

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

Registered number: 08305242

Trustees report and financial statements

For the Year ended 31 August 2016

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Reference and Administrative Details

Members	James Tirrell Clare Davison (resigned 31 August 2016) Michael Foley David Humphreys (resigned 31 August 2016) Luke Rake (from 1 September 2016)
Trustees	Kaye Chittenden Andy Daw Peter Edwards Mark Gibbens, Chair Avril Harrison Robert Lasseter Dr Annetta Minard, (Principal and Accounting officer) Martha Vigar Alex Williams
Company Secretary	Vanessa Gifford
Senior Management Team: • Principal • Vice Principal • Assistant Principal • Assistant Principal • Director of Finance • Business Manager	Dr Annetta Minard Paul Green Suzanne Cray David Humphreys Chris Pedder (Deputy Principal Kingston Maurward College) Tracey Richards
Company Name	Kingston Maurward Studio School Limited
Principal and Registered Office	Kingston Maurward, Dorchester, Dorset DT2 8PX
Company Registration Number	08305242 (England and Wales)
Independent Auditor	Mazars LLP, 90 Victoria Street, Bristol BS1 6DP
Bankers	Barclays Bank Plc, 10 South Street, Dorchester, Dorset DT1 1TB

Trustees' Report

The Trustees present their annual report together with the audited financial statements and Auditors' Report of Kingston Maurward Studio School Limited for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust has been established to operate an academy for students aged 13 to 19 serving a catchment covering the Dorset area. Students are selected based on their desire to pursue the School's specialism in environment and land-based sciences in conjunction with fulfilling the national curriculum. It is planned to have a pupil capacity of 375. The Studio School moved to a new purpose built school building in September 2015.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Kingston Maurward Studio School Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Dorset Studio School.

Details of the trustees who served during the year are included in the Reference and Administration Details on page 3.

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.

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.

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.

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.

Trustees' Report (continued)

Arrangements for setting pay and remuneration of key management personnel

The remuneration of the Principal and Accounting Officer is reviewed and agreed by the Directors of the Studio School.

The remuneration of the Senior Leadership Team are reviewed and agreed annually by the Board of the Studio School.

Related Parties and other Connected Charities and Organisations

Kingston Maurward Studio School is jointly sponsored by Kingston Maurward College and Thomas Hardy School, both organisations are based in Dorchester. The Studio School is located within the estate of Kingston Maurward College and operates from a new school built on land leased from the College under a long term lease agreement.

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, governance services, IT services, cleaning and premises maintenance are provided by Kingston Maurward College and Service Level Agreements have been put in place between the parties.

Objectives and Activities

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 balance curriculum in conjunction with a land based specialism.

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 in due course will include alumni with talks from past students inspiring current students.

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. In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Strategic Report

Achievements and Performance

The schools has not yet progressed to a year 11 cohort, therefore, there are no overall KS4 performance figures. 2017 will be the first year the school has a full three year intake and year 11 examinations will be taken in May/June 2017.

Trustees' Report (continued)

Key Performance Indicators

The school development plan identifies the following key priorities for 2016/17:

- To provide outstanding learning opportunities for all students, through a dynamic, integrated curriculum, which reflects the unique context of Dorset Studio School;
- To develop an outstanding land based provision which meets the educational and economic needs of rural Dorset;
- To enable all students, regardless of their background or academic starting point, to thrive in their environment and make excellent progress in their learning;
- To empower students with the experience and skills, required for future employment in British and Global industries.

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.

Financial Review

The objective for 2015/16 financial year was to establish the Studio School in the newly constructed building in order to provide a good educational experience for the students. The Studio School had 54 students in a Year 9 cohort and 38 students in a Year 10 cohort.

For the year the operating surplus, which excludes depreciation and FRS 102 pension transactions, was £41k. The depreciation charge in the year was £139k and the non-cash FRS 102 charges relating to the Local Government Pension Scheme were £46k. Total funds at the year-end were £2,987k.

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.

Investment Policy

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.

Trustees' Report (continued)

Principal Risks and Uncertainties

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

1. Student Recruitment

Failure to recruit planned number of students would affect funding received from the Education Funding Agency. This risk is mitigated by:

- A comprehensive marketing strategy;
- School liaison activities;
- Effective student records system;
- Distribution of quality school prospectus.

2. Failure to Maintain Financial Viability

In common with all public sector organisations the School faces challenges in respect of its funding. Linked to the challenges of student recruitment the School needs to ensure financial viability is maintained. This risk is mitigated by:

- Rigorous budget setting process;
- Timely and relevant management accounts;
- Regular cashflow reporting;
- Adherence to financial regulations and procedures.

3. Health, Safety, Welfare and Safeguarding

The School has a good health and safety record, however the type and range of activities undertaken mean that this remains a significant area of focus for the School. This risk is mitigated by:

- Health, Safety, Welfare and Safeguarding policies and procedures implemented
- Role of Health and Safety and Safeguarding clearly defined
- Ensuring all staff have completed safeguarding and E&D training

4. Recruiting and Retaining key qualified staff and governors including mitigating for key person dependency

The School is relatively small and therefore recruiting and retaining staff and governors is very important. This risk is mitigated by:

- HR Policies and Procedures
- Agreed staff recruitment process
- Key roles and expertise identified
- All posts approved by Principal
- All staff to have annual Appraisal
- Pay Scales approved

5. Failure to achieve Good or Outstanding OFSTED

As a newly opened school it is expected that an OFSTED inspection will take place in the next year. The school has implemented a plan to ensure that it is ready for this visit including:

- Robust Self-Assessment and Development Plan Reporting reviewed and updated
- Standardisation of student outcomes with Thomas Hardy School – outstanding sponsorship school

Trustees' Report (continued)

Plans for Future Periods

The Studio School seeks to increase the choice, relevancy and economic value of learning and skills development for young people aged 13 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 curriculum areas, 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.

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.

Auditor

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.

This Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 8 December 2016 and signed on the board's behalf by:



Chair of Trustees

8 December 2016

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Kingston Maurward Studio School Limited has an effective 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 Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Clare Davison (resigned 31 August 2016)	6	7
Michael Foley	2	7
James Tirrell	6	7
David Humphreys (resigned 31 August 2016)	3	7
Kaye Chittenden	3	7
Andy Daw	4	7
Peter Edwards	6	7
Mark Gibbens, Chair	7	7
Avril Harrison	4	7
Robert Lasseter	7	7
Dr Annetta Minard, Principal	7	7
Martha Vigar	6	7
Alex Williams	7	7
Luke Rake (from September 2016)	1	1

The Studio School has endeavoured to conduct its business:

- In accordance with the Articles of Association agreed 14 November 2012;
- In accordance with the seven principles identified by the Committee in Standards in Public Life as detailed in the Code of Conduct adopted on 9 July 2015;
- In accordance with the DSS Standing Orders adopted on 24 September 2015;
- Having due regard to the UK Corporate governance Code insofar as it is applicable to the academy sector.

The governing board has met seven times during the year and observed the following core strategic functions:

Establishing the strategic direction, by:

- Setting the vision, values, and objectives for the school;
- Agreeing the school improvement strategy with priorities and targets;
- Meeting statutory duties.

Governance Statement (continued)

Ensuring accountability, by:

- Appointing the Principal;
- Monitoring progress towards targets;
- Performance managing the Principal;
- Engaging with stakeholders;
- Contributing to school self-evaluation.

Ensuring financial probity, by:

- Setting the budget;
- Monitoring spending against budget;
- Ensuring value for money is obtained;
- Ensuring risks to the organisation are managed.

The Governing Body has been provided with regular and timely information on the financial performance of the Studio School together with other information such as performance against funding targets, quality, curriculum and personnel matters. Formal papers and reports are supplied to the Governors in a timely manner, prior to Board meetings.

The Governing Body has agreed to fulfil all its duties as a Full Board, rather than any delegation to Committees, which will be reviewed as the Studio School grows. Full minutes of all meetings are published on the school website www.dorsetstudioschool.co.uk and are also available from the Clerk to the Studio School at Kingston Maurward College, Dorchester, Dorset DT2 8PY.

The Clerk has maintained a register of financial and personal interests of the Governors, and it is available for inspection at the above address.

Review of Value for Money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust ensures value for money is delivered adopting the following principles:

Challenge - why, how and by whom and activity is carried out;
Compare - performance against other schools;
Consult - involving stakeholders, pupils and parents;
Compete - as a means of securing efficient and effective services.

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 year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Governance Statement (continued)

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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's significant risks that has been in place for the year 1 September 2015 to 31 August 2016 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 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 audit function and has decided not to appoint an internal auditor. However, the Trustees will appoint a trustee to carry out a program of internal checks.

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

On a regular basis, the appointee will report 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 year 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 8 December 2016 and signed on its behalf by:



Chair of Trustees



Accounting Officer

Statement of Regularity, Propriety and Compliance

As accounting officer of Kingston Maurward Studio School Limited I have considered my responsibility to notify the academy trust 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 trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Dr Annetta Minard

Accounting Officer

8 December 2016

Statement of Trustees' Responsibilities

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

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

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the finance 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 8 December 2016 and signed on its behalf by:



Mark Gibbens
Chair of Trustees

Independent Auditor's Report on the Financial Statements to the Members of Kingston Maurward Studio School Limited

We have audited the financial statements of Kingston Maurward Studio School Limited for the year ended 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and to report to you in accordance with regulations made under section 154 of that Act. 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 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- the academy has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Richard Bott (Senior Statutory Auditor)
For and on behalf of Mazars LLP

90 Victoria Street
Bristol
BS1 6DP

Date: 19/11/11

Mazars LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Independent Reporting Accountant's Assurance Report on Regularity to Kingston Maurward Studio School Limited and the Education Funding Agency

In accordance with the terms of our engagement letter dated 7 November 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kingston Maurward Studio School Limited during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 Kingston Maurward Studio School Limited's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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.

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



Mazars LLP

90 Victoria Street
Bristol
BS1 6DP

Date: 16/11/16

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 YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Restated Total funds 2015 £
Income and endowments from:						
Charitable activities:						
Funding for Studio School's educational operations	3	42,288	895,348	-	937,636	3,407,917
Investment income	2	205	-	-	205	406
Total		42,493	895,348	-	937,841	3,408,323
Expenditure on:						
Charitable activities:						
Studio School's educational operations	4	(42,493)	(872,629)	(139,043)	(1,054,166)	(579,853)
Total		(42,493)	(872,629)	(139,043)	(1,054,166)	(579,853)
Net income / (expenditure)		0	22,719	(139,043)	(116,324)	2,828,470
Other recognised gains / (losses)						
Actuarial gain / (losses) on defined benefit pension schemes		-	(28,000)	-	(28,000)	-
Net movement in funds		0	(5,281)	(139,043)	(144,324)	2,828,470
Reconciliation of funds						
Total funds brought forward		9,197	83,846	3,038,720	3,131,763	358,886
Prior Year adjustments						(55,593)
Total funds carried forward		9,197	78,564	2,899,677	2,987,438	3,131,763

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

Registered number: 08305242

(A Company Limited by Guarantee)

BALANCE SHEET**AS AT 31 AUGUST 2016**

		2016		Restated 2015	
	Note	£	£	£	£
Fixed assets					
Tangible assets	9		2,899,677		3,038,720
Current assets					
Debtors	10	20,653		26,313	
Cash at bank and in hand		221,131		553,852	
		<u>241,784</u>		<u>580,165</u>	
Liabilities					
Creditors: amounts falling due within one year	11	(94,081)		(473,181)	
Net current assets			<u>147,703</u>		<u>106,984</u>
Total assets less current liabilities			3,047,380		3,145,704
Creditors: amounts falling due after more than one year					-
Net assets excluding pension liability			<u>3,047,380</u>		<u>3,145,704</u>
Defined benefit pension scheme liability			(59,941)		(13,941)
Total net assets			<u><u>2,987,439</u></u>		<u><u>3,131,763</u></u>
Funds of the academy					
Restricted funds:					
Restricted income fund		138,506		97,787	
Restricted fixed asset fund		2,899,677		3,038,720	
Pension reserve		<u>(59,941)</u>		<u>(13,941)</u>	
Total restricted funds			<u>2,978,242</u>		<u>3,122,566</u>
Unrestricted funds			<u>9,197</u>		<u>9,197</u>
Total funds			<u><u>2,987,439</u></u>		<u><u>3,131,763</u></u>

The financial statements on pages 18 to 37 were approved by the Trustees and authorised for issue, on 8 December 2016 and are signed on their behalf by:



Chair of Trustees
Mark Gibbens

KINGSTON MAURWARD STUDIO SCHOOL LIMITED**(A Company Limited by Guarantee)****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 AUGUST 2016**

		31 August 2016 £	31 August 2015 £
	Note		
Cash flows from operating activities			
Net cash provided by (used in) operating activities	14	(332,721)	279,937
Cash flows from investing activities	15	0	106,992
Cash flows from financing activities		0	0
Change in cash and cash equivalents in the reporting period		(332,721)	386,929
Cash and cash equivalents at 1 September 2015		553,852	166,923
Cash and cash equivalents at 31 August 2016		221,131	553,852

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of accounting policies

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

1.1 Basis of preparation

The financial statements of the Studio School, which is a public entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Kingston Maurward Studio School Trust meets the definition of a public entity under FRS 102.

First time adoption of FRS 102

accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Kingston Maurward Studio School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Practice ('UK GAAP') and SORP 2005.

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

Explanation of transition to FRS 102

It is the first year that the Studio School has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of accounting policies (continued)

Reconciliation of total funds	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP	359	3,187
Prior Year adjustments	0	(55)
Employee benefits accrual	0	0
Total funds reported under FRS 102	359	3,132

1.2 Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Studio School has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Studio School's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the Studio School 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.

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of accounting policies (continued)

Sponsorship Income

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other Income

Other Income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Studio School has provided the goods or services.

1.4 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 attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on Raising Funds

This includes all expenditure incurred by the Studio School to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of accounting policies (continued)

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, 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 the relevant assets is charged to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

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

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

1.6 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 and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Studio School 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.

1.7 Taxation

The Studio School 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 Studio School is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

1.8 Pensions Benefits

Retirement benefits to employees of the Studio School are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of accounting policies (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Studio School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Studio School 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 scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the 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.

1.9 Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Studio School 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.

1.10 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

1. Statement of accounting policies (continued)

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

1.11 Prior Year adjustment in respect of Fixed Assets

The fixed asset values as stated in the previous year's financial statements included an element of recoverable VAT in respect of expenditure incurred during 2014/15. The opening fixed assets balance has been restated to take account of the reversal of the VAT element charged.

2. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest receivable	<u>205</u>	<u>-</u>	<u>205</u>	<u>406</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

3. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	663,645	663,645	410,773
Start Up Grants	-	130,226	130,226	100,736
Other DfE/EFA grants	-	42,198	42,198	23,387
	-	836,069	836,069	534,896
Other Government grants				
Local authority grants	-	59,279	59,279	18,149
	-	59,279	59,279	18,149
Other incoming resources from educational operations	42,288	-	42,288	2,854,872
	<u>42,288</u>	<u>895,348</u>	<u>937,636</u>	<u>3,407,917</u>

4. Expenditure

	Staff costs 2016 £	Non Pay Expenditure Other costs 2016 £	Total 2016 £	Total 2015 £
Studio School's educational operations:				
Direct costs	530,183	113,749	643,932	353,457
Allocated support costs	69,705	368,528	438,233	226,396
	<u>599,888</u>	<u>482,277</u>	<u>1,082,165</u>	<u>579,853</u>

Net income/(expenditure) for the period includes:

	2016 £	2015 £
Depreciation	139,043	-
Fees payable to auditor for:		
- audit	6,260	4,040
- other services	525	1,550

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

5. Charitable activities

	Total 2016 £	Total 2015 £
Direct costs - educational operations	643,932	353,457
Support costs - educational operations	438,233	226,396
	<u>1,082,165</u>	<u>579,853</u>

Analysis of support costs

	Educational operations £	Total 2016 £	Total 2015 £
Sponsor recharge costs	76,583	76,583	86,520
Support staff costs	65,802	65,802	60,244
Depreciation	139,043	139,043	-
Technology costs	23,906	23,906	31,669
Premises costs	42,792	42,792	3,709
Other support costs	51,419	51,419	38,664
Governance costs	6,785	6,785	5,590
Total support costs	<u>406,330</u>	<u>406,330</u>	<u>226,396</u>

6. Staff

a. Staff costs

Staff costs during the period were:

	2016 £	2015 £
Wages and salaries	469,250	299,155
Social security costs	23,480	18,272
Operating costs of defined benefit pension schemes	79,260	41,543
	<u>571,990</u>	<u>358,970</u>
Supply staff costs	27,899	18,263
	<u>599,890</u>	<u>377,233</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

6. Staff (continued)

b. Staff numbers

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

	2016 No.	2016 FTE	2015 No.	2015 FTE
Teachers	6	5	6	3
Administration and support	9	6	9	6
Management	2	2	1	1
	<u>17</u>	<u>13</u>	<u>16</u>	<u>10</u>

c. Higher paid staff

The number of employees whose emoluments (excluding employer pension costs) which exceeded £60,000 was:

	2016 No.	2015 No.
In the band £60,001 - £70,000	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the Studio School comprise of the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Studio School was £236,432. (2015: £184,160).

7. Related parties transactions - remuneration and expenses

The value of trustees' remuneration and other benefits was as follows:

A Minard (principal and trustee):

Remuneration £60,000 - £70,000 (2015: £60,000 - £70,000)

Employer's pension contributions paid £5,000 - £10,000 (2015: £5,000 - £10,000)

No other trustees were paid remuneration or received other benefits from an employment with Studio School.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

8. Trustees' and officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides unlimited cover on any one claim and the cost for the Period ended 31 August 2016 was £629.42 (2015 - £1,440). The cost of this insurance is included in the total insurance cost.

9. Tangible fixed assets

	Assets under Construction £	Freehold Property £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 September 2015 (restated)	2,785,036	-	4,672	249,012	3,038,720
Additions/Transfers	(2,785,036)	2,785,036	-	-	0
Disposals	-	-	-	-	-
At 31 August 2016	<u>-</u>	<u>2,785,036</u>	<u>4,672</u>	<u>249,012</u>	<u>3,038,720</u>
Depreciation					
At 1 September 2015	-	-	-	-	-
Charge in the year	-	55,701	1,168	82,174	139,043
At 31 August 2016	<u>-</u>	<u>55,701</u>	<u>1,168</u>	<u>82,174</u>	<u>139,043</u>
Net book value					
At 31 August 2016	<u>-</u>	<u>2,729,335</u>	<u>3,504</u>	<u>166,838</u>	<u>2,899,677</u>
At 31 August 2015 (restated)	<u>-</u>	<u>2,785,036</u>	<u>4,672</u>	<u>249,012</u>	<u>3,038,720</u>

10. Debtors

	2016 £	2015 £
Other debtors	20,653	25,020
Prepayments and accrued income	-	1,293
	<u>20,653</u>	<u>26,313</u>

11. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	19,579	59,045
Other taxation and social security	8,558	5,960
Amount due to connected entity	21,379	10,153
Other creditors	8,168	3,003
EFA Creditor: Devolved capital 16/17	4,793	-
Accruals	31,604	395,020
	<u>94,081</u>	<u>473,181</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

12. Funds

	Note	Restated Balance at 1 September 2015 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds - all funds		9,197	42,493	(42,493)	-	9,197
		<u>9,197</u>	<u>42,493</u>	<u>(42,493)</u>	<u>-</u>	<u>9,197</u>
Restricted general funds						
General Annual Grant (GAG)		-	663,645	(622,926)		40,719
Start up grant		97,787	130,226	(130,226)		97,787
Pupil Premium		-	30,865	(30,865)	-	-
Other grants		-	70,612	(70,612)	-	-
Pension reserve	21	(13,941)	-	(18,000)	(28,000)	(59,941)
		<u>83,846</u>	<u>895,348</u>	<u>(872,629)</u>	<u>(28,000)</u>	<u>78,565</u>
Restricted fixed asset funds						
DfE/EFA capital grants		3,011,187	-	(139,043)	27,533	2,899,677
Other DfE/EFA funding		27,533	-	-	(27,533)	-
		<u>3,038,720</u>	<u>-</u>	<u>(139,043)</u>	<u>0</u>	<u>2,899,677</u>
Total restricted funds		<u>3,122,566</u>	<u>895,348</u>	<u>(1,011,672)</u>	<u>(28,000)</u>	<u>2,978,242</u>
Total of funds		<u><u>3,131,763</u></u>	<u><u>937,841</u></u>	<u><u>(1,054,166)</u></u>	<u><u>(28,000)</u></u>	<u><u>2,987,439</u></u>

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

13. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-		2,899,677	2,899,677	3,057,898
Current assets	-	241,784	-	241,784	578,427
Current liabilities	-	(94,081)	-	(94,081)	(473,181)
Pension scheme liabilities	-	(59,941)	-	(59,941)	(13,941)
Total net assets	-	87,762	2,899,677	2,987,439	3,149,203

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

	2016 £	2015 £
Net incoming resources before revaluations	(116,324)	2,828,470
Depreciation [note 9]	139,043	-
Capital grants from DfE	-	(2,846,216)
Interest receivable [note 2]	-	-
Defined benefit pension scheme cost less contributions payable	17,000	-
Defined benefit pension scheme finance cost	1,000	-
Decrease in debtors	5,660	73,821
(Decrease)/increase in creditors	(379,100)	223,862
Net cash inflow from operations	(332,721)	279,937

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

	2016 £	2015 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	-	(2,739,224)
Capital grants from DfE	-	2,846,216
Net cash inflow/(outflow) capital expenditure	-	106,992

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

16. Analysis of changes in net funds

	1 September 2015 £	Cash flow £	Other non-cash changes £	31 August 2016 £
Cash at bank and in hand	553,852	(332,721)	-	221,131
Net funds	<u>553,852</u>	<u>(332,721)</u>	<u>-</u>	<u>221,131</u>

17. Capital commitments

At 31 August 2016 the academy had no capital commitments (2015: £nil)

18. 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, governance, HR, IT, premises and teaching, these services amounted to £150,621 (2015: £89,619).

At the balance sheet date the amount owed to Kingston Maurward College was £21,379 (2015: £10,153).

During the year The Thomas Hardye School (sponsor of Kingston Maurward Studio School limited) provided services in respect of teaching amounting to £30,568 (2015: £13,773).

There were no other related party transactions other than certain trustees' remuneration and expenses already disclosed in note 7.

19. 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 for the debts and liabilities contracted before he/she ceases to be a member.

20. Events after the end of the reporting period

The Studio School does not have any events to report.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

21. Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Dorset County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £7,929.27 were payable to the schemes at 31 August 2016 (2015: £2,987.65) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

21. Pension and similar obligations (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate or real growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employers's pension costs paid to TP in the period amounted to £42,914.85 (2015: £24,124.57).

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The 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 contributions made for the year ended 31 August 2016 was £25,872 (2015: £23,310), of which employer's contributions totalled £19,345 (2015: £17,418) and employees' contributions totalled £6,527 (2015: £5,892). The agreed contributions rates for future years are 13.7 % for employers and 5.5% to 7.5% for employees.

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

Principal actuarial assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment/inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.30%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

KINGSTON MAURWARD STUDIO SCHOOL LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

21. Pension and similar obligations (continued)

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

The academy trust's share of the assets in the scheme were:

	Fair Value at 31 August 2016 £'000	Fair Value at 31 August 2015 £'000
Equity instruments	30	14
Debt instruments	18	8
Property	6	2
Total market value of assets	54	24

The actual return on scheme assets was £3,000 (2015: £1,000)

Amount recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	36	31
Net interest cost	1	1
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	37	32

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2016

21. Pension and similar obligations (continued)

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

	2016 £'000	2015 £'000
At 1 September		
Upon conversion	38	-
Current service cost	36	31
Interest cost	2	1
Employee contributions	7	6
Actuarial (gains)/loss	-	-
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	31	-
At 31 August	114	38

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

	2016 £'000	2015 £'000
At 1 September		
Upon conversion	24	-
Interest income	1	-
Return on plan assets (excluding net interest on the net defined pension liability)	3	1
Actuarial gain/(loss)	-	-
Employer contributions	19	17
Employee contributions	7	6
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	54	24

