative for the Trust. The scheme must satisfy the Boards of Directors ultimate responsibility for ensuring that there are adequate operational controls in place for all the financial processes within the Academy.

Budgets/Budgetary Control

- Initial review of the annual Academy budget prior to the start of each financial year and

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recommending its acceptance.

- Formally approving the annual Academy budget prior to the start of each financial year.
- Considering budgetary control reports.
- Authorization of all virements between budget headings and awarding of contracts in excess of £5,000.

Purchasing

- Maintenance of a Register of Business Interests for all Governors and those Academy staff with financial responsibilities.
- Authorisation of the advertising of tenders above £5,000, and authorising the award of such tenders.
- Accepting the best value tender and minuting the reason(s) for their decision.
- Authorising orders above £5,000 for all purchases and approving Asset Management Plan spending above £5,000.
- Authorising orders and contracts above £25,000 following review by governing body.

Income

- Authorisation of invoices to reflect income above £5,000
- Ensuring grants from the DfE are used only for the purposes intended
- Ensuring that funds from sponsors are received according to the academy's Funding Agreement and are used only for the purposes intended

Write Offs/Compensation

- Payment/authorisation of staff severance payment or compensation following detailed EFA guidance.
- Authorisation to write-off of bad debts/loans in line with Academies Handbook.

Security of Assets

- Authorisation of the disposal of individual items of equipment and materials that have come surplus to requirements, unusable or obsolete as approved by the Governing Board.

Accounts and Audit

- Appointment of external auditors
- Review of the draft financial statements prior to audit and approval of the audited financial statements prior to submission to the EFA by 31 December.
- Reviewing the reports of the Responsible Officer on the effectiveness of the financial procedures and control.
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to Academies.
- Receiving from the Governing Board reports of the Responsible Officer on the use of resources, systems of internal financial control, and discharge of financial responsibilities.

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- Informing the EFA if it suspects any irregularity affecting resources.

Insurances

- Ensuring that arrangements for insurance cover are in place and adequate

Personnel

- Sign off and agreement of all recruitment activities prior to them being undertaken.
- Authorising funding for permanent changes to the Academy's staffing structure.

Accounts and Audit

- Reviewing the draft financial statements and highlighting any significant issues to the Governing Board, prior to submission to the EFA by 31 December.

Powers and Duties Delegated to the Local Governing Board

General

The Governing Board has overall responsibility for the administration of the academy's finances. The main responsibilities of the Governing Board are prescribed in the Funding Agreement between the academy and the DfE and in the academy's scheme of governance.

Exercising the powers and duties of the Board of Directors in respect of the financial administration of the Academy, except for those items specifically delegated to the Principal and other staff.

Reporting on decisions taken under delegated powers to the next meeting of the Board of Directors through meeting minutes and attendance where required.

The Governing Board meets minimum of 3 times per year but more frequent meetings are arranged when necessary.

Budgets/Budgetary Control

- Considering budgetary control reports on the Academy's financial position at every meeting, taking appropriate action to contain expenditure within the budget and report to the Governing Board.
- Regular monitoring of actual expenditure and income against budget.
- Reviewing the virement of sums between budget heads, subject to a limit of £4,999, as approved and authorised by the Board of Governors, which are to be formally notified to them.
- Authorising the virement of sums between budget heads below £4,999.
- Reporting to the Board of trustees all significant financial matters and any actual or potential overspending.

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Annual Report of the Governors for the year ended 31 August 2016

Purchasing

- Authorising orders and contracts between **£5,000 and £25,000**. The Board of Directors must be informed of and agree to this spend.

Information and Communication System

- Maintaining the standards of control for such systems in operation within the Academy to include the use of properly licensed software, and for the security and privacy of data in accordance with the Data Protection Act.

Accounts and Audits

- The operation of financial processes within the Academy, ensuring that adequate operational controls are in place and that the principles of internal control are maintained.
- Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information.
- Ensuring that all records and documents are available for audit by the appointed external auditors.

Financial Power and Duties Delegated to the Principal

The Principal has delegated powers and functions in respect of internal organisation, management and control of the Academy, the implementation of all policies approved by the Board of Directors, Governing Board and for the direction of teaching and the curriculum.

Within the framework of the academy improvement plan as approved by the Governing Board the Principal has overall executive responsibility for the academy's activities.

Budgetary Control

Reviewing income and expenditure reports and highlighting actual or potential overspending to the Board of Governors.

Financial Management

Ensuring the arrangements for collection of income, ordering of goods and services, payments and security of assets are in accordance with the Financial Regulations Manual and Academy Trust Policy's.

Purchasing

Authorising orders and contracts from **£1,001 to £4,999** (can be delegated to the director of operations).

Before placed these purchase should be authorised and discussed with the Operations Manager.

Ensuring that all contracts and agreements conform to Financial Regulations.

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Payroll and Personnel

Confirming new staff appointments within the authorised staff structure and allocated staffing budget.

Security of Assets

Ensuring that proper security is maintained at all times for all buildings, furniture, equipment, vehicles, stocks, stores, cash, information and records etc under his control.

Information and Communication System

Maintaining the standards of control for such systems in operation within the Academy to include the use of properly licensed software, and for the security and privacy of data in accordance with the Data Protection Act.

Accounts and Audits

The operation of financial processes within the Academy, ensuring that adequate operational controls are in place and that the principles of internal control are maintained.

Ensuring that full, accurate and up to date records are maintained in order to provide financial and statistical information.

Ensuring that all records and documents are available for audit by the appointed external auditors.

Pay committee

The Board of Governors will meet at least 3 times a year potentially in terms 1,3, & 5 to review overall school operation and determine development opportunities to enable improved learning outcomes and experience for pupils.

Committees have been formed to support the 4 Ofsted main areas. Leadership management, Pupil Outcomes, Personal committee, Behaviour and Welfare and Curriculum. These committees meet 3 times a year.

Risk Management

The Board continues to support the School's development activities under review, particularly in regards to any major risks that may arise from time to time. It monitors the effectiveness of the system of internal controls and other viable means, including insurance cover where appropriate, by which those risks that can already identifiable can be best mitigated.

Manchester Creative Studio has appointed independent auditors who conduct 4 visits a year to review our financial management practices.

In addition, the school runs specific financial training for all staff involved in the management of resources to ensure they are clear on their responsibilities.

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This risk management is completed through review of the operating procedures and onsite inspections.

Connected Organisations, included Related Party Relationships.

Manchester Creative Studio School is linked to Collective Spirit which is its sister school.

OBJECTIVES AND ACITIVITES

Objects and Aims

Our Vision

Manchester Creative Studio (MCS) is an employer-led studio school, specialising in Design, Digital Technology and Interactive Media. All students' learning is directed by the needs of the sector. Working with a wide range of external partner employers MCS is providing genuine learning and work experiences for students, preparing them for work in the Creative Industries.

Greater Manchester has the largest creative and digital cluster outside of London, employing 63,000 people and generating GVA of £2.7 billion each year. This is forecast to increase by 10.8% (6,800) by 2022. Nationally, the creative and digital industries have been identified by the Government's Growth Review as having the potential to drive significant growth within the sector growing at more than twice the rate of the economy. But despite this, the Growth Review also cautioned that skills shortages in the industry have a detrimental impact on growth and the Livingstone-Hope review of video games production found 31% of firms believed skills shortages were impacting on their business with 17% of larger firms having to fill vacancies with overseas recruits.

"Our Creative Industries have huge growth potential, but the lack of trained people with relevant skills to meet the sector's specialist demands is holding it back. First and foremost we must ensure that all young people leave school with a strong grasp of the basics. Solid maths and science ability is particularly vital. These companies also expect a more detailed knowledge of IT and benefit from people with broader creative skills, so the Government must adapt the curriculum to meet these needs."

Susan Anderson, CBI Director for Education & Skills

Manchester City Council has also recently revealed a ten-point plan to ensure it is one of the world's foremost digital cities by 2020, which will drive the digital priorities and move the city forward rapidly as an example of best practice on a national and international stage. This includes stimulating the creative and digital sector by encouraging investment and increasing skills development from an early age to maximise the potential of home-grown talent.

The Creative Industries is a growing sector within Greater Manchester. Locations such as MediaCityUK and The Sharp Project alongside the dynamic cultural hub of Manchester City Centre's Northern Quarter are drawing in companies ranging from one-person start-ups to global firms. This is an opportune time to help maximise the potential of such growth through ensuring that local young people have the necessary range of skills, experiences and competences to enter a career in this rapidly growing sector.

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Entrepreneurs and SMEs dominate the Creative Industries sector with an estimated 182,000 businesses nationally, of which 84% employ fewer than 10 people. Successful organisations specialise in one particular area whilst maintaining skills across a full range of competencies. MCS has been working alongside employers from this sector who are partners in informing our offer and shaping the curriculum. They include Mediasmiths, Code Computerlove, BDP, Studio North and Creative Concern, who through involvement in curriculum design, work placements and delivering in studio learning, help ensure students have the full variety of skills, entrepreneurial acumen, inter-disciplinary abilities and flexible approach to work that is required by this diverse sector.

Educational provision in Creative Industries skills for young people aged 14-19 is distributed across Greater Manchester, with no one institution offering coherent specialist provision, and no central focus for advice and support related to career and/or educational progression. MCS is providing this focus, and is help strengthening the pathways available to young people into the Creative Industries.

Academic and vocational learning is led by Learning Coaches, delivered in small groups with an emphasis on independent learning, research and teamwork. Staff are primarily team members rather than leaders.

Where possible we have identified accreditation that is flexible to ensure that employer need informs teaching and learning. Our partners, Hyper Island have almost 20 years global experience in transforming the needs of employers into a curriculum offer. They are experts in project based learning (PBL) and experienced in aligning this approach with suitable accreditation schemes. We consider this to be a vital feature of an employer led studio school offer.

Work experience does complement academic and Project Based Learning. We work closely with employers to ensure that work placements for our students are relevant and meaningful, and that there is a clear link between the placement and the student's career aspirations. Each student is allocated a workplace mentor, and this mentor has regular contact with that student's Personal Coach to review strengths and areas for development, in relation to both vocational learning and employability skills.

To support learning, each student has a Personal Coach, whom they meet for thirty minutes every two weeks. Students work with their Personal Coach on the skills typologies identified in the CREATE framework, through a combination of discussion and the completion of tasks with instant feedback. Significantly, Personal Coaches directly support learning in the classroom and therefore have first-hand experience and understanding of each individual students' needs. Personal Coaches do work with young people to identify and break down barriers to learning, providing support and guidance in relation to academic and pastoral issues. They liaise regularly with Learning Coaches and Workplace Mentors ensuring students are applying their skills in the learning environment and workplace.

Annually, all students take a specially designed psychometric assessment which identifies their existing skills levels within the CREATE framework. This provides an objective means of measuring CREATE progress, informing coaching and learning, and benefiting students and the staff who support them. Alongside this, students are also encouraged to maintain an electronic record of their progress.

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The Creative Industries sector requires and expects an exceptionally talented and motivated workforce, and our students aim high. The curriculum at MCS is designed for progression into both HE and/or careers in the Creative Industries. Students who study at MCS do not just have an advantage in terms of their academic and vocational skills and understanding. Their daily experience of applying the CREATE framework, together with regular employer and workplace contact, this ensures that they possess the employability skills which are consistently described as essential by employers, and which can so often be lacking in young people who leave the traditional education system.

Improving aspiration and strengthening progression pathways are key features of our offer. Our curriculum is designed to ensure that our students have the full cross-section of attributes necessary to achieve. Target-setting and effectively monitoring progress underpins our studio school.

Work experience is distinct at KS4 and KS5.

KS4 ensures that we build social capital by exposing students to a wide range of possible career routes. Additionally, KS4 work experiences supports our students to develop a work ethic and work-based competencies that strengthen employability skills. Specialist skills are then developed at KS5 once students have underpinning employability skills.

MCS has an ethos that promotes and affirms academic rigour alongside creativity and technical skills. Our offer is more akin to that experienced in world-class workplaces rather than a traditional school setting. Learning takes place in workshops and project groups; individual support and guidance is provided via coaching sessions, and students have appraisals rather than traditional reports.

MCS exemplifies the essential elements of the Studio Schools movement in the following ways:

Academic Excellence

Whilst students' learning is of crucial vocational relevance, this is complemented by a rigorous academic programme in core subjects, and by the breadth of knowledge and understanding attainable through the English Baccalaureate (EBacc). At the age of 18, our young people are encouraged to progress to Higher Education at the best universities, start up their own enterprises or progress to the workplaces of world-class employers.

Employability and Enterprise Skills

Over their time at MCS, students will spend on average 60% of their timetable in Project-Based Learning, complemented by substantial experience in workplace settings. This means that for over half of their time at school, students will be learning, demonstrating and refining their employability skills. Each qualification offered, and each project, will be mapped to the CREATE framework and explicit reference will be made in learning sessions to the skills that are being used.

Personalised Curriculum

Students have a Personal Coach who works with them to establish an 'Individualised Personalised Learning Programme'. Students then coach at least fortnightly to discuss progress against this plan, to review and revise targets, and address any barriers to learning.

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Practical Learning

The majority of qualifications are delivered through PBL, where students work in teams, using cross-curricular and CREATE skills alongside subject-specific knowledge. These features are highlighted within each project, and students are allocated project roles depending on their own personalised learning needs as identified in Personal Coaching sessions.

Real Work

All students take part in regular work placements with local Creative Industry businesses. At KS4, these placements are in-house employers, and at KS5 these are with external partners. Young people are placed in a work environment that closely matches their career and/or Higher Education aspirations, and are allocated a workplace mentor to oversee their progress.

Small Schools

Even at capacity, MCS will be a small school in comparison to traditional secondary provision. This means the school will operate as closely-knit community, where all staff and students know one another by name, and where no student will feel overwhelmed or out of place.

Students of All Abilities

Every student who applies to attend MCS is offered comprehensive advice and guidance to ensure that they undertake a programme of learning that suits their preferences and abilities through providing a choice of three pathways (see D2 below). These pathways are not rigid and progression between them is possible, as is undertaking learning from across pathways. This is complemented by a comprehensive enrichment programme including access to sports and recreational activities, opportunities to engage in wider personal and social development.

We are committed to closing gaps in attainment for SEN students and believe that the unique and personalised environment of a Studio School which enables such students to thrive in a way that may not be possible in traditional educational settings.

Ensuring our work delivers our aims

The school is subject to regular inspection by Ofsted. In addition the school was required to undertake a pre-opening inspection which was successful. The school expects a full Ofsted inspection within 2016 -2017 term.

The school undertakes its own regular performance reviews to ensure that it is meeting the required standards of attainment.

The schools performance inspections are undertaken by Judicam Education who supply upto date qualified Ofsted inspectors to support the school. These inspections are conducted in a supportive and focused manner to ensure the educational outcomes, which were laid out in the funding agreement, are met, and achieved.

Regular lesson observations take place and a performance review system is in place which is linked to clear development targets for all teachers is used and monitored by the CEO and the schools education consultants.

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Academic progress is monitored by the Principal with the support of specialists to provide updates on progress at the Governing Body through production of a principal's report is be presented and minuted.

Additional support is attained from Saint Ambrose Barlow (outstanding teaching school) in regard to best practise teaching practise and a mentoring scheme is set up to ensure the highest levels of teaching excellence is achieved.

Public Benefit

The objectives and activities, achievement and performance above explain the ways in which the Trust fulfils this obligation.

Strategic Report

Achievements and Performance

The school, now moving into its third year, has successfully established the building and the entire infrastructure.

The school has been able to establish, during this year, a fully operational science laboratory and art space. The school has additionally been able to establish a fit for purpose ICT structure with the installation of fibre optic broadband.

Investment has been placed in the school space to ensure that safeguarding and health and safety is of the highest standards with a fully operational CCTV and Fire System across the building.

The year 11 students' grades are not forecast to be high grades but the success in supporting the 8 students that we have through the school environment given their poor levels of previous attendance and social challenges is felt to be an excellent outcome. A number of these students have been supported into other provisions externally and have been given guidance on their career paths.

The year 13 group are forecast to receive excellent grades in there exam and course work with many successfully applying to University on the back of their learning within the school. Moderation that has taken place thus far puts this work across the board at Merit/Distinction levels for all students.

The school has made a number of close links to the community such as the Halle Theatre and 42nd where many of the students support and aid in their charitable activities and have supported them produce advertising materials.

Many of the students were actively involved in the Greater Manchester Cities of Hope project designing the advertising materials and will attend the award ceremony at Manchester Council.

The schools recruitment for the coming year has been exceptionally positive given the history of the development cycle within the school. Currently the school is oversubscribed at year 10 and 11.

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More focus will be placed on the recruitment in the current year, which is felt to be an easier activity than previously as we now have a fit purpose space and a full exceptionally skilled teaching staff.

Going concern

The Academy has 'traded' effectively during this period of operation from the 1 September 2015 to 31 August 2016. This in turn will increase our effectiveness during the forthcoming academic years.

The restricted general fund is materially in deficit at the year-end due to over funding. The EFA are clawing back monies which have been fully recognised in the year. The academy has budgets and forecasts in place to bring the academy back to surplus by 2018-19 term.

The governing body and the CEO track the budgeted spend through regular meetings with the accounting officer and other key members of the school team.

The board is confident that given the increase in recruitment for the 2016-2017 term the school can reach and effect financial operational base. The increased recruitment will be supported by the appointment of a full time member of staff to aid support the schools process.

Key Financial indicators

Our key financial indicators will include:-

- Balance of incoming and outgoing resources.
- Year to date spend against forecast.
- Distribution of EFA grant across categories.
- Monthly cash flow and cash balance.
- Capital investment in the building.

These indicators have been reviewed by the board and committees will be set up within the school to monitor these arrangements.

Financial Review

Financial and Risk Management Objectives and Policies

At Manchester Creative Studio over 95% of the income is granted. The greatest risk is a reduction in this grant funding due to legislative changes or an unforeseen drop in pupil numbers that would lead to a decrease in funding received. A comprehensive register with actions is in place to monitor such risks.

The majority of the school's income is received from the Department for Education via the Education Funding Agency in the form of the General Annual Grant (GAG); the use of which is restricted to the particular purposes i.e. the objects of the Academy Trust.

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The GAG received during the period covered by this report and the associated expenditure is shown as restricted general funds in the Statement of Financial Activities.

The financial and risk management objective of the Academy Trust is to ensure effective financial management of the school is delivered within the agreed constraints of the initial EFA grant and within the future financial envelope of the school.

Principal Risks and Uncertainties

Principal risk and action to mitigate these risks include:

Lack of demand for places leading to the School operating at less than 100% capacity

- Mitigation: the school runs an effective marketing and community outreach program to ensure the highest levels of uptake are possible.

Uncertainty around running cost given the School's is in its third year of operation.

- Mitigation: the Board and senior leadership team maintain a rigorous and effective approach to financial procedures to support our overall delivery. The finance committee monitors operational delivery to ensure long term future proofing. In addition contingencies are in place in the school budget to minimise unforeseen costs that may occur.

Reserves policy

Total reserves held at the end of the reporting period are £2,446,437 split between restricted general fund and fixed asset fund as (£291,013) and £2,737,450 respectively. The Board have examined the Trust's requirement for reserves in light of the potential operational risks to the business. The board have agreed that a reasonable level of reserves to target for accumulation would be at the £25,000 level. This target will not be met until the claw back is effectively satisfied in 2018-2019 terms.

Of the restricted fixed asset fund £2,730,210 can only be realised by disposal of tangible fixed assets and similarly, of the restricted general fund £77,629 can only be realised by disposal of tangible fixed assets.

Investment policy

Any assets which are available for the investment purpose will be invested in low risk investment only. Currently there are no surplus funds to invest.

Plans for Future Periods

Now established we plan to grow the school and increase the overall cohort of students in tandem with our teaching staff whilst managing the budgets effectively.

The financial challenge the school faces means that our actions need to be prudent and considered. We believe the links that we are growing in the business community will aid to

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supplement our growth and offer our students experiences and opportunities that they would not previously be able to access.

Our desire is for our next cohort of year 11 students to achieve more positive exam results and we will look to meet the national averages across the board. Given our year 13 cohort results we will look to replicate these again and move to ensure our students have greater opportunities to access the industry opportunities for employment.

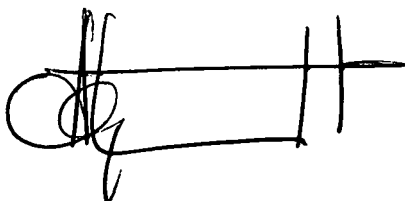
Auditors

In so far as the Board are aware:

- There is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- Each director has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by order of the Board of Directors on 23 December 2016 and signed on its behalf by:

**A Lovatt
Trustee**

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a horizontal line extending to the right.

MANCHESTER CREATIVE STUDIO

Governance Statement

Scope of Responsibility

As the Board, we acknowledge we have overall responsibility for ensuring that Manchester Creative Studio 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 objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board delegated the day to day responsibility to the (Accounting Officer, for ensuring financial controls with the requirement of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Manchester Creative Studio and the Secretary of State. They are also responsible for reporting to the Board any material weakness or breakdown 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 Board has formally met 3 times during the last year. Attendance during the year at meeting of the Board was as follows:-

There has been governing body meetings held on the 1st December 2015, 1st March 2016 and 5th July 2016.

Board member	Meeting Attended	Out of Possible
Max Larcombe (Chair)	3	3
Matthew Green	1	3
Gemma Horridge	2	3
Nimisha Mistry	3	3
Peter Ramsay (Principal)	3	3
Ben Barsky	1	3
Natalie Gross (replaced AC)	0	1
Alex Comyn	1	2
Rob Croll (Staff)	2	3
Elizabeth Whitehead	0	2

The purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than 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 risk to the achievement of Manchester Creative Studio policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Manchester Creative Studio for the period ended 31 August 2016 and up to date of approval of the annual report and financial statements

MANCHESTER CREATIVE STUDIO

Governance Statement

Capacity to handle risk

The Board has reviewed the key risks to which Manchester Creative Studio is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process of understanding, evaluating, and identifying and managing the Academy Trust's significant risks, that have been in place for the period ending 31 August 2016 and up to the date of the annual report and financial statement. This process is regularly reviewed by the Board and will be reviewed by the Governing Board.

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:-

- Identification and management of risks,
- Delegation of authority and segmentation of duties,
- Setting targets to measure financial and other performance,
- Comprehensive budgeting and monitoring systems that are produced to comply with EFA requests for information and reports that are reviewed by the board to understand progression.

The Board though has appointed Sleight and Story as an external auditor to independently review the business operations and act as the responsible officer.

As Responsible officer ("RO") Sleight and Story will undertake three reviews per year of the services operations including the full yearly audit review of the school. After each review the RO will report to the schools Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Value for Money

As accounting officer the principal 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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:-

Continually reviewing the programme of operation and ensuring contracts are fulfilled correctly.

Quarterly reviews take place around service delivery to ensure the standards are achieved effectively and any areas for improvement are implemented.

MANCHESTER CREATIVE STUDIO

Governance Statement

The school's main outsourced contract for Collective Spirit Community Trust was established by the use of the OJEU framework to ensure value for money and clarity over services provided.

As per the legal requirements of OJEU legal notice was placed for 3 months and tenders were reviewed and validated by a Procurement Board that made a recommendation to the full board of Directors in regard to each bid and any value added elements that were presented.

All other contracts for utilities or other supplies are reviewed as and when the contract enters its break period. Any agreement of supplies is confirmed with the accounting officer within the boundaries of spend to confirm their appropriateness.

All budgets and spend are presented to the finance committee for review and the full governing body to ensure that the cost model is adhered to.


Review of Effectiveness


As Accounting Officer, Mr P Ramsay 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/ external Auditor
- The financial management and governance self assessment process;
- The work of the senior manager within Manchester Creative Studio who have the responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the external auditor and a plan to ensure continuous improvement of the system is in place.

Approved by the order of the Board of Directors on 23 December 2016 and signed on its behalf by:-


P Ramsay
Accounting Officer

A Lovatt
Trustee 

MANCHESTER CREATIVE STUDIO

Statement on Regularity, Propriety and Compliance


As acting accounting officer of Manchester Creative Studio, I have considered my responsibilities to notify the Academy Trust Governing Body 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. As part of my consideration I have had due regard to the requirement of the Academies Financial Handbook.

I confirm that I and the Academy Trust Governing Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and condition of funding under the Academy Trusts Financial Agreement and the Academies Financial Handbook.

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

P Ramsay
Accounting Officer

23 December 2016

A handwritten signature in black ink, appearing to be 'P Ramsay', with a long horizontal line extending from the bottom of the signature.

MANCHESTER CREATIVE STUDIO

Statement of Trustees' Responsibilities

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

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

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

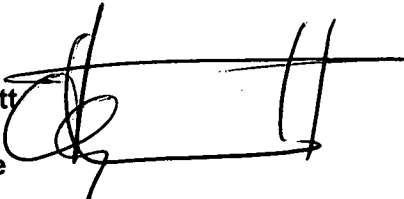
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 on 23 December 2016 and signed on its behalf by:

A Lovatt
Trustee



MANCHESTER CREATIVE STUDIO

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Manchester Creative Studio

We have audited the financial statements of Manchester Creative Studio for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law 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 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 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 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 Governors' Responsibilities Statement, the Governors (who are also the Directors of Manchester Creative Studio 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2016 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the EFA's Academies Accounts Direction 2015 to 2016.

MANCHESTER CREATIVE STUDIO

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Manchester Creative Studio

Emphasis of matter

Without qualifying our opinion we draw attention to the going concern policy as noted in the accounting policies. The academy is showing a position of net liabilities at the year-end and has large sums of money repayable to the EFA. The trustees of the academy are due to meet with the regional schools commission on 12 January 2017 to discuss the poor financial performance of the academy. The regional schools commission have a range of measures and options available to them in dealing with this issue, some of which would cast doubt over the appropriateness of the going concern principle. These conditions, as set forth in the going concern policy note indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

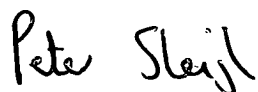
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report (which includes the strategic report and directors' 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Peter Sleight FCCA, Senior Statutory Auditor
For and on behalf of Sleight & Story Ltd, Statutory Auditors
Chartered Certified Accountants
Thornhill Brigg Mills
Thornhill Beck Lane
Brighouse
West Yorkshire
HD6 4AH**

23 December 2016

MANCHESTER CREATIVE STUDIO

Independent Reporting Auditor's Assurance Report on Regularity to Manchester Creative Studio and the Education Funding Agency

In accordance with the terms of the engagement letter dated 9 September 2015 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 Manchester Creative Studio during the year from 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 Manchester Creative Studio and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Manchester Creative Studio 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 Manchester Creative Studio and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Manchester Creative Studio's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Manchester Creative Studio's funding agreement with the Secretary of State for Education dated 8th May 2015 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 dispersed and income received during the year ended 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 the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

MANCHESTER CREATIVE STUDIO

Independent Reporting Auditor's Assurance Report on Regularity to Manchester Creative Studio and the Education Funding Agency

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 to our conclusion includes:

- Checking figures to base documents to ensure expenditure was legitimate and in line with the course of business.

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 ended 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.

Peter Sleigh FCA

**Reporting Accountant
For & on behalf of Sleigh & Story Ltd**

23 December 2016

MANCHESTER CREATIVE STUDIO

Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 August 2016

	Notes	Unrestricted General Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
INCOME AND ENDOWMENTS FROM						
Donations and Capital grants	2	3,361	-	202,535	205,896	988,596
Charitable Activities						
Funding for the academy trust's educational operations	3	-	791,095	-	791,095	845,730
Investments	4	-	294	-	294	458
Total		3,361	791,389	202,535	997,285	1,834,784
EXPENDITURE ON						
Charitable activities						
Academy trust educational operations	6	3,361	1,166,543	134,012	1,303,916	884,145
Total	5	3,361	1,166,543	134,012	1,303,916	884,145
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		-	(375,154)	68,523	(306,631)	950,639
Transfers between funds		-	-	-	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		-	(375,154)	68,523	(306,631)	950,639
Net Movement in funds		-	(375,154)	68,523	(306,631)	950,639
Reconciliation of funds						
Total funds brought forward			84,141	2,668,927	2,753,068	1,802,429
TOTAL FUNDS CARRIED FORWARD		-	(291,013)	2,737,450	2,446,437	2,753,068

The statement of financial activities includes all gains and losses in the year. All incoming resources derive from continuing activities.

MANCHESTER CREATIVE STUDIO

Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 August 2015

	Notes	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
INCOME AND ENDOWMENTS FROM				
Donations and Capital grants	2	-	988,596	988,596
Charitable Activities				
Funding for the academy trust's educational operations	3	845,730	-	845,730
Investments	4	458	-	458
Total		846,188	988,596	1,834,784
EXPENDITURE ON				
Charitable activities				
Academy trust educational operations	6	770,599	113,546	884,145
Total	5	770,599	113,546	884,145
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		75,589	875,050	950,639
Transfers between funds		-	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		75,589	875,050	950,639
Net Movement in funds		75,589	875,050	950,639
Reconciliation of funds				
Total funds brought forward		8,552	1,793,877	1,802,429
TOTAL FUNDS CARRIED FORWARD		84,141	2,668,927	2,753,068

The statement of financial activities includes all gains and losses in the year. All incoming resources derive from continuing activities.

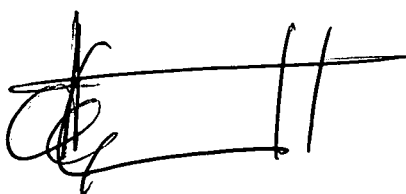
MANCHESTER CREATIVE STUDIO

Company Registration Number: 08339878

Balance Sheet as at 31 August 2016

	Notes	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	9		<u>2,807,839</u>		<u>2,747,839</u>
CURRENT ASSETS					
Debtors	10	60,435		229,749	
Cash at bank and in hand		<u>225,217</u>		<u>68,486</u>	
		285,652		298,235	
LIABILITIES					
Creditors :Amounts falling due within one year	11	<u>(377,802)</u>		<u>(293,006)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>(92,150)</u>		<u>5,229</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,715,689		2,753,068
NON-CURRENT LIABILITIES					
Creditors :Amounts falling due after more than one year	12		<u>(269,252)</u>		<u>-</u>
TOTAL NET ASSETS			<u>2,446,437</u>		<u>2,753,068</u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
• Fixed asset fund	13		2,737,450		2,668,927
• Restricted income fund	13		<u>(291,013)</u>		<u>84,141</u>
TOTAL FUNDS			<u>2,446,437</u>		<u>2,753,068</u>

Authorised and approved by the Board of Directors on 23 December 2016 and signed on behalf of the Board by A Lovatt.



MANCHESTER CREATIVE STUDIO

Statement of Cash Flows for the year ended 31 August 2016

	Notes	£	2016 £	£	2015 £
CASH FLOW FROM OPERATING ACTIVITIES					
	15		361,671		828,691
CASH FLOW FROM INVESTING ACTIVITIES					
Interest receivable	16	<u>294</u>		<u>458</u>	
NET CASH FLOW FROM OPERATING AND INVESTING ACTIVITIES			294		458
CASH FLOW FROM FINANCING ACTIVITIES					
Purchase of tangible fixed assets	17	<u>(205,234)</u>		<u>(1,067,973)</u>	
NET CASH FLOW FROM FINANCING ACTIVITIES			(205,234)		(1,067,973)
CASH AND CASH EQUIVALENTS AT 31 AUGUST 2016.	18		<u>156,731</u>		<u>(238,824)</u>

MANCHESTER CREATIVE STUDIO

Notes to the financial statements for the year ended 31 August 2016

1. 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 and the Companies Act 2006.

Manchester Creative Studio 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. At the year-end the academy had net current liabilities of £92,150. £244,277 was due back to the EFA for VAT which the academy has reclaimed from HMRC and £83,335 due to the EFA for abatement of GAG. The VAT is payable to the EFA upon presentation of an invoice from the EFA and although the abatement of GAG is scheduled to be repaid later in the year the figures involved are concerning. The academy also has £269,252 due back to the EFA for abatement of GAG falling due in greater than one year. In addition to this the academy has been issued with a financial notice to improve by the EFA. Furthermore the trustees of the academy are due to meet with the regional schools commission on 12 January 2017 to discuss the poor financial performance of the academy. The regional schools commission have a range of measures and options available to them in dealing with this issue, some of which would cast doubt over the appropriateness of the going concern principle. However, the academy has budgeted for the funds due back to the EFA and the trustees believe the academy continues to be 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.

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.

MANCHESTER CREATIVE STUDIO

Notes to the financial statements for the year ended 31 August 2016

- **Gifts in kind**

The gift in kind received during the prior year was in relation to the leasehold property recognised on the balance sheet and was valued independently.

- **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.

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.

- **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.

All resources expended are inclusive of irrecoverable VAT.

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 on a straight-line basis over its expected useful life, as follows:

Leasehold land and buildings 2% straight line
Improvements to leasehold property 2% straight line
Equipment, fixtures and fittings 25% straight line
Computer equipment 25% straight line

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.

MANCHESTER CREATIVE STUDIO

Notes to the financial statements for the year ended 31 August 2016

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.

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.

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

Pension Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme 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 quadrennial valuations using a prospective unit credit method. As stated in note 29, 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

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 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.

MANCHESTER CREATIVE STUDIO

Notes to the financial statements for the year ended 31 August 2016

2. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Gift in kind	-	-	-	(216,000)
Capital Grants	-	202,535	202,535	1,204,596
Other Donations	3,361	-	3,361	-
	<u>3,361</u>	<u>202,535</u>	<u>205,896</u>	<u>988,596</u>

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DfE / EFA revenue grants				
General Annual Grant (GAG)	-	764,369	764,369	845,730
Other DfE/EFA Grants	-	20,726	20,726	-
	<u>-</u>	<u>785,095</u>	<u>785,095</u>	<u>845,730</u>
Other Government Grants				
Local authority grants	-	6,000	6,000	-
Total	<u>-</u>	<u>791,095</u>	<u>791,095</u>	<u>845,730</u>

4. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Bank interest	-	294	294	458
	<u>-</u>	<u>294</u>	<u>294</u>	<u>458</u>

5. Resources expended

	Staff Costs £	Non Pay Premises £	Expenditure Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
• Direct costs	522,337	-	207,160	729,497	377,586
• Allocated support costs	68,342	32,890	473,187	574,419	506,559
Total resources expended	<u>590,679</u>	<u>32,890</u>	<u>680,347</u>	<u>1,303,916</u>	<u>884,145</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Depreciation	145,234	123,346
Fees payable to auditor for:		
- Audit	5,495	2,625
- Other services	<u>4,061</u>	<u>3,190</u>

MANCHESTER CREATIVE STUDIO

Notes to the financial statements for the year ended 31 August 2016

6. Charitable Activities – Academy's Educational Operations

	Total 2016 £	Total 2015 £
Direct costs		
Teaching and recruitment costs	522,337	263,680
Educational services and support	202,857	111,088
Staff development	4,303	2,818
	<u>729,497</u>	<u>377,586</u>
Allocated support costs		
Support staff costs	68,342	58,792
Project management	22,300	7,194
Marketing & advertising	57,946	66,525
Office administration costs	30,017	25,477
Secondments	81,312	63,624
Rent & rates	20,806	27,515
Cleaning and caretaking	17,418	14,943
Catering	55,635	46,955
Induction costs	-	5,016
Energy costs	12,084	13,210
Security and transport	19,931	9,350
Depreciation	145,234	123,346
Website development	6,000	6,648
Student recruitment	-	-
Governance costs	37,394	37,964
	<u>574,419</u>	<u>506,559</u>

7. Staff

a. Staff costs

Staff costs during the year were:

	Total 2016 £	Total 2015 £
Wages and salaries	438,552	261,733
Social security costs	43,647	25,472
Pension costs	48,935	18,512
Supply staff costs	49,545	-
	<u>580,679</u>	<u>305,717</u>

b. Staff numbers

The average number of persons employed by the academy during the year expressed as fulltime equivalents was as follows:

	2016 No.	2015 No.
Teachers	14	7
Administration and support	3	3
	<u>17</u>	<u>10</u>

No staff member received emoluments in excess of £60,000 during the year.

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Notes to the financial statements for the year ended 31 August 2016

c. Key management personnel

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 £65,900 (2015: £50,000).

8. Related Party Transactions – Governors' Remuneration and Expenses

The principal and other staff governors only receive remuneration in respect of services provided in undertaking the roles of principal and staff members under their contract of employment, and not in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

P Ramsey (principal and governor):
Remuneration £55,000 - £60,000 (2015: Nil)
Employer's pension contributions paid £5,000-£10,000 (2015: Nil)

N Barthorpe (principal and governor):
Remuneration Nil (2015: £45,000 - £50,000)
Employer's pension contributions paid Nil (2015: Nil)

R Croll (staff governor):
Remuneration £20,000-£25,000 (2015: £15,000 - £20,000)
Employer's pension contributions paid Nil (2015: Nil)

No governors received reimbursement of expenses during the year (2015: £nil).

9. Tangible Fixed Assets

	Leasehold Land and Buildings £	Improvements to leasehold property £	Equipment, fixtures and fittings £	Computer equipment £	Total 2016 £
Cost					
At 1 September 2015	1,080,000	1,548,842	21,798	261,280	2,911,920
Additions	-	127,915	59,992	17,327	205,234
As at 31 August 2016	1,080,000	1,676,757	81,790	278,607	3,117,154
Depreciation					
At 1 September 2015	47,520	41,601	5,450	69,510	164,081
Charge for the year	21,600	33,535	20,447	69,652	145,234
As at 31 August 2016	69,120	75,136	25,897	139,162	309,315
Net Book Value					
As at 31 August 2016	1,010,880	1,601,621	55,893	139,445	2,807,839
As at 31 August 2015	1,032,480	1,507,241	16,348	191,770	2,747,839

The leasehold property is legally owned by the EFA and held by the academy on a long-term finance lease.

10. Debtors

	Total 2016 £	Total 2015 £
VAT recoverable	53,831	229,381
Other debtors	-	368
Prepayments and accrued income	6,604	-
	<u>60,435</u>	<u>229,749</u>

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Notes to the financial statements for the year ended 31 August 2016

11. Creditors

	Total 2016 £	Total 2015 £
Amounts falling due within one year		
Trade creditors	30,312	58,436
Other creditors	250,541	232,000
EFA Creditor: abatement of GAG	83,335	-
Other taxes and social security costs	11,020	1,485
Accruals and deferred income	2,594	1,085
	377,802	293,006

12. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Amounts falling due within one year		
EFA Creditor: abatement of GAG	269,252	-
	269,252	-

13. Funds of the academy trust

	Balance at 1 September 2015 £	Income £	Expenditure £	Balance at 31 August 2016 £
Restricted general funds				
General annual grant (GAG)	84,141	791,389	(1,166,543)	(291,013)
	84,141	791,389	(1,166,543)	(291,013)
Restricted fixed asset funds				
DfE/EFA capital grants	2,668,927	202,535	(134,012)	2,737,450
	2,668,927	202,535	(134,012)	2,737,450
Total Restricted funds	2,753,068	993,924	(1,300,555)	2,446,437
Total Unrestricted funds	-	3,361	(3,361)	-
Total funds	2,753,068	997,285	(1,303,916)	2,446,437

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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

General annual grant: For all necessary educational provisions and running of the academy.

Restricted fixed asset funds: For the procurement of fixed assets to benefit the academy.

The trust is carrying a net deficit of £291,013 on restricted general funds due to a claw back of monies by the EFA amounting to £352,587 which has been fully recognised in the current year. The trust has allowed for the claw back of monies due to the EFA in its cash flow budgets and has considered the situation in producing budgets that show a return to net surplus on restricted funds by the 18-19 academic year.

MANCHESTER CREATIVE STUDIO

Notes to the financial statements for the year ended 31 August 2016

14. Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	77,629	2,730,210	2,807,839
Current assets	34,135	251,517	285,652
Current liabilities	(133,525)	(244,277)	(377,802)
Non-current liabilities	(269,252)	-	(269,252)
	<u>(291,013)</u>	<u>2,737,450</u>	<u>2,446,437</u>

15. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income	(306,631)	950,639
Depreciation charged	145,234	123,346
Interest receivable	(294)	(458)
Decrease / (increase) in debtors	169,314	(130,169)
(Decrease) / Increase in creditors	354,048	(114,667)
Net cash inflow from operating activities	<u>361,671</u>	<u>828,691</u>

16. Cash flows from financing Activities

	2016 £	2015 £
Interest received	294	458
Net cash flow from financing Activities	<u>294</u>	<u>458</u>

17. Cash flows from Investing Activities

	2016 £	2015 £
Purchase of tangible fixed assets	(205,234)	(1,067,973)
Net cash flow from Investing Activities	<u>(205,234)</u>	<u>(1,067,973)</u>

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Notes to the financial statements for the year ended 31 August 2016

18. Analysis of cash and cash equivalents

	At 1 September 2015 £	Cash Flows £	At 31 August 2016 £
Cash in hand and at bank	68,486	156,731	225,217
	<u>68,486</u>	<u>156,731</u>	<u>225,217</u>

19. Capital Commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements	-	17,600
	<u>-</u>	<u>17,600</u>

20. Related Party Transactions

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

During the year Martyn Potts, a director of the academy, received £Nil (2015: 2,750) for consultation services supplied to the academy. There was no amount outstanding at the year-end.

N Mistry, a director of the academy was also director of Collective Spirit Community Trust Ltd for part of the year. Directorship at Collective Spirit Community Trust Ltd ceased on 31 December 2015. During the period whilst N Mistry was a director at both entities the academy outsourced a number of activities to Collective Spirit Community Trust Ltd for which the academy paid consideration of £155,893 (2015: £Nil). There was no amount outstanding at the year-end. A breakdown of the services provided along with costs is as follows:

Cleaning	£2,085
Security	£2,085
Caretaking	£4,175
Legal	£1,250
Auditing	£6,250
Payroll	£2,085
Marketing	£12,500
High performing secondary school	£4,165
Catering supplies	£16,665
HR	£4,165
Extended curriculum	£25,000
Transport	£3,750
ISA Psychological Assessments	£5,915
PE Coaches	£6,250
Clerking service	£1,460
Careers service	£2,500
Recruitment	£4,165
Programme lead-Recruitment	£4,905
Office space	£5,000
Director of Operations	£9,895
Administrative assistant	£6,570
Pensions and NI	£7,515
Live Brief Support	£6,525
IT equipment	£11,018

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Notes to the financial statements for the year ended 31 August 2016

During the prior year activities were outsourced to Collective Community Partnerships CIC for which the academy paid consideration. The amount paid to Collective Community Partnerships CIC in the current year was nil (2015: £287,537). Raja Miah, a director of the academy for part of the prior year, was also a director of Collective Community Partnerships CIC in the prior year. There was no amount outstanding at the year-end.

21. Contingent Liabilities

There are no contingent liabilities arising (2015: £90,000).

22. 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 £1 as stated in memorandum and articles of association for the debts and liabilities contracted before he/she ceases to be a member.

23. 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.

24. Transition to FRS 102

As stated in note 1, these are the first financial statements prepared in accordance with FRS 102. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 August 2016 and the comparative information presented in these financial statements for the year ended 31 March 2016. In preparing its FRS 102 balance sheet, the academy has made no adjustments to the amounts reported previously in the financial statements prepared in accordance with its old basis of accounting UK GAAP.