

Kingston Maurward Studio School Limited

Registered number: 08305242

Trustees report and financial statements

For the Period ended 31 August 2014

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

(A Company Limited by Guarantee)

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KINGSTON MAURWARD STUDIO SCHOOL LIMITED
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2014

Trustees

James Tirrell
Clare Davison
Michael Foley
David Humphreys

Company registered number

08305242

Principal and registered office

Dorset Studio School, Kingston Maurward, Dorchester, Dorset, DT2 8PX

Company secretary

Tracey Richards

Principal

Caryl Lewis

Independent auditors

Mazars LLP, Clifton Down House, Beaufort Buildings, Clifton Down, Bristol, BS8 4AN

Bankers

Barclays Bank Plc, P O Box 299, Birmingham, B1 3PF

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

(A Company Limited by Guarantee)

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2014

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' Report of Kingston Maurward Studio School Limited (the academy) for the Period ended 31 August 2014. The Trustees confirm that the Annual Report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust has been established to operate an academy for pupils aged 13 to 18 serving a catchment covering the Dorset area. It is planned to have a pupil capacity of 375 but was still in the pre-operational phase as at 31 August 2014. The Studio School opened for students on 5 September 2014.

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and was set up by a Memorandum of Association.

The principal object of the academy is to advance for the public benefit education in the United Kingdom, in particular by establishing and developing a school offering a broad and balanced curriculum.

b. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while 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.

c. Method of recruitment and appointment or election of Trustees

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Trustees (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Trustees.

d. Policies and procedures adopted for the induction and training of Trustees

Trustees are inducted and are offered training and mentorship to enable them to enact their duties to the best of their ability.

e. Organisational structure

The Trustees shall exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the Academy and shall consider any advice given by the Principal. The Principal is responsible for the internal organisation, management and control of the Studio School; and for advising on and implementing the Studio School's strategic framework. In particular the Principal will formulate aims and objectives, policies and targets for the Board to consider adopting.

The role of the Accounting Officer is a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for the keeping of proper accounts, for prudent and economical administration; for the avoidance of waste and extravagance; for ensuring value for money; and for the efficient and effective use of all resources in their charge.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) **FOR THE PERIOD ENDED 31 AUGUST 2014**

f. Connected organisations, including related party relationships

Kingston Maurward Studio School Limited is jointly sponsored by Kingston Maurward College and Thomas Hardy School, both organisations are based in Dorchester. The Studio School is planned to be located within the estate of Kingston Maurward College and a long term lease agreement will be established for the use of land on which the the new school buildings will be constructed.

Both Principals of Kingston Maurward College and Thomas Hardy School are trustees of the Studio School.

A number of the services for the Studio School, including administration support for finance, human resources, IT services, marketing, premises maintenance and cleaning will be provided by Kingston Maurward College and Service Level Agreements have been put in place between the parties.

g. Risk management

The Trustees have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

h. Trustees' indemnities

There were no known indemnities due in the financial year.

i. Principal activities

The principal activity is to advance for the public benefit education by establishing, maintaining, carrying on, managing and developing academies offering a free education through a broad and balanced curriculum for pupils of different abilities.

Objectives and Activities

a. Objects and aims

The Studio School's object is to advance for the public benefit education in the United Kingdom. In particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

b. Objectives, strategies and activities

The Studio School intends to ensure that all students go into employment, further/higher education or training. The strategy to achieve this will include strong Alumni with talks from past students inspiring current students.

c. Public benefit

The vision is for students to be inspired by the relevance and challenge of solving real-life industrial and community problems. They will rapidly gain the confidence and both the technical and personal skills to become the creative contributors on whom our businesses and public services can rely for shaping and driving the future of our society.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)

FOR THE PERIOD ENDED 31 AUGUST 2014

Strategic Report

a. Going concern

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

b. Key financial performance indicators

Key performance indicators will be adopted on completion of construction and when the Studio School is fully operational. An Ofsted inspection will take place during 2014/15 and planning for this inspection has commenced.

c. Review of activities

The Department of Education gave approval for the establishment of Kingston Maurward Studio School in April 2013. The Studio School would be sited within the estate of Kingston Maurward College and a long term lease agreement was signed in September 2014. Plans for the new school have been approved and construction of the new building is planned to commence in November 2014.

The aim for the financial year was to have appointed the Principal and recruited staff to set up the teaching environment within temporary accommodation, located on the Kingston Maurward College site, to enable the first cohort of students to commence their education from September 2014. These aims were achieved and the Studio School commenced its autumn term as planned with 51 students.

d. Investment policy and performance

The Board of Directors are firmly committed to ensuring that all funds under their control are administered under a risk adverse investment strategy. As such the Board do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board.

Financial review

a. Financial review

The cost of construction for the new Studio School buildings is estimated to be £2,615k; this will be funded by capital grants. The land on which the new school will be constructed will be leased from Kingston Maurward College at a peppercorn rent.

The objective for 2013/14 financial year was to get the Studio School ready for the intake of new students from September 2014. This included the appointment of the new Principal, recruiting teachers and ensuring that the temporary accommodation rented from Kingston Maurward College was equipped and ready for use.

Given the nature of the way income was received by grants, the payment of creditors had to be managed to ensure there was always cash in the bank to do so.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

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TRUSTEES' REPORT (continued) **FOR THE PERIOD ENDED 31 AUGUST 2014**

b. Principal risks and uncertainties

During the financial year there were the following risks and risk management strategies relating to the pre-opening of the Studio School.

- The financial risk associated with the 2013/14 year was to ensure the operational infrastructure was in place for September 2014 when the school opened to its first cohort of students.
- Not establishing a robust IT infrastructure in place for September 2014 was a risk managed by working closely with Kingston Maurward College for the enhancement of its own systems infrastructure and the commitment to a new digital telephone system.
- Another risk concerned a pre-opening Ofsted inspection, and the potential for it to reveal concerns preventing the Studio School being fit to open. The risk management strategy was to carefully prepare for the inspection and learn from other Academies who have been through the process.
- Enough students had to be recruited to ensure financial and educational viability, this risk was managed by monitoring application rates and marketing activity in the run up to the opening.
- The success of the Studio School is dependent on the recruitment of high calibre staff, the risk being that they would not be established in time for the opening. Advertisements for staff were placed in a timely manner and this risk was further mitigated through staff being made available from both Kingston Maurward College and Thomas Hardye School.

c. Reserves policy

The Board of directors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The policy of the Board is that the Academy plans to spend the vast majority of its revenue income each year on the pupils in its care; but also to maintain a level of free reserves that will be adequate to provide a stable base for the continuing operation of the academy whilst ensuring that excessive funds are not accumulated. The level of reserves required will be reviewed each year by the Board.

These free reserves are held for the investment in buildings, to smooth any change in pupil led funding and to provide for any unforeseen liabilities. These reserves will provide a cushion to deal with unexpected emergencies such as urgent maintenance, as well as sums that are set aside from this each year for planned replacement of capital items.

Plans for future periods

a. Future developments

Kingston Maurward Studio School seeks to increase the choice, relevancy and economic value of learning and skills development for young people aged 14 to 19. Dorset possesses a highly valued environment which is a significant economic strength that needs to be sustained whilst providing a context for growth. Located in the heart of this rural county, the Studio School will specialise in Environment and Land-based Sciences, exploring how the land works to deliver educational excellence and opportunity by making the most of our rich natural resources while responding to employer and wider community needs.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2014

This will be achieved by implementing a curriculum offer that includes:

- GCSE English, Maths, IT and Sciences
 - Vocational L2 qualifications
 - Project based learning
 - Preparation for real work experience
 - Personal, moral, social and cultural understanding
 - Enrichment opportunities including sports and volunteering
-

Funds held as custodian trustee on behalf of others

There are no assets being held.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 2 March 2015 and signed on the board's behalf by:

Chair of Trustees



KINGSTON MAURWARD STUDIO SCHOOL LIMITED

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Kingston Maurward Studio School Limited 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 of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Kingston Maurward Studio School Limited and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The board of trustees has formally met 4 times during the Period. Attendance during the Period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
James Tirrell	2	4
Clare Davison	3	4
Michael Foley	0	4
David Humphreys	3	4

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kingston Maurward Studio School Limited for the period 1 December 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 December 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED (A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

The academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Responsible Officer of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed:

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the appointee reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the Period in question the review has been informed by:

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 2 March 2015 and signed on its behalf, by:

Chair of Trustees



Accounting Officer



KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

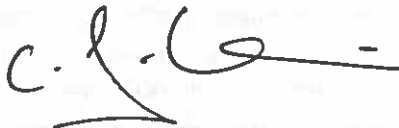
As Accounting Officer of Kingston Maurward Studio School Limited I have considered my responsibility to notify the academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the academy board of trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2013).

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 EFA.

