

South Devon UTC

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2015

Registration number: 08293776

South Devon UTC

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South Devon UTC

Reference and Administrative Details

Members	University of Exeter South Devon College Galliford Try PLC Centrax Limited South West Water Limited Environmental Agency Devon County Council
Trustees (Directors)	Janice Kay Stephen Bird Tony Wiltshire Stephen Criddle Nigel Palmer John Peart Alan Burrows (appointed 14 October 2014)
Principal and Registered Office	University of Exeter Northcote House Queens Drive Exeter EX4 4QJ
Company Registration Number	08293776
Auditors	Francis Clark LLP Statutory Auditor North Quay House Sutton Harbour Plymouth PL4 0RA

South Devon UTC

Trustees Report for the Year Ended 31 August 2015

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 08293776.

The Directors will act as the Trustees for the charitable activities of South Devon UTC and are also the Directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

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.

Trustees' indemnities

The Academy through its Articles has indemnified its Trustees to the fullest extent permissible by law.

Method of recruitment and appointment or election of Trustees

As per the Articles of Association, the number of Governors shall not be less than 3 but shall not be subject to any maximum.

Up to 11 Governors can be appointed by the Members provided that in making such appointments the Members shall ensure that nominees of the employer sponsor(s) and University sponsor together form a majority of the total number of Governors. The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust shall not exceed one third of the total number of governors.

In addition, a minimum of 2 Parent Governors shall be appointed by election of parents of registered pupils at the academy. A Parent Governor must be a parent of a pupil at the academy at the time when he is elected.

It is expected that the Principal will be a Governor except where the Principal elects not to be.

The Governors may also appoint a maximum of 3 co-opted Governors.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All governors are provided with the means by which to obtain copies of policies from the Academy web site, also procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

South Devon UTC

Trustees Report for the Year Ended 31 August 2015 (continued)

Organisational structure

The Governors shall appoint the Principal. The Governors delegate such powers and functions as they consider are required by the Principal for the internal organisation, management and control of the academy (including the implementation of all policies approved by the Governors and for the direction of the teaching and curriculum at the academy).

Governors have a responsibility for determining, monitoring and reviewing the policies, plans and procedures within which the academy operates. The Governing Body as Directors/ Trustees are responsible for ensuring that the relevant statutory documents are delivered to Companies House in a timely manner, administering the academy's finances and applying the income and property only for the purposes set out in the governing documents and participating in Governing Body meetings. The Governing Body as Directors act within their powers as set out in the Articles and in their capacity as Trustees of the academy trust under charity law accept ultimate responsibility for directing the affairs of the academy ensuring it is solvent, well-run and delivering the charitable outcomes for the benefit of the public for which it has been set up.

Risk management

The Governors undertake a formal risk management process to identify, assess and, where possible, establish controls for the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy and its finances. This process involves identifying the types of risk the academy faces, scoring and prioritising them in terms of their potential operational, compliance, financial and strategic impact, assessing the likelihood of occurrence and identifying means of mitigating or transferring the risks taking into account the costs relative to the benefit obtained.

In the opinion of the Governors, the academy has implemented appropriate and effective systems, procedures and internal controls (including those relating to finance set out in the Statement on Internal Control) to allow the risks identified to be managed or mitigated to an acceptable level to ensure that the academy's ambitions can be delivered.

Connected organisations, including related party relationships

The Members are set out on page 1 and are considered to be the principal connected parties.

Details of the related party transactions with these organisations are set out in note 22 to the Financial Statements.

South Devon UTC

Trustees Report for the Year Ended 31 August 2015 (continued)

Objectives and aims

Objects and aims

1. The vision of South Devon UTC is to create an inspirational and outstanding learning environment where students will be challenged, motivated and passionately committed to developing skills and knowledge needed for a career in the Engineering, Water and Environmental sectors. The UTC has a shared ambition with its regional stakeholders to maximise the potential of youngsters, retain talent locally and develop a skilled workforce that meets the needs of employers both locally and nationally.

2. This vision is driven by a desire to empower young people of all abilities, background and gender in South Devon, unlocking their potential and ambition in the specialist areas of Engineering and Science, Water and the Environment. The UTC has a shared ambition with its regional stakeholders to maximise potential and develop a skilled workforce that meets the need regionally and nationally.

3. South Devon UTC will support this vision by providing an innovative and integrated curriculum embedding Engineering and Science related technical subjects into the core delivery of the national curriculum, raising the standards and achievement of all students. This will provide young people in South Devon with the knowledge and skills to progress into employment, apprenticeships, training and Higher Education according to their individual abilities, aptitudes and ambitions.

