

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

**Annual Report and Financial Statements
For the Year Ended
31 August 2018**



Registered Company Number: 08339878 (England & Wales)

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MANCHESTER CREATIVE STUDIO

Reference and Administrative Information

Board of Directors	Mr M Shevill - Chair Mr M Turnpenny – Vice Chair Mr S Kuncewicz Mr M Reeves Mrs J Armstrong
Members	Mr M Shevill Mr M Turnpenny
Accounting Officer	Mr S Kuncewicz
Senior Management Principal Acting principal	Peter Ramsay (until 31 December 2017) Martin Stewart (from 1 January 2018)
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
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

MANCHESTER CREATIVE STUDIO

Annual Report of the Trustees for the year ended 31 August 2018

Members and Trustee:

The Members and Trustees of MCS resigned in April 2017. This was a result of concerns being raised following a poor Inspection Report and other concerns. At the behest of the Department for Education a new Board of Trustees were formed in June 2017. The present structure is as follows:

Members:

Martin Shevill
Maurice Turnpenney

Directors:

Julie Armstrong
Steven Kunczewicz
Mark Reeves
Martin Shevill (Chair)
Maurice Turnpenney (Vice Chair)

The initial concept to develop a free school based on creativity was appropriate. The school was centred in the growth area for digital technology in an area north of Manchester city centre. This is the largest area of growth of such industry outside London. Although the school has had a number of successes its long term prospects of recruiting enough students to maintain the school's viability was not assured.

In late April 2017 the Regional School Commissioner requested Cheadle Hulme High School (CHHS), part of the Laurus Trust to provide school to school support for MCS. Following the appointment of the Trustees, CHHS were commissioned to provide support for the whole of the summer term.

Examples of the support provided included:

- additional staffing in core subjects along with History
- additional pastoral support
- work on creating an ICT network that was fit for purpose
- staff training
- modifications to the catering system
- finance and HR support
- health and safety advice.

The outcomes for students at both key stage 4 and key stage 5 were significantly better than earlier predicted, providing students with the appropriate qualifications to take them to the next stage of their education.

During the summer and early autumn terms the Trustees considered possibilities for the long-term future of the school. Consideration was given to re-brokering the school to another Trust and focussing on post 16 provision only. This would have continued as a base for creative courses. By the middle of the autumn term the trustees took the

MANCHESTER CREATIVE STUDIO

Annual Report of the Trustees for the year ended 31 August 2018

decision to recommend the school for closure with effect from the 31 July 2018. This enabled all Year 11 and Year 13 students to complete all of their courses and prepare to move on to employment, apprenticeships, sixth form college or university.

The Board continued operating until autumn 2018 and managed finances, supported staff in applications for new roles and, of course ensured that the present students achieved their best possible outcomes.

The Trustees would like to thank all staff for their commitment to this new venture and wish them every success in the future. Trustees would also like to thank the staff from CHHS (teaching and support staff) for all their hard work in improving opportunities for the students in what were the final four terms of the school.



M Shevill
Chair of Trustees
22 May 2019

MANCHESTER CREATIVE STUDIO

Governance Statement

Scope of Responsibility

As trustees, 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 business 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 requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Manchester Creative Studio and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses 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 of trustees has formally met 8 times during the last year. Attendance during the year at meetings of the Board was as follows:-

Board member	Meeting Attended	Out of Possible
Martin Shevill (Chair)	7	8
Maurice Turnpenny	5	8
Mark Reeves	4	8
Steve Kuncewicz	6	8
Julie Armstrong	7	8

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 risks 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 from June 2017 at Manchester Creative Studio for the year ended 31 August 2018 and up to date of approval of the annual report and financial statements

Capacity to handle risk

Since June 2017, 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 for identifying, evaluating and managing the academy trust's significant risks that has

MANCHESTER CREATIVE STUDIO

Governance Statement

been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The 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 with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Regular reviews by the Board and ESFA of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.

Review of Value for Money

The accounting officer 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.

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

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

MANCHESTER CREATIVE STUDIO

Governance Statement

- The work of the 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.