Accounting Officer

Date: 2 March 2015



KINGSTON MAURWARD STUDIO SCHOOL LIMITED

(A Company Limited by Guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2014

The Trustees (who act as governors of Kingston Maurward Studio School Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic 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 of 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;
- 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 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 2 March 2015 and signed on its behalf by:

Chair of Trustees



KINGSTON MAURWARD STUDIO SCHOOL LIMITED

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF KINGSTON MAURWARD STUDIO SCHOOL LIMITED

We have audited the financial statements of Kingston Maurward Studio School Limited for the Period ended 31 August 2014 which comprise the Statement of Financial Activities, 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the academy'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 academy's members those matters we are required to state to them in an Auditors' 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 academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the academy 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 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 academy'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 Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF KINGSTON MAURWARD STUDIO SCHOOL LIMITED

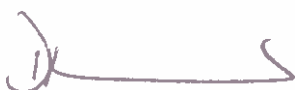
Matters on which we are required to report by exception

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

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

Other Matters

The comparative figures disclosed in the financial statements for the Balance Sheet at 30 November 2013 and the Profit and Loss account for the year then ended were not audited.



Richard Bott (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Clifton Down House
Beaufort Buildings
Clifton Down
Bristol
BS8 4AN

Date: 16/12/15

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO KINGSTON MAURWARD STUDIO SCHOOL LIMITED AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter 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 Kingston Maurward Studio School Limited during the Period 1 December 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 Kingston Maurward Studio School Limited and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kingston Maurward Studio School Limited and 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 Kingston Maurward Studio School Limited and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Kingston Maurward Studio School Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academies Financial Handbook extant from 1 September 2013, 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 disbursed and income received during the Period 1 December 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 EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

**KINGSTON MAURWARD STUDIO SCHOOL LIMITED
(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY
TO KINGSTON MAURWARD STUDIO SCHOOL LIMITED AND THE EDUCATION
FUNDING AGENCY (continued)**

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 December 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Bott

Mazars LLP

Clifton Down House
Beaufort Buildings
Clifton Down
Bristol
BS8 4AN

Date: 11/01/14

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE PERIOD ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Unaudited As restated Total funds 2013 £
Incoming resources						
Incoming resources from generated funds:						
Investment income	2	134	-	-	134	-
Incoming resources from charitable activities	3	-	120,000	145,096	265,096	254,151
Total incoming resources		134	120,000	145,096	265,230	254,151
Resources expended						
Charitable activities		-	108,139	-	108,139	47,556
Governance costs	4	-	4,800	-	4,800	-
Total resources expended	6	-	112,939	-	112,939	47,556
Net incoming resources before transfers		134	7,061	145,096	152,291	206,595
Transfers between Funds	14	-	(27,533)	27,533	-	-
Net movement in funds for the Period		134	(20,472)	172,629	152,291	206,595
Total funds at 1 December 2013		-	140,000	-	140,000	-
Prior year adjustment (Note 13)		-	(8,873)	75,468	66,595	-
Total funds at 31 August 2014		134	110,655	248,097	358,886	206,595

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the Period.

The notes on pages 18 to 28 form part of these financial statements.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

Registered number: 08305242

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BALANCE SHEET

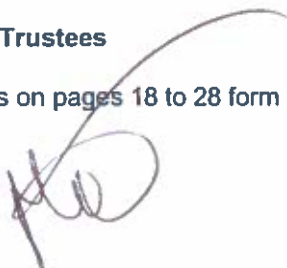
AS AT 31 AUGUST 2014

	Note	£	31 August 2014 £	Unaudited As restated 30 November 2013 £
Fixed assets				
Tangible assets	10		248,096	75,468
Current assets				
Debtors	11	98,396		74,151
Cash at bank		166,923		143,475
		<u>265,319</u>		<u>217,626</u>
Creditors: amounts falling due within one year	12	<u>(154,529)</u>		<u>(86,499)</u>
Net current assets			<u>110,790</u>	<u>131,127</u>
Net assets			<u>358,886</u>	<u>206,595</u>
Funds of the academy				
Restricted funds:				
Restricted funds	14	110,655		131,127
Restricted fixed asset funds	14	<u>248,097</u>		<u>75,468</u>
Total restricted funds			<u>358,752</u>	<u>206,595</u>
Unrestricted funds	14		<u>134</u>	<u>-</u>
Total funds			<u>358,886</u>	<u>206,595</u>

The financial statements were approved by the Trustees, and authorised for issue, on 2 March 2015 and are signed on their behalf, by:

Chair of Trustees

The notes on pages 18 to 28 form part of these financial statements.



KINGSTON MAURWARD STUDIO SCHOOL LIMITED
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2014

	Note	Period ended 31 August 2014 £	Unaudited As restated 30 November 2013 £
Net cash flow from operating activities	16	196,076	218,943
Capital expenditure and financial investment	17	(172,628)	(75,468)
Increase in cash in the period		<u>23,448</u>	<u>143,475</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2014

	Period ended 31 August 2014 £	Unaudited As restated 30 November 2013 £
Increase in cash in the period	23,448	143,475
Movement in net funds in the period	<u>23,448</u>	<u>143,475</u>
Net funds at 1 December 2013 (as restated)	143,475	-
Net funds at 31 August 2014	<u>166,923</u>	<u>143,475</u>

The notes on pages 18 to 28 form part of these financial statements.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy 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 and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2014

1. Accounting Policies (continued)

1.4 Resources expended

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 are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy'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.

1.5 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 academy 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.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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 are 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's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% per annum
Office equipment	-	25% per annum reducing balance
Computer equipment	-	33% per annum

1.7 Taxation

The academy 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 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.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. Accounting Policies (continued)

1.8 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

2. Investment income

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Unaudited As restated Total funds 2013 £
Bank interest receivable	134	-	134	-

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

3. Incoming resources from charitable activities

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Unaudited As restated Total funds 2013 £
Grants received	-	166,700	166,700	254,151
Subtotal	-	166,700	166,700	254,151
Other incoming resources from charitable activities	-	98,396	98,396	-
	-	265,096	265,096	254,151

Funding for Academy's educational operations

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Unaudited As restated Total funds 2013 £
DfE/EFA revenue grants				
Start up grants	-	120,000	120,000	180,000
	-	120,000	120,000	180,000
DfE/EFA capital grants				
EFA building grant	-	145,096	145,096	74,151
	-	145,096	145,096	74,151
Other funding				
	-	-	-	-
	-	265,096	265,096	254,151

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

4. Governance costs

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Unaudited As restated Total funds 2013 £
Governance Auditors' remuneration	-	3,800	3,800	-
Governance Auditors' non audit costs	-	1,000	1,000	-
	<u>-</u>	<u>4,800</u>	<u>4,800</u>	<u>-</u>

5. Support costs

	Restricted £	Total 2014 £	Unaudited As restated Total 2013 £
Sponsor recharge costs	6,762	6,762	-
Legal and professional fees	1,825	1,825	22
Staff training	732	732	340
Service charge	900	900	-
Bank charges	100	100	-
Other support costs	45,954	45,954	35,126
Wages and salaries	44,376	44,376	12,068
National insurance	4,030	4,030	-
Pension cost	3,460	3,460	-
	<u>108,139</u>	<u>108,139</u>	<u>47,556</u>

6. Resources expended

	Staff costs 2014 £	Non Pay Expenditure Other costs 2014 £	Total 2014 £	Unaudited As restated Total 2013 £
Support costs	51,866	56,273	108,139	47,556
Governance	-	4,800	4,800	-
	<u>51,866</u>	<u>61,073</u>	<u>112,939</u>	<u>47,556</u>

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

7. Net incoming resources

This is stated after charging:

	Period ended 31 August 2014 £	Unaudited As restated 30 November 2013 £
Auditors' remuneration	3,800	-
	<u>3,800</u>	<u>-</u>

8. Staff

a. Staff costs

Staff costs were as follows:

	Period ended 31 August 2014 £	30 November 2013 £
Wages and salaries	44,376	12,068
Social security costs	4,030	-
Other pension costs	3,460	-
	<u>51,866</u>	<u>12,068</u>

b. Staff numbers

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:

	Period ended 31 August 2014 No.	30 November 2013 No.
Support staff	4	1
	<u>4</u>	<u>1</u>

c. Higher paid staff

No employee received remuneration amounting to more than £60,000 in either Period.

The staff in the period were all employed by Kingston Maurward College and an element of their costs recharged to the School.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

9. Trustees' and officers' insurance

Kingston Maurward Studio School Limited has obtained insurance for when the Adacmey opens on 1 September 2014 to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

10. Tangible fixed assets

	Assets under construction £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 December 2013 (as previously stated)	-	-	-	-
Prior year adjustment	75,468	-	-	75,468
At 1 December 2013 (as restated)	75,468	-	-	75,468
Additions	143,778	2,832	26,018	172,628
At 31 August 2014	219,246	2,832	26,018	248,096
Depreciation				
At 1 December 2013 and 31 August 2014	-	-	-	-
Net book value				
At 31 August 2014	219,246	2,832	26,018	248,096
At 30 November 2013 (as restated)	75,468	-	-	75,468

11. Debtors

	31 August 2014 £	Unaudited As restated 30 November 2013 £
Other debtors	98,396	74,151

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

12. Creditors:
Amounts falling due within one year

	31 August 2014 £	Unaudited As restated 30 November 2013 £
Amount due to connected entity	51,333	-
Other creditors	98,396	-
Accruals	4,800	86,499
	<u>154,529</u>	<u>86,499</u>

13. Prior year adjustment

Whilst undertaking the audit of the financial statements of the academy for the period ended 31 August 2014, the auditors noted that tangible fixed assets, debtors, a bank account and creditors had been inadvertently omitted from last years unaudited accounts

	2014 £
Reserves per 2013 accounts	(140,000)
Prior year adjustment tangible fixed assets	(75,468)
Prior year adjustment debtors due within one year	(74,151)
Prior year adjustment cash at bank	(3,475)
Prior year adjustment creditors due within one year	86,499
	<u>(206,595)</u>
Restated reserves	<u>(206,595)</u>

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

14. Statement of funds

	Brought Forward Unaudited As restated £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Unrestricted funds					
General Funds - all funds	-	134	-	-	134
Restricted funds					
Start up grant	131,127	120,000	(112,939)	(27,533)	110,655
Restricted fixed asset funds					
DFE/EFA capital grants	75,468	145,096	-	-	220,564
Other DFE/EFA funding	-	-	-	27,533	27,533
	75,468	145,096	-	27,533	248,097
Total restricted funds	206,595	265,096	(112,939)	-	358,752
Total of funds	206,595	265,230	(112,939)	-	358,886

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

- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees;
- Restricted funds (excluding pension reserve) represent funds received from the Department for Education and is specifically spent on the running of the Academies;
- Restricted fixed asset funds represents resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Summary of funds

	Brought Forward Unaudited As restated £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	-	134	-	-	134
Restricted funds	131,127	120,000	(112,939)	(27,533)	110,655
Restricted fixed asset funds	75,468	145,096	-	27,533	248,097
	206,595	265,230	(112,939)	-	358,886

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

15. Analysis of net assets between funds

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Unaudited As restated Total funds 2013 £
Tangible fixed assets	98,396	-	149,701	248,097	75,468
Current assets	98,529	166,789	-	265,318	217,626
Creditors due within one year	(105,157)	(49,372)	-	(154,529)	(86,499)
	<u>134</u>	<u>110,655</u>	<u>248,097</u>	<u>358,886</u>	<u>206,595</u>

16. Net cash flow from operations

	Period ended 31 August 2014 £	Unaudited As restated 30 November 2013 £
Net incoming resources before revaluations	152,291	206,595
Increase in debtors	(24,246)	(74,151)
Increase in creditors	68,031	86,499
Net cash inflow from operations	<u>196,076</u>	<u>218,943</u>

17. Analysis of cash flows for headings netted in cash flow statement

	Period ended 31 August 2014 £	Unaudited As restated 30 November 2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(172,628)</u>	<u>(75,468)</u>

KINGSTON MAURWARD STUDIO SCHOOL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

18. Analysis of changes in net funds

	1		Other	
	December	Cash flow	non-cash	31 August
	2013		changes	2014
	£	£	£	£
Cash at bank and in hand:	143,475	23,448	-	166,923
Net funds	<u>143,475</u>	<u>23,448</u>	<u>-</u>	<u>166,923</u>

19. Capital commitments

At 31 August 2014 the academy had capital commitments as follows:

	31 August	30 November
	2014	2013
	£	£
Contracted for but not provided in these financial statements	<u>101,056</u>	<u>-</u>

20. Related party transactions

Owing to the nature of the academy'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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year Kingston Maurward College (Sponsor of Kingston Maurward Studio School Limited, and the entity which C Davison is Principal) provided services to Kingston Maurward Studio School Limited. The services provided were in respect of finance, HR, IT, marketing and premises, these services amounted to £101,152. Recharges were made on a monthly basis and from 01 July 2014 formal service level agreements were put in place.

At the balance sheet date the amount owed to Kingston Maurward College was £51,333.

There were no other related party transactions.

21. Post balance sheet events

On 19 September 2014 Kingston Maurward Studio School Limited entered into a 99 year lease for land with Kingston Maurward College.

Following the year end, an agreement was signed for the construction of the Studio School with Kier Construction.