3.1. The South Devon UTC culture and curriculum will help instil the following student ethos:

- to develop a 'Want to Do' attitude;
- to strive for technical and academic excellence achieved through positive actions;
- to be innovative and develop an enterprising attitude;
- show a passion for the subject and the environment;
- encourage the use of own initiative to problem solve and make judgements;
- demonstrate social responsibility and a sense of community;
- develop a work ethic and knowledge of industry to meet the needs of business;
- be part of a team and learn together;
- reach their full potential and become confident in own ability and
- prepare for a life of work through Apprenticeships and/or Higher Education.

3.2. We offer:

- A customised curriculum package for each individual student;
- High success rates (attendance/retention/achievement);
- High employment/apprenticeship/higher education progression and success;
- Outstanding student/employer/parent satisfaction rates;
- High aspirations for South Devon UTC students and
- Encourage ambition and development.

South Devon UTC

Trustees Report for the Year Ended 31 August 2015 (continued)

Objectives, strategies and activities

In accordance with the articles of association the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education.

The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the area from which students are drawn, and that the curriculum should comply with the national agenda with an emphasis on technical education.

University Technical Colleges are an educational concept developed by the Baker Dearing Trust (www.utcolleges.org) in response to the continued demands from industry for an increase in the number of well-educated and highly-skilled technicians.

Throughout the country there is demand for highly skilled, work ready employees. The aim of the academy is to educate and train the most technically minded students to meet this demand.

The academy offers students the chance to become experts and leaders in technical engineering and manufacturing, to prove their academic, practical and personal abilities and to embark on successful and specialist careers. Each and every student at the academy is encouraged to seek their own sense of adventure, secure their ambitions and endeavour to achieve excellence. Students will learn, lead and innovate so that they are truly prepared to embrace the whole world of opportunity.

The academy is based on an investment in, and an absolute commitment to, establishing an innovative form of education that will offer a realistic, relevant and integrated learning environment to 14-19 year olds. The academy's aim is to establish progression pathways to meet the aspirations of the students, their future employers and to the community as a whole.

Public benefit

The Academy provides educational services to all children in the local area. The trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

South Devon UTC

Trustees Report for the Year Ended 31 August 2015 (continued)

Strategic Report

Achievements and performance

During the period to 31 August 2015, the academy was in a "start up" phase of planning for future construction and development of the academy. Accordingly, there are no achievements and performance related matters to report at this stage.

Going concern

After making appropriate enquiries, the Governors and Board of Directors have 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

This financial year is a set up period for the school.

During the year, the academy trust received £180,000 from a planned £300,000 project development grant from the DfE. During the year, £251,000 has been spent on setting up the new school. The trust also became entitled to capital funds of some £5.7m which has been used on the construction of the new school.

Financial and risk management objectives and policies

The principal risk facing the academy trust is the future level of government funding. This risk is carefully managed by careful control over budgeted expenditure.

Reserves policy

The governors will review the reserve levels of the academy annually. The policy of the governors is to maintain a level of reserves that will be adequate to provide a stable basis for the continuing activity of the academy.

South Devon UTC

Trustees Report for the Year Ended 31 August 2015 (continued)

Auditor

In so far as the Trustees are aware:

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

Approved by order of the Board of Trustees on 4.12.15 and signed on its behalf by:


Janice Kay
Trustee

South Devon UTC

Governance Statement

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that South Devon UTC 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 Governing Body has delegated the day-to-day responsibility to Principal Ian Crews 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 South Devon UTC and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

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 ongoing 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 South Devon UTC for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors 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 Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governors.
- regular reviews by the Governors 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 Governors have yet to determine how the need for a specific internal audit function will be met.

Review of effectiveness

As Principal, Ian Crews 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 Directors;

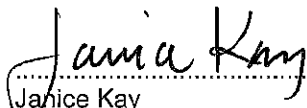
South Devon UTC

Governance Statement (continued)

- the work of the external auditor;
- the financial management and governance self assessment process;

The Board has been advised of the implications of the result of their review of the system of internal control by the project steering group and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on ~~.....~~ 4/12/15 and signed on its behalf by:


Janice Kay
Trustee

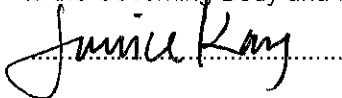
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Statement on Regularity, Propriety and Compliance

As a Trustee of South Devon UTC in this set up period I have considered the responsibility of the Board of Directors to notify 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 Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 Governing Body and EFA.