Approved by the order of the Board of Directors on 22 May 2019 and signed on its behalf by:-



S Kuncewicz
Accounting Officer



M Shevill
Chair of Trustees

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Statement on Regularity, Propriety and Compliance

As accounting officer of Manchester Creative Studio, I have considered my responsibilities to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirement of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and condition of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



S Kuncewicz
Accounting Officer

22 May 2019

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 Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Insofar as the trustees are aware:

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

Approved by order of the members of the board of trustees on 22 May 2019 and signed on its behalf by:



M Shevill
Chair of Trustees

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

Qualified Opinion

We have audited the financial statements of Manchester Creative Studio ('the charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities (including income & expenditure account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the basis for qualified opinion section, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 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 prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for Qualified Opinion

The charitable company has two bank accounts. For one of these bank accounts we have been unable to obtain bank statements from 12 April 2017 onwards and have also been unable to obtain a certificate from the bank, confirming the bank balance at the year-end. The bank statements recorded no transactions from 6 December 2016 to 12 April 2017 and the bank balance is recorded in the financial statements at £128.48, which was the balance for the period between 6 December 2016 and 12 April 2017. However, as we have not been able to confirm the bank balance at the year-end we have been unable to determine whether any adjustments to this bank balance are necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANCHESTER CREATIVE STUDIO

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

Conclusions relating to going concern

We draw attention to the going concern policy as noted in the accounting policies. This note states that on 30 January 2018 the academy announced it would close at the end of the 2017-18 academic year. There has been no intake of pupils for the 2018-19 academic year and operations are being wound up. As a result, the trustees do not deem the going concern basis to be appropriate and therefore the financial statements have not been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

MANCHESTER CREATIVE STUDIO

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

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

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

Details of information and explanations necessary for the purposes of the audit not received by us are detailed in the 'basis for qualified opinion' paragraph.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page 9, the Trustees (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, and for such internal control as the trustees determine is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

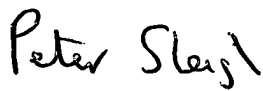
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of Independent Auditors.

MANCHESTER CREATIVE STUDIO

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

Use of our report

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



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

22 May 2019

MANCHESTER CREATIVE STUDIO

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

In accordance with the terms of the engagement letter dated 9 September 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the *Academies Accounts Direction 2017 to 2018*, 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 2017 to 31 August 2018 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Manchester Creative Studio and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Manchester Creative Studio and the ESFA, 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 2017, 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 2017 to 2018*. 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 2018 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 2017 to 2018* issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

MANCHESTER CREATIVE STUDIO

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

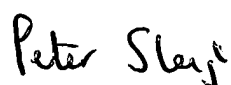
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Checking figures to base documents to ensure income & 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 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

22 May 2019

MANCHESTER CREATIVE STUDIO

Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 August 2018

	Notes	Unrestricted General Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Total 2017 £
INCOME AND ENDOWMENTS FROM						
Donations and Capital grants	2	4,650	-	11,040	15,690	40,694
Charitable Activities:						
Funding for the academy trust's educational operations	3	-	512,463	-	512,463	1,016,918
Other trading activities	4	3,250	-	-	3,250	11,650
Investments	5	-	75	-	75	199
Total		7,900	512,538	11,040	531,478	1,069,461
EXPENDITURE ON						
Charitable activities:						
Academy trust educational operations	7	7,900	950,215	2,722,530	3,680,645	1,226,720
Total	6	7,900	950,215	2,722,530	3,680,645	1,226,720
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
		-	(437,677)	(2,711,490)	(3,149,167)	(157,259)
Transfers between funds	14	-	(13,790)	13,790	-	-
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial (losses)/gains on defined benefit pension schemes	24	-	(22,000)	-	(22,000)	-
NET INCOME / (EXPENDITURE) FOR THE YEAR						
		-	(473,467)	(2,697,700)	(3,171,167)	(157,259)
Net Movement in funds						
		-	(473,467)	(2,697,700)	(3,171,167)	(157,259)
Reconciliation of funds						
Total funds brought forward		-	(408,522)	2,697,700	2,289,178	2,446,437
TOTAL FUNDS CARRIED FORWARD		-	(881,989)	-	(881,989)	2,289,178

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

MANCHESTER CREATIVE STUDIO

Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 August 2017

	Notes	Unrestricted General Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £
INCOME AND ENDOWMENTS FROM					
Donations and Capital grants	2	2,367	-	38,327	40,694
Charitable Activities:					
Funding for the academy trust's educational operations	3	-	1,016,918	-	1,016,918
Investments	5	11,650	-	-	11,650
		-	199	-	199
Total		14,017	1,017,117	38,327	1,069,461
EXPENDITURE ON					
Charitable activities:					
Academy trust educational operations	7	14,017	1,064,237	148,466	1,226,720
Total	6	14,017	1,064,237	148,466	1,226,720
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		-	(47,120)	(110,139)	(157,259)
Transfers between funds		-	(70,389)	70,389	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		-	(117,509)	(39,750)	(157,259)
Net Movement in funds		-	(117,509)	(39,750)	(157,259)
Reconciliation of funds					
Total funds brought forward		-	(291,013)	2,737,450	2,446,437
TOTAL FUNDS CARRIED FORWARD		-	(408,522)	2,697,700	2,289,178

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

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Company Registration Number: 08339878

Balance Sheet as at 31 August 2018

	Notes	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	10		-		2,697,700
CURRENT ASSETS					
Debtors	11	11,721		44,575	
Cash at bank and in hand		<u>83,029</u>		<u>283,466</u>	
		94,750		328,041	
LIABILITIES					
Creditors :Amounts falling due within one year	12	<u>(941,739)</u>		<u>(617,563)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>(846,989)</u>		<u>(289,522)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(846,989)</u>		<u>2,408,178</u>
Creditors :Amounts falling due after more than one year	13		-		(119,000)
NET ASSETS/(LIABILITIES) EXCLUDING PENSION LIABILITY			<u>(846,989)</u>		<u>2,289,178</u>
Defined benefit pension scheme liability	24		(35,000)		-
TOTAL NET ASSETS			<u><u>(881,989)</u></u>		<u><u>2,289,178</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
• Fixed asset fund	14		-		2,697,700
• Restricted income fund	14		(846,989)		(408,522)
• Pension reserve	14		(35,000)		-
TOTAL FUNDS			<u><u>(881,989)</u></u>		<u><u>2,289,178</u></u>

Authorised and approved by the Board of Directors on 22 May 2019 and signed on behalf of the Board by M Shevill.

Martin Shevill

MANCHESTER CREATIVE STUDIO

Statement of Cash Flows for the year ended 31 August 2018

	Notes	£	2018 £	£	2017 £
CASH FLOW FROM OPERATING ACTIVITIES					
	16		(175,682)		96,377
CASH FLOW FROM INVESTING ACTIVITIES					
Interest receivable	17	<u>75</u>		<u>199</u>	
NET CASH FLOW FROM INVESTING ACTIVITIES			75		199
CASH FLOW FROM FINANCING ACTIVITIES					
Purchase of tangible fixed assets	18	<u>(24,830)</u>		<u>(38,327)</u>	
NET CASH FLOW FROM FINANCING ACTIVITIES			(24,830)		(38,327)
CASH AND CASH EQUIVALENTS AT 31 AUGUST 2018.	19		<u>(200,437)</u>		<u>58,249</u>

MANCHESTER CREATIVE STUDIO

Notes to the financial statements for the year ended 31 August 2018

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 2017 to 2018 issued by ESFA and the Companies Act 2006.

Manchester Creative Studio meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees announced on 30 January 2018 that the academy would be closing at the end of the academic year. There has been no intake of pupils for the 2018/19 academic year and operations are being wound up. As a result, the trustees do not deem the going concern basis to be appropriate and therefore the financial statements have been prepared on a non going concern basis.

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.

- **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

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Notes to the financial statements for the year ended 31 August 2018

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.

As the academy is no longer a going concern the assets will revert back to the ESFA. Therefore, the asset values have been impaired to nil and the restricted fixed asset fund in the Statement of Financial Activities has been reduced to nil.

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

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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') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

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Notes to the financial statements for the year ended 31 August 2018

2. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Capital Grants	-	11,040	11,040	38,327
Other Donations	4,650	-	4,650	2,367
	<u>4,650</u>	<u>11,040</u>	<u>15,690</u>	<u>40,694</u>

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE / EFA revenue grants	-	-	-	-
General Annual Grant (GAG)	-	462,661	462,661	991,241
Other DfE/EFA Grants	-	48,932	48,932	25,677
	<u>-</u>	<u>511,593</u>	<u>511,593</u>	<u>1,016,918</u>
Other income from the academy trust's educational operations	-	870	870	-
Total	<u>-</u>	<u>512,463</u>	<u>512,463</u>	<u>1,016,918</u>

4. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Hire of facilities	3,250	-	3,250	11,650
	<u>3,250</u>	<u>-</u>	<u>3,250</u>	<u>11,650</u>

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Bank interest	-	75	75	199
	<u>-</u>	<u>75</u>	<u>75</u>	<u>199</u>

6. Resources expended

	Staff Costs £	Non Pay Premises £	Expenditure Other costs £	Total 2018 £	Total 2017 £
Academy's educational operations					
• Direct costs	526,055	-	46,335	572,390	773,157
• Allocated support costs	167,277	34,822	2,906,156	3,108,255	453,563
Total resources expended	<u>693,332</u>	<u>34,822</u>	<u>2,952,491</u>	<u>3,680,645</u>	<u>1,226,720</u>

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Notes to the financial statements for the year ended 31 August 2018

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Depreciation	156,408	148,466
Impairment of fixed assets	2,566,122	-
Fees payable to auditor for:		
- Audit	4,245	4,120
- Other services	7,021	3,275

7. Charitable Activities – Academy's Educational Operations

	Total 2018 £	Total 2017 £
Direct costs		
Teaching and recruitment costs	522,125	616,818
Educational services and support	46,335	143,475
Staff development	3,930	12,864
	<u>572,390</u>	<u>773,157</u>
Allocated support costs		
Support staff costs	167,277	123,852
Marketing & advertising	-	21,492
Office administration costs	68,916	27,278
Rent & rates	17,879	27,115
Cleaning and caretaking	16,154	19,433
Catering	6,085	34,012
Energy costs	16,943	20,817
Security and transport	5,930	3,333
Depreciation	156,408	148,466
Website development	-	3,387
School to school support	47,904	-
Governance costs	38,637	24,378
Impairment of fixed assets	2,566,122	-
	<u>3,108,255</u>	<u>453,563</u>

8. Staff

a. Staff costs

Staff costs during the year were:

	Total 2018 £	Total 2017 £
Wages and salaries	427,561	476,857
Social security costs	47,407	48,689
Pension costs	104,587	43,981
	<u>579,555</u>	<u>569,527</u>
Supply staff costs	-	171,143
Staff restructuring costs	109,847	-
	<u>689,402</u>	<u>740,670</u>
Staff restructuring costs comprise:		
Redundancy payments	56,352	-
Severance payments	53,495	-
	<u>109,847</u>	<u>-</u>

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Notes to the financial statements for the year ended 31 August 2018

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £53,495 (2017: £nil). Individually, the payments were: £20,136 made on 31 December 2017, £19,000 made on 31 January 2018 and £14,359 made on 31 August 2018.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	11	12
Administration and support	5	4
	<u>16</u>	<u>16</u>

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

d. 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 £43,590 (2017: £64,500).

9. Related Party Transactions – Trustees' Remuneration and Expenses

No trustees have received remuneration or other benefits from the academy during the year (2017: £nil).

No trustees received reimbursement of expenses during the year (2017: £nil).

10. Tangible Fixed Assets

	Leasehold Land and Buildings £	Improvements to leasehold property £	Equipment, fixtures and fittings £	Computer equipment £	Total 2018 £
Cost					
At 1 September 2017	1,080,000	1,676,757	81,790	316,934	3,155,481
Additions	-	2,069	12,521	10,240	24,830
As at 31 August 2018	<u>1,080,000</u>	<u>1,678,826</u>	<u>94,311</u>	<u>327,174</u>	<u>3,180,311</u>
Depreciation & impairment					
At 1 September 2017	90,720	108,671	46,344	212,046	457,781
Depreciation charge for the year	21,600	33,626	23,578	77,604	156,408
Impairment charge for the year	967,680	1,536,529	24,389	37,524	2,566,122
As at 31 August 2018	<u>1,080,000</u>	<u>1,678,826</u>	<u>94,311</u>	<u>327,174</u>	<u>3,180,311</u>
Net Book Value					
As at 31 August 2018	-	-	-	-	-
As at 31 August 2017	<u>989,280</u>	<u>1,568,086</u>	<u>35,446</u>	<u>104,888</u>	<u>2,697,700</u>

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

Total impairment losses for the year of £2,566,122 are included within support costs (note 7) in the line headed 'impairment of fixed assets'. This total is broken down between fixed asset classes as in the note above.

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Notes to the financial statements for the year ended 31 August 2018

11. Debtors

	Total 2018 £	Total 2017 £
VAT recoverable	9,539	6,299
Other debtors	-	1,500
Prepayments and accrued income	2,182	36,776
	11,721	44,575

12. Creditors

	Total 2018 £	Total 2017 £
Amounts falling due within one year		
Trade creditors	37,052	44,304
Other creditors	235,025	277,197
ESFA Creditor: abatement of GAG	590,870	269,252
Other taxes and social security costs	-	12,860
Accruals and deferred income	78,792	13,950
	941,739	617,563

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

	2018 £	2017 £
Amounts falling due within one year		
EFA Creditor: abatement of GAG	-	119,000
	-	119,000

14. Funds of the academy trust

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, Losses & Transfers £	Balance at 31 August 2018 £
Restricted general funds					
General annual grant (GAG)	(408,522)	462,661	(887,338)	(13,790)	(846,989)
Pupil Premium	-	32,782	(32,782)	-	-
Other grants	-	16,150	(16,150)	-	-
Other income	-	945	(945)	-	-
Pension reserve	-	-	(13,000)	(22,000)	(35,000)
	(408,522)	512,538	(950,215)	(35,790)	(881,989)
Restricted fixed asset funds					
DFE/EFA capital grants	2,697,700	11,040	(2,722,530)	13,790	-
	2,697,700	11,040	(2,722,530)	13,790	-
Total Restricted funds	2,289,178	523,578	(3,672,745)	(22,000)	(881,989)
Total Unrestricted funds	-	7,900	(7,900)	-	-
Total funds	2,289,178	531,478	(3,680,645)	(22,000)	(881,989)

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 2018.

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

MANCHESTER CREATIVE STUDIO

Notes to the financial statements for the year ended 31 August 2018

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 £881,989 (2017: £408,522) on restricted general funds due to claw back of GAG monies by the ESFA over the course of four academic years.

Transfers recorded in the year from restricted general funds to restricted fixed asset funds represent fixed assets that have been purchased using funds from the restricted general fund but are now held in the restricted fixed asset fund.

15. Analysis of Net Assets between Funds

Fund balances at 31 August 2018 are represented by:

	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	-
Current assets	94,750	-	94,750
Current liabilities	(941,739)	-	(941,739)
Non-current liabilities	-	-	-
Pension scheme liability	(35,000)	-	(35,000)
	<u>(881,989)</u>	<u>-</u>	<u>(881,989)</u>

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

	2018 £	2017 £
Net income/(expenditure)	(3,149,167)	(157,259)
Depreciation charged	156,408	148,466
Amortisation charged	2,566,122	-
Interest receivable	(75)	(199)
Defined benefit pension scheme cost less contributions payable	13,000	-
Decrease / (increase) in debtors	32,854	15,860
(Decrease) / Increase in creditors	205,176	89,509
Net cash inflow from operating activities	<u>(175,682)</u>	<u>96,377</u>

17. Cash flows from financing Activities

	2018 £	2017 £
Interest received	75	199
Net cash flow from financing Activities	<u>75</u>	<u>199</u>

18. Cash flows from Investing Activities

	2018 £	2017 £
Purchase of tangible fixed assets	(24,830)	(38,327)
Net cash flow from Investing Activities	<u>(24,830)</u>	<u>(38,327)</u>

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Notes to the financial statements for the year ended 31 August 2018

19. Analysis of cash and cash equivalents

	At 1 September 2017 £	Cash Flows £	At 31 August 2018 £
Cash in hand and at bank	283,466	(200,437)	83,029
	<u>283,466</u>	<u>(200,437)</u>	<u>83,029</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, The Laurus Trust was instructed by the ESFA to provide Manchester Creative Studio with school to school support. In relation to this support, Manchester Creative Studio paid The Laurus Trust £47,904 during the course of the year. In addition to this, Manchester Creative Studio paid the Laurus Trust £152 for hire of equipment. No amounts were outstanding at the end of the year. Further to these items, Manchester Creative Studio recharged £561 of salaries to The Laurus Trust during the year. No amount was outstanding at the year-end.

A Morgan, a trustee of the academy in the prior year, was also a 50% shareholder of Collective Spirit Community Trust Ltd. The academy outsourced a number of activities to Collective Spirit Community Trust Ltd for which the academy paid consideration of £nil (2017: £91,000). There was no amount outstanding at the year-end.

21. Capital commitments

	2018 £	2017 £
Contracted for, but not provided in the financial statements	-	1,788
	<u>-</u>	<u>1,788</u>

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. Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Greater Manchester Pension Fund. Both are multi-employer defined benefit schemes. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016. Contributions amounting to £44,133 were payable to the schemes at 31 August 2018 (2017: £5,492) and are included within creditors.

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Notes to the financial statements for the year ended 31 August 2018

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £89,097 (2017: £43,981).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £3,000 (2017: £Nil), of which employer's contributions totalled £2,000 (2017: £Nil) and employees' contributions totalled £1,000 (2017: £Nil). Due to closure of the academy there will be no future contributions.

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

Principal actuarial assumptions	Cessation at 30 June 2018	At 31 August 2017
Discount rate / anticipated investment returns		
Pre-retirement	4.2%	-
Post-retirement	4.2%	-
Salary increases	2.9%	-
Benefit increases assumption (CPI)	2.1%	-
Inflation assumption (RPI)	3.3%	-

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Notes to the financial statements for the year ended 31 August 2018

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

	Cessation assumptions 30 June 2018	2017
Retiring today		
Males	21.5	-
Females	24.1	-
Retiring in 20 years		
Males	23.7	-
Females	26.2	-

No sensitivity analysis is available on this data.

The academy trust's share of assets in the scheme is nil (2017: nil).

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

	2018 £	2017 £
Net interest cost	(1)	-
Past service cost	(5)	-
Membership experience	(3)	-
Actuarial fees	(4)	-
Total	<u>(13)</u>	<u>-</u>

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

	2018 £	2017 £
Opening defined benefit obligation	-	-
Past service cost	(5)	-
Interest on surplus/(deficit)	(1)	-
Change in market conditions	(3)	-
Move to cessation funding assumptions	(19)	-
Actuarial fees	(4)	-
Membership experience	(3)	-
Total	<u>(35)</u>	<u>-</u>

25. Contingent liability

The academy treated a number of teachers as having opted out of the Teachers' Pension scheme. However, the correct opt out procedures had not been followed. The academy has investigated the situation and made a provision for amounts owing to Teachers' Pensions. The amount of contingent liability to note is nil. However, in the prior year contingent liability amounts were noted as follows:

Dependent upon the outcome of the investigation the academy could be liable for up to (2017: £23,105) in unpaid employer contributions. Further to this the academy may become liable for the unpaid teachers' contributions which could be as much as (2017: £13,543).