

**Manchester Creative Studio
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements
For the Period Ended
31 August 2014**

Registered Company Number: 08339878 (England & Wales)

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MANCHESTER CREATIVE STUDIO

Reference and Administrative Information

Board of Directors

Mr Raja Miah
Mr Ben Barsky
Ms Liz Forrester
Mr Steve Kuncewicz
Mr Andrew Lovatt
Mr David McCall
Mr Andy Lovatt
Ms Denise Proctor
Mr Bernard Phillips
Ms Amina Lone
Mr David Barter

Board of Governors

First meeting to be held 24th November 2014 post school opening and access to site.

Max Larcombe (Chair)
Matt Green
Gemma Horridge
Nimisha Mistry
Nicola Barthorpe (Principal and accounting officer)
Ben Barsky
Natalie Gross

Senior Management

Principal

Nicola Barthorpe

School Address

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

Register officer

Fourways House,
57 Hilton Street,
Manchester,
M1 2EJ.

Company register number

08339878

Independent Auditors

Sleigh and Story,
46 Bradford Rd,
Brighouse,
West Yorkshire
HD6 1RY.

MANCHESTER CREATIVE STUDIO

Reference and Administrative Information

Bankers

The Co-operative Bank
P.O box 101
1 Ballon Street
Manchester
M60 4EP

Solicitors

Schofield Sweeny
Springfield House
76 Wellington Street
Leeds
West Yorkshire LS1 2AY

MANCHESTER CREATIVE STUDIO

Annual Report of the Governors for the period 1 July 2013 to 31 August 2014

The Board of Trustees present their annual report together with the financial statements and auditor's reports of the registered company for the period 1 July 2013 to 31 August 2014. 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 £10 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 are known as members of the Board of Trustees. A number of the Board of Trustees will act as Governors of the school. Under the requirement of the Memorandum and Articles of Association the member 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. It is the plan that Governors retire by rotation and, being eligible, offer themselves for re-election. All Governors will 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.

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

It is foreseen that all 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 each Board member and Governor will be DBS checked and training is made available annually to all parties. Members of the Board may avail themselves of trained and induction courses offered by professional organisations. 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.

Organisational Structure

The directors meet as a board at least four times a year to determine the general policy of the company and review its overall management and control for which they are legally responsible. 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 are in the process of being formed to support, operational, financial and curriculum monitoring and improvement. These will be formalised once the Governing Board is formally established at School opening.

Risk Management

The Board continues 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.

Connected Organisations, included Related Party Relationships.

Manchester Creative Studio is the sister school of Collective Spirit Oldham. Collective Community Partnerships CIC is a related party by virtue of Raja Miah being a director of both Collective Community Partnerships CIC and Manchester Creative Studio. Similarly, Rise 2010 CIC is also a related party by virtue of both Raja Miah and Alun Morgan being a director of both Rise 2010 CIC and Manchester Creative Studio.

OBJECTIVES AND ACITIVITES

Objects and Aims

Our Vision

Manchester Creative Studio (MCS) will be an employer-led studio school, specialising in Design, Digital Technology and Interactive Media. All students' learning will be directed by the needs of the sector. Working with a wide range of external partner employers MCS will provide

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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 with 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.

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, will 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 will

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provide this focus, and will help strengthen the pathways available to young people into the Creative Industries.

Academic and vocational learning will be led by Learning Coaches, delivered in small groups with an emphasis on independent learning, research and teamwork. Staff will primarily be team members rather than leaders. Project design will be undertaken by means of 'project tuning' sessions which will follow a set protocol and which will be attended by staff, students and employers. 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 will complement academic and Project Based Learning. We will 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 will be allocated a workplace mentor, and this mentor will have 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 will have a Personal Coach, whom they will meet for forty minutes every two weeks. Students will 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 will also directly support learning in the classroom and therefore have first-hand experience and understanding of each individual students' needs. Personal Coaches will work with young people to identify and break down barriers to learning, providing support and guidance in relation to academic and pastoral issues. They will liaise regularly with Learning Coaches and Workplace Mentors ensuring students are applying their skills in the learning environment and workplace.

Annually, all students will take a specially designed psychometric assessment which will identify their existing skills levels within the CREATE framework. This will provide an objective means of measuring CREATE progress, informing coaching and learning, and benefiting students and the staff who support them. Alongside this, students will also be encouraged to maintain an electronic record of their progress. This will be delivered through a unique virtual portfolio designed by our partners NOISE. NOISE 360° Portfolios are a dynamic skills, life, product and talent Record of Achievement, presenting a step-change in the way students presents their skills. A key feature of a NOISE Portfolio is endorsement from leaders in industry.

The Creative Industries sector requires and expects an exceptionally talented and motivated workforce, and our students will aim high. The curriculum at MCS will be designed for progression into both HE and/or careers in the Creative Industries. Students who study at MCS will 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, will ensure 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.

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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 will underpin our studio school. Our Learning Coaches will work alongside our Partnership Managers and Workplace Mentors to help ensure that our students are making the most of the opportunities that they have. Each student will have an individualised support programme delivered through the 1-1 coaching sessions.

Work experience is distinct at KS4 and KS5. KS4 will ensure that we build social capital by exposing students to a wide range of possible career routes. Additionally, KS4 work experience will support our students to develop a work ethic and work-based competencies that strengthen employability skills. Specialist skills will then be developed at KS5 once students have underpinning employability skills.

MCS will have an ethos that promotes and affirms academic rigour alongside creativity and technical skills. Our offer will be more akin to that experienced in world-class workplaces rather than a traditional school setting. Students will wear business dress rather than a uniform, and will attend regular briefings in place of assemblies. Learning will take place in workshops and project groups; individual support and guidance will be provided via coaching sessions, and students will have appraisals rather than traditional reports.

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

Academic Excellence

Whilst students' learning will have crucial vocational relevance, this will be 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 will be 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 will have a Personal Coach who will work with them to establish an 'Individualised Personalised Learning Programme'. Students will then meet with them at least fortnightly to discuss progress against this plan, to review and revise targets, and address any barriers to learning.

Practical Learning

The majority of qualifications will be delivered through PBL, where students work in teams, using cross-curricular and CREATE skills alongside subject-specific knowledge. These features

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will be highlighted within each project, and students will be allocated project roles depending on their own personalised learning needs as identified in Personal Coaching sessions.

Real Work

All students will take part in regular work placements with local Creative Industry businesses. At KS4, these placements will be with our in-house employers, and at KS5 these will be with external partners. Young people will be placed in a work environment that closely matches their career and/or Higher Education aspirations, and will be 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 that it will be a closely-knit community, where all staff and students know one another by name, and where no student will feel overwhelmed or out of place. Regular personal coaching sessions will ensure that students will not struggle alone with issues.

Students of All Abilities

Every student who applies to attend MCS will be 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 will be complemented by a comprehensive enrichment programme including access to sports and recreational activities, opportunities to engage in wider personal and social development with our partners from The Factory Youth Zone and NOISE, and through community volunteering.

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

Ensuring our work delivers our aims

The school once open will be subject to regular inspection by Ofsted. In addition the school was required to undertake a pre-opening inspection which has been successful. The school expects a full Ofsted inspection within eighteen months of opening.

Regular lessons observation will take place and a performance review system will be in place which is linked to clear development targets for all teachers.

Academic progress will be monitored and the Principal will provide updates on progress at the Governing Body through production of a Principal's report which will be presented and minuted. Other evaluation measures may include knowledge tests, a cornerstone systems, attendance rates, application rates and eventually exam results when the pupils reach the appropriate age.

Public Benefit

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

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Achievements and Performance

Going concern

After making appropriate enquires the Board of Directors has the expectation that Manchester Creative Studio will have the resources to function successfully in our first year of opening and onwards for the foreseeable further.

For the above stated reason Manchester Creative Studio will adopt the going concern basis in preparing the financial statements.

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

The financial and risk management objective of the Academy Trust is to ensure effective financial management at the planned school is delivered within the agreed constraints for 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 not currently open

- Mitigation: the Board and senior leadership team maintain a rigours and effective approach to financial procedures to support our overall delivery. It is planned that financial committees will be set up and established to monitor operational delivery to ensure long term future proofing. In addition contingencies are place in the school budget to minimise unforeseen costs that may occur.

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Potential delay in the Schools occupancy into the permanent site:-

- Mitigation: The project plan and budget for the school site will be monitored on an ongoing basis by the Chair of the Board and CEO and reviewed on a 2 weekly basis. Contingency plans for any delay were agreed with the EFA as part of the initial scope.

Reserves policy

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.

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

Major plans for the future of the school are to establish the site and ensure the first intake of students settle into the culture of MCS. The school will also focus on recruitment for its year two intake of students to ensure its long term viability.

Auditors

In so far as the Board are aware:

- The Board have taken all steps they ought to have taken to make themselves aware of any relevant information to establish that the auditor is aware of that information.

Approved by order of the Board of Directors on 24 December 2014 and signed on its behalf by:



Alun Morgan
Chair of Board

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 (Raja Miah) 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 12 times during the last year. Attendance during the year at meeting of the Board was as follows:-

| Board member | Meeting Attended | Out of Possible |
|---------------------|------------------|-----------------|
| Mr Raja Miah | 11 | 12 |
| Mr Ben Barsky | 11 | 12 |
| Mr Dave Barter | 1 | 12 |
| Ms Liz Forrester | 9 | 12 |
| Mr Steve Kuncewicz | 10 | 12 |
| Mr Andrew Lovatt | 6 | 12 |
| Mr David McCall | 9 | 12 |
| Ms Denise Proctor | 10 | 12 |
| Ms Amina Lone | 7 | 12 |
| Max Larcombe | 10 | 12 |
| Mr Bernard Phillips | 3 | 12 |

The board of Governors has not formally met within the term of this Accounting Period but the first Governing Body meeting is planned for post opening on the 24th November 2014. It is planned that meetings will be held in term 1,3 & 5.

| Board member | Meeting Attended | Out of Possible |
|----------------------|------------------|-----------------|
| Max Larcombe (Chair) | Not taken | 3 |
| Matt Green | Not taken | 3 |
| Gemma Horridge | Not taken | 3 |
| Nimisha Mistry | Not taken | 3 |
| Nicola Barthorpe | Not taken | 3 |
| Ben Barsky | Not taken | 3 |
| Natalie Gross | Not taken | 3 |

MANCHESTER CREATIVE STUDIO

Governance Statement

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 2014 and up to date of approval of the annual report and financial statements

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 has been in place for the period ending 31 August 2014 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 once established.

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 has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. The Board though has appointed Sleight and Story as an external auditor to independently review the business operations. Further consideration will be given to continue an external audit arrangement to ensure the highest levels of rigour in the system.

MANCHESTER CREATIVE STUDIO

Governance Statement

Review of Effectiveness

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

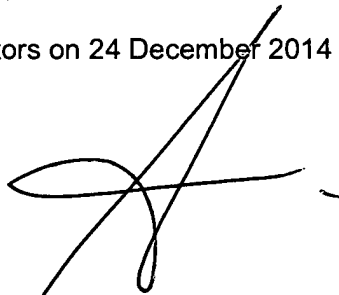
- The work of the Responsible Officer/ external Auditor
- The financial management and governance self assessment process;
- The work of the senior manager within Manchester Creative Studio who have the responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised by the external audit and a plan to address weakness and ensure continuous improvement of the system is in place.

Approved by the order of the Board of Directors on 24 December 2014 and signed on its behalf by:-



Raja Miah
Accounting Officer



Alun Morgan
Chair of Board

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.



Raja Miah
Accounting Officer

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 24 December 2014 and signed on its behalf by:



Alun Morgan
Chair of Board

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 period ended 31 August 2014 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).

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

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 Governor's annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

MANCHESTER CREATIVE STUDIO

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period 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
- are in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Annual Report for the financial period 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; or
- the governors' were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies exemption in preparing the Governors' Annual Report.

Peter Sleight

**Peter Sleight FCCA, Senior Statutory Auditor
For and on behalf of Sleight & Story Ltd, Statutory Auditors
Chartered Certified Accountants
Technology House
46b Bradford Road
Brighouse
West Yorkshire
HD6 1RY**

24 December 2014

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 1 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Manchester Creative Studio during the period from 1 July 2013 to 31 August 2014 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 2014 and the Academies Financial Handbook, extant from 1 September 2012, 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 2013 to 2014. 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 period 1 July 2013 to 31 August 2014 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 2013 to 2014 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 period 1 July 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Senior Statutory Auditor

24 December 2014

MANCHESTER CREATIVE STUDIO

Statement of Financial Activities (including Income & Expenditure Account) for the period 1 July 2013 to 31 August 2014

| | Notes | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total 2014 £ |
|--|-------|-------------------------------------|---|--------------------|
| INCOMING RESOURCES | | | | |
| Incoming resources from generated funds | | | | |
| Voluntary income | 2 | - | 1,296,000 | 1,296,000 |
| Investment income | 3 | 120 | - | 120 |
| Incoming resources from charitable activities | | | | |
| Funding for the academy trust's educational operations | 4 | 300,000 | 535,499 | 835,499 |
| Total incoming resources | | 300,120 | 1,831,499 | 2,131,619 |
| RESOURCES EXPENDED | | | | |
| Charitable activities | | | | |
| Academy trust educational operations | 6 | 287,868 | 37,622 | 325,490 |
| Governance costs | | | | |
| | 7 | 3,699 | - | 3,699 |
| Total resources expended | 5 | 291,567 | 37,622 | 329,189 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | |
| | | 8,553 | 1,793,877 | 1,802,430 |
| Transfers between funds | | - | - | - |
| NET INCOME / (EXPENDITURE) FOR THE YEAR | | 8,553 | 1,793,877 | 1,802,430 |
| Net Movement in funds | | 8,553 | 1,793,877 | 1,802,430 |
| Balances brought forward at 1 July 2013 | | - | - | - |
| BALANCES CARRIED FORWARD | | 8,553 | 1,793,877 | 1,802,430 |

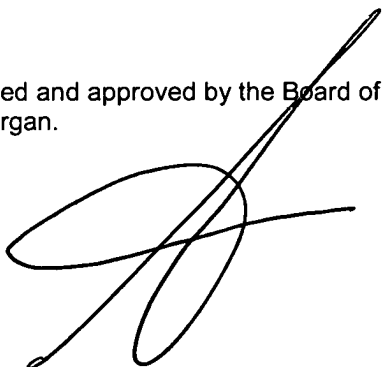
The statement of financial activities includes all gains and losses in the year. All incoming resources derive from continuing activities

MANCHESTER CREATIVE STUDIO

Balance Sheet as at 31 August 2014

| | Notes | 2014 £ |
|--|-------|------------------|
| FIXED ASSETS | | |
| Tangible assets | 10 | <u>1,803,213</u> |
| | | 1,803,213 |
| CURRENT ASSETS | | |
| Debtors | 11 | 99,580 |
| Cash at bank and in hand | | <u>307,310</u> |
| | | 406,890 |
| CREDITORS | | |
| Due within one year | 12 | <u>(407,673)</u> |
| NET CURRENT ASSETS | | <u>(783)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,802,430 |
| TOTAL NET ASSETS | | <u>1,802,430</u> |
| RESTRICTED FUNDS | | |
| Fixed asset fund | 13 | 1,793,877 |
| General fund | 13 | 8,553 |
| TOTAL FUNDS | | <u>1,802,430</u> |

Authorised and approved by the Board of Directors 24 December 2014 and signed on behalf of the Board by A Morgan.



MANCHESTER CREATIVE STUDIO

Cash Flow Statement for the period 1 July 2013 to 31 August 2014

| | Notes | £ | 2014 £ |
|---|-------|--------------------|----------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 15 | | 2,151,137 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest receivable | 16 | <u>120</u> | |
| NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | 120 |
| CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS | | | |
| Purchase of tangible fixed assets | 17 | <u>(1,843,947)</u> | |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | | (1,843,947) |
| INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | 18 | | <u>307,310</u> |

MANCHESTER CREATIVE STUDIO

Notes to the Financial Statements for the period 1 July 2013 to 31 August 2014

1. Accounting Policies

Basis of Preparation

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

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 one year from the date of approval of the financial statements.

Incoming Resources

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

- **Grants Receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable 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.

- **Gifts in kind**

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

Resources Expended

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

- **Charitable Activities**

These are costs incurred on the academy trust's educational operations.

MANCHESTER CREATIVE STUDIO

Notes to the Financial Statements for the period 1 July 2013 to 31 August 2014

- **Governance Costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

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

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.

Leased Assets

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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.

MANCHESTER CREATIVE STUDIO

Notes to the Financial Statements for the period 1 July 2013 to 31 August 2014

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department for Education.

2. Voluntary Income

| | Restricted Funds £ | Total 2014 £ |
|--------------|-----------------------|------------------|
| Gift in kind | 1,296,000 | 1,296,000 |
| | <u>1,296,000</u> | <u>1,296,000</u> |

3. Investment Income

| | Restricted Funds £ | Total 2014 £ |
|---------------|-----------------------|-----------------|
| Bank interest | 120 | 120 |
| | <u>120</u> | <u>120</u> |

4. Funding for the Academy Trust's Educational Operations

| | Restricted Funds £ | Total 2014 £ |
|--------------------------|-----------------------|-----------------|
| DfE / EFA revenue grants | | |
| Start Up Grants | 300,000 | 300,000 |
| Capital Grants | 535,499 | 535,499 |
| | <u>835,499</u> | <u>835,499</u> |

5. Resources expended

| | Staff Costs £ | Non Pay Premises £ | Expenditure Other costs £ | Total 2014 £ |
|--|------------------|-----------------------|------------------------------|-----------------|
| Academy's educational operations | | | | |
| • Direct costs | 27,521 | - | 100,149 | 127,670 |
| • Allocated support costs | - | 21,946 | 175,874 | 197,820 |
| | <u>27,521</u> | <u>21,946</u> | <u>276,023</u> | <u>325,490</u> |
| Governance costs including allocated support costs | - | - | 3,699 | 3,699 |
| Total resources expended | 27,521 | 21,946 | 279,722 | 329,189 |

MANCHESTER CREATIVE STUDIO

Notes to the Financial Statements for the period 1 July 2013 to 31 August 2014

6. Charitable Activities – Academy's Educational Operations

| | Total 2014 £ |
|----------------------------------|--------------------|
| Direct costs | |
| Teaching and recruitment costs | 31,638 |
| Educational services and support | 91,962 |
| Staff development | 4,070 |
| | <u>127,670</u> |
| Allocated support costs | |
| Project management | 80,745 |
| Marketing & advertising | 30,711 |
| Office administration costs | 8,257 |
| Rent | 16,440 |
| Depreciation | 40,734 |
| Student recruitment | 15,948 |
| Travel and subsistence | 4,985 |
| | <u>197,820</u> |

7. Governance Costs

| | Total 2014 £ |
|-----------------------------|--------------------|
| Legal and professional fees | 949 |
| Auditor's remuneration | 2,750 |
| | <u>3,699</u> |

8. Staff

a. Staff costs

Staff costs during the year were:

| | Total 2014 £ |
|-----------------------|--------------------|
| Wages and salaries | 24,663 |
| Social security costs | 2,858 |
| | <u>27,521</u> |

b. Staff numbers

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

| | 2014 No. |
|------------------------------|-------------|
| Charitable Activities | |
| Teachers | <u>1</u> |
| | <u>1</u> |

9. Related Party Transactions – Governors' Remuneration and Expenses

The principal only received remuneration in respect of services provided in undertaking the role of principal, not in respect of services as a governor. The value of governors' remuneration was as follows:

N Barthorpe (principal and governor) £20,000 - £25,000

No governors received reimbursement of expenses during the year.

MANCHESTER CREATIVE STUDIO

Notes to the Financial Statements for the period 1 July 2013 to 31 August 2014

10. Tangible Fixed Assets

| | Leasehold Land and Buildings £ | Improvements to leasehold property £ | Equipment, fixtures and fittings £ | Total 2014 £ |
|----------------------|---|---|---|--------------------|
| Cost | | | | |
| Additions | 1,296,000 | 531,187 | 16,760 | 1,843,947 |
| As at 31 August 2014 | 1,296,000 | 531,187 | 16,760 | 1,843,947 |
| Depreciation | | | | |
| Charge for the year | 25,920 | 10,624 | 4,190 | 40,734 |
| As at 31 August 2014 | 25,920 | 10,624 | 4,190 | 40,734 |
| Net Book Value | | | | |
| As at 31 August 2014 | 1,270,080 | 520,563 | 12,570 | 1,803,213 |

11. Debtors

| | Total 2014 £ |
|--------------------------------|--------------------|
| VAT recoverable | 94,406 |
| Prepayments and accrued income | 5,174 |
| | <u>99,580</u> |

12. Creditors

| | Total 2014 £ |
|-------------------------------------|--------------------|
| Amounts falling due within one year | |
| Trade creditors | 312,231 |
| Other creditors | 92,692 |
| Accruals and deferred income | 2,750 |
| | <u>407,673</u> |

13. Funds

| | Balance at 1 July 2013 £ | Incoming Resources £ | Resources Expended £ | Balance at 31 August 2014 £ |
|-------------------------------------|--------------------------------|----------------------------|----------------------------|--------------------------------------|
| Restricted general funds | | | | |
| Start Up Grant | - | 300,120 | (291,567) | 8,553 |
| | - | 300,120 | (291,567) | 8,553 |
| Restricted fixed asset funds | | | | |
| DfE/EFA capital grants | - | 1,831,499 | (37,622) | 1,793,877 |
| | | 1,831,499 | (37,622) | 1,793,877 |
| Total restricted funds | - | 2,131,619 | (329,189) | 1,802,430 |
| Total funds | - | 2,131,619 | (329,189) | 1,802,430 |

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 2014.

MANCHESTER CREATIVE STUDIO

Notes to the Financial Statements for the period 1 July 2013 to 31 August 2014

14. Analysis of Net Assets between Funds

Fund balances at 31 August 2014 are represented by:

| | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total Funds £ |
|-----------------------|-------------------------------------|---|---------------------|
| Tangible fixed assets | 9,336 | 1,793,877 | 1,803,213 |
| Current assets | 1,967 | 404,923 | 406,890 |
| Current liabilities | (2,750) | (404,923) | (407,673) |
| | <u>8,553</u> | <u>1,793,877</u> | <u>1,802,430</u> |

15. Reconciliation of Net Income to Net Cash Inflow from Operating Activities

| | 2014 £ |
|---|------------------|
| Net income | 1,802,430 |
| Depreciation charged | 40,734 |
| Interest receivable | (120) |
| Decrease / (increase) in debtors | (99,580) |
| (Decrease) / Increase in creditors | 407,673 |
| Net cash inflow from operating activities | <u>2,151,137</u> |

16. Returns on Investments and Servicing of Finance

| | 2014 £ |
|---|------------|
| Interest received | 120 |
| Net cash inflow from returns on investment and servicing of finance | <u>120</u> |

17. Capital Expenditure and Financial Investment

| | 2014 £ |
|--|--------------------|
| Purchase of tangible fixed assets | (1,843,947) |
| Net cash outflow from capital expenditure and financial investment | <u>(1,843,947)</u> |

MANCHESTER CREATIVE STUDIO

Notes to the Financial Statements for the period 1 July 2013 to 31 August 2014

18. Analysis of Change in Net Funds

| | At 1 July 2013 £ | Cash Flows £ | At 31 August 2014 £ |
|--------------------------|------------------------|--------------------|------------------------------|
| Cash in hand and at bank | - | 307,310 | 307,310 |
| | - | 307,310 | 307,310 |

19. Capital Commitments

At the year end there were capital commitments, authorised and contracted for of £1,009,235.

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 organizations, transactions may take place with organizations in which the trust has an interest. All transactions involving such organizations 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 Raja Miah, a director of the academy, provided educational services to the academy with regards to extended curriculum development. The consideration paid by the academy in respect of these services was £17,500. There was no amount outstanding at the year-end.

During the year Max Larcombe, the chair of governors, provided educational services to the academy with regards to employer engagement. The consideration paid by the academy in respect of these services was £20,000. There was no amount outstanding at the year-end.

During the year Liz Forrester, a director of the academy, provided educational services to the academy with regards to curriculum development. The consideration paid by the academy in respect of these services was £12,000. There was no amount outstanding at the year-end.

During the year Bernard Phillips, a director of the academy, provided educational services to the academy with regards to curriculum development. The consideration paid by the academy in respect of these services was £2,100. There was no amount outstanding at the year-end.

During the year Rise 2010 CIC provided educational services, project management services and the provision of office space to the academy for which the academy paid consideration of £45,583. Raja Miah and Alun Morgan, both directors of the academy, are also directors of Rise 2010 CIC. There was no amount outstanding at the year-end.

During the year Collective Community Partnerships CIC provided project management services to the academy for which the academy paid consideration of £31,828. Raja Miah, a director of the academy, is also a director of Collective Community Partnerships CIC. There was no amount outstanding at the year-end.