Janice Kay
Trustee

South Devon UTC

Statement of Trustees' Responsibilities

The Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees Report and the financial statements in accordance with the Annual Accounts Direction 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:

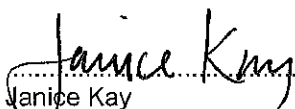
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the Members of the Board on ...4.12.15.. and signed on its behalf by:


Janice Kay
Trustee

South Devon UTC

Independent Auditor's Report on the Financial Statements to the Members of South Devon UTC

We have audited the financial statements of South Devon UTC for the year ended 31 August 2015, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared under the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the charitable company's Trustees, 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 charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 11), the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 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 the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

South Devon UTC

Independent Auditor's Report on the Financial Statements to the Members of South Devon UTC (continued)

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.


.....
Charles Evans (Senior Statutory Auditor)
For and on behalf of Francis Clark LLP, Statutory Auditor

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

Date: 11/12/15.....

South Devon UTC

Independent Reporting Accountant's Report on Regularity to South Devon UTC and the Education Funding Agency

In accordance with the terms of our engagement letter dated 10 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Devon UTC during the period 1 September 2014 to 31 August 2015 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 the Governing Body and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Governing Body and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 21 May 2014 and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. 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 from 1 September 2014 to 31 August 2015 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 2014 to 2015 issued by the Education Funding Agency. 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.

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures;
- Evaluation of the system of internal controls for authorisation and approval and
- Performing substantive tests on relevant transactions.

South Devon UTC

Independent Reporting Accountant's Report on Regularity to South Devon UTC 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 year from 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Charles Evans
For and on behalf of Francis Clark LLP, Chartered Accountants

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

Date: 11/12/15.....

South Devon UTC

Statement of Financial Activities for the Year Ended 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2015 £ 000	Total 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	43	-	-	43	40
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy Trust's educational operations	3	-	242	5,656	5,898	1,446
Total incoming resources		43	242	5,656	5,941	1,487
Resources expended						
<i>Charitable activities:</i>						
Academy's educational operations		43	250	-	293	116
Governance costs	6	-	3	-	3	2
Total resources expended	4	43	253	-	296	119
Net (outgoing)/incoming resources before transfers		-	(11)	5,656	5,645	1,368
Net (expenditure)/income for the year		-	(11)	5,656	5,645	1,368
Other recognised gains and losses						
Opening defined benefit pension scheme liability		-	(38)	-	(38)	-
Actuarial loss on defined benefit pension schemes	21	-	1	-	1	-

South Devon UTC

Statement of Financial Activities for the Year Ended 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) (continued)

Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2015 £ 000	Total 2013 £
Net movement in (deficit)/funds	-	(48)	5,656	5,608	1,368
Reconciliation of funds					
Funds/(deficit) brought forward at 1 September 2014	<u>-</u>	<u>11</u>	<u>1,326</u>	<u>1,337</u>	<u>(31)</u>
(Deficit)/funds carried forward at 31 August 2015	<u>-</u>	<u>(37)</u>	<u>6,983</u>	<u>6,945</u>	<u>1,337</u>

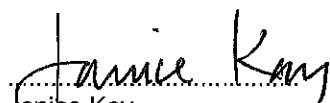
All of the Academy Trust's activities derive from continuing operations during the above two periods.
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

South Devon UTC

(Registration number: 08293776) Balance Sheet as at 31 August 2015

	Note	2015 £ 000	31 August 2013 £
Fixed assets			
Tangible assets	10	6,983	1,326
Current assets			
Debtors	11	808	864
Cash at bank and in hand		<u>572</u>	<u>90</u>
		1,380	954
Creditors: Amounts falling due within one year	12	<u>(1,379)</u>	<u>(943)</u>
Net current assets		<u>1</u>	<u>11</u>
Total assets less current liabilities		<u>6,983</u>	<u>1,337</u>
Net assets excluding pension liability		6,983	1,337
Pension scheme liability	21	<u>(38)</u>	-
Net assets including pension liability		<u>6,945</u>	<u>1,337</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		1	11
Restricted fixed asset fund		6,983	1,326
Restricted pension fund		<u>(38)</u>	-
		<u>6,945</u>	<u>1,337</u>
Total funds		<u>6,945</u>	<u>1,337</u>

The financial statements on pages 16 to 35 were approved by the Trustees, and authorised for issue on 4/12/15 and signed on their behalf by:


Janice Kay
Trustee

South Devon UTC

Cash Flow Statement for the Year Ended 31 August 2015

	Note	2015 £ 000	2014 £ 000
Net cash inflow from operating activities	17	6,138	1,355
Capital expenditure and financial investment	18	<u>(5,656)</u>	<u>(1,326)</u>
Increase in cash in the year	19	<u>482</u>	<u>29</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		482	29
Net funds at 1 September 2014		<u>90</u>	<u>61</u>
Net funds at 31 August 2015		<u>572</u>	<u>90</u>

All of the cash flows are derived from continuing operations during the above two periods.

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Notes to the Financial Statements for the Year Ended 31 August 2015

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

Sponsorship income provided to the Academy Trust 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

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

1 Accounting policies (continued)

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

Resources expended

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

All resources expended are inclusive of irrecoverable VAT.

Cost of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

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Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. 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 lives, per the table below.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Asset class	Depreciation method and rate
Freehold buildings	2% straight line

Leased assets

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

Taxation

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

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other 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/Department for Education.

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

2 Voluntary income

	Unrestricted funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Private sponsorship	43	43	40

3 Funding for Academy's educational operations

	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2015 £ 000	Total 2014 £ 000
DfE/EFA capital grants				
Capital grant	-	5,656	5,656	1,326
DfE/EFA revenue grants				
EFA development grant	180	-	180	120
EFA other grant	62	-	62	-
	<u>242</u>	<u>-</u>	<u>242</u>	<u>120</u>
Total grants	<u>242</u>	<u>5,656</u>	<u>5,898</u>	<u>1,446</u>

4 Resources expended

	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total 2015 £ 000	Total 2014 £ 000
Academy's educational operations					
Direct costs	110	-	2	112	-
Allocated support costs	41	63	77	181	116
	<u>151</u>	<u>63</u>	<u>79</u>	<u>293</u>	<u>116</u>
Governance costs including allocated support costs	-	-	3	3	2
	<u>151</u>	<u>63</u>	<u>82</u>	<u>296</u>	<u>119</u>

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

4 Resources expended (continued)

Net incoming/outgoing resources for the year include:

	2015 £ 000	2014 £ 000
Fees payable to auditor - audit	<u>3</u>	<u>2</u>

5 Charitable activities

	Total 2015 £ 000	Total 2014 £ 000
Direct costs - educational operations		
Teaching and educational support staff costs	110	-
Educational supplies	<u>2</u>	<u>-</u>
	<u>112</u>	<u>-</u>
Support costs - educational operations		
Support staff costs	40	65
FRS 17 service cost adjustment	1	-
Technology costs	6	-
Recruitment and support	7	12
Cleaning	-	-
Rent and rates	63	-
Insurance	-	-
Security and transport	2	-
Bank interest and charges	-	-
Other support costs	<u>61</u>	<u>40</u>
	<u>181</u>	<u>116</u>
Total direct and support costs	<u>293</u>	<u>116</u>

6 Governance costs

	Total 2015 £ 000	Total 2014 £ 000
Auditors' remuneration		
Audit of financial statements	<u>3</u>	<u>2</u>
	<u>3</u>	<u>2</u>

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

7 Staff

	2015 £ 000	2014 £ 000
Staff costs during the year were:		
Wages and salaries	128	52
Social security costs	8	5
Pension costs	15	7
	<u>151</u>	<u>65</u>

8 Related party transactions - Trustees' remuneration and expenses

None of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust.

Other related party transactions involving the Trustees are set out in note 22.

9 Trustees' and officers' insurance

Insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business will be purchased for when the academy opens.

10 Tangible fixed assets

	Freehold land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 September 2014	1,326	-	-	1,326
Additions	<u>5,360</u>	<u>32</u>	<u>264</u>	<u>5,656</u>
At 31 August 2015	6,687	32	264	6,983
Depreciation				
At 31 August 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value				
At 31 August 2015	<u>6,687</u>	<u>32</u>	<u>264</u>	<u>6,983</u>
At 31 August 2014	<u>1,326</u>	<u>-</u>	<u>-</u>	<u>1,326</u>

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

11 Debtors

	2015 £ 000	2014 £ 000
Trade debtors	10	6
Prepayments	2	-
Accrued grant and other income	716	625
VAT recoverable	81	233
	<u>808</u>	<u>864</u>

12 Creditors: amounts falling due within one year

	2015 £ 000	2014 £ 000
Trade creditors	532	773
Other taxation and social security	210	104
Pension scheme creditor	4	-
Accruals	629	6
Deferred income	4	60
	<u>1,379</u>	<u>943</u>

2015
£ 000

Deferred income

Deferred income at 1 September 2014	60
Resources deferred in the period	4
Amounts released from previous periods	<u>(60)</u>
Deferred income at 31 August 2015	<u>4</u>

Deferred income of £3,936 relates to donations from sponsors for their logos to be included in the reception of the new building. As this has not yet been completed this income has been deferred to the 15/16 year end.

In the prior year deferred income of £60,000 related to funds received from the DfE for the project development grant. Per the agreement, this element of the grant related to the 2014/15 financial year and so was deferred at the balance sheet date.

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

13 Funds

	Balance at 1 September 2014 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2015 £ 000
Restricted general funds					
DfE Project development grant	11	180	(189)	(1)	1
EFA Other grant	-	62	(62)	-	-
	<u>11</u>	<u>242</u>	<u>(251)</u>	<u>(1)</u>	<u>1</u>
Restricted fixed asset funds					
EFA Capital grant	1,326	5,656	-	-	6,983
Restricted pension funds					
Pension reserve	-	-	(39)	1	(38)
Total restricted funds	<u>1,337</u>	<u>5,898</u>	<u>(290)</u>	<u>-</u>	<u>6,945</u>
Unrestricted funds					
Unrestricted general funds	-	43	(43)	-	-
Total funds	<u>1,337</u>	<u>5,941</u>	<u>(333)</u>	<u>-</u>	<u>6,945</u>

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

Restricted fixed asset funds

This represents grant funding received and receivable from the EFA for construction of the new school building. This building was under the course of construction at the year end date and so no depreciation has yet been charged on the asset.

Restricted general funds

The project development grant from the DfE has been utilised in line with the agreement. Funds carried forward are to be used for future development of the academy.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

14 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	6,983	6,983
Current assets	1,380	-	1,380
Current liabilities	(1,379)	-	(1,379)
Pension scheme liability	(38)	-	(38)
Total net assets	<u>(37)</u>	<u>6,983</u>	<u>6,945</u>

15 Capital commitments

	2015 £ 000
Contracted for, but not provided in the financial statements	<u>4,254</u>

16 Financial commitments

Operating leases

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2015 £ 000
Land and buildings	
Within one year	<u>53</u>
Other	
Within two to five years	<u>4</u>

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

17 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2015 £ 000	2014 £ 000
Net income	5,645	1,368
FRS17 service cost adjustment	1	-
Decrease/(increase) in debtors	56	(864)
Increase in creditors	436	851
Net cash inflow from operating activities	<u>6,138</u>	<u>1,355</u>

18 Capital expenditure and financial investment

	2015 £ 000	2014 £ 000
Purchase of tangible fixed assets	<u>(5,656)</u>	<u>(1,326)</u>

19 Analysis of changes in net funds

	At 1 September 2014 £ 000	Cash flows £ 000	At 31 August 2015 £ 000
Cash at bank and in hand	<u>90</u>	<u>482</u>	<u>572</u>

20 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.

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

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 Devon County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. 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 £4,086 (2014 - £nil) were payable to the schemes at 31 August 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 Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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.

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

21 Pension and similar obligations (continued)

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

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

The pension costs paid to TPS in the period amounted to £12,869 (2014: £Nil).

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

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £1,000 (2014 - £Nil), of which employer's contributions totalled £1,000 (2014 - £Nil) and employees' contributions totalled £Nil (2014 - £Nil). The agreed contribution rates for future years are 14.3 per cent for employers and up to 12.5 per cent 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.

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

21 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2015 %
Rate of increase in salaries	4.50
Rate of increase for pensions in payment/inflation	2.70
Discount rate for scheme liabilities	4.00
Inflation assumptions (CPI)	2.70
RPI increases	<u>3.60</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Adjustment to discount rate			
Present value of total obligation	59	61	63
Projected service cost	<u>22</u>	<u>23</u>	<u>24</u>
	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Adjustment to rate of salary growth			
Present value of total obligation	61	61	60
Projected service cost	<u>23</u>	<u>23</u>	<u>23</u>
	+ 1 Year £ 000	None £ 000	- 1 Year £ 000
Adjustment to mortality age rating assumption			
Present value of total obligation	63	61	59
Projected service cost	<u>24</u>	<u>23</u>	<u>22</u>

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

	At 31 August 2015
Retiring today	
Males retiring today	22.80
Females retiring today	26.10
Retiring in 20 years	
Males retiring in 20 years	25.10
Females retiring in 20 years	<u>28.40</u>

The Academy Trust's share of the assets and liabilities in the scheme were:

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

21 Pension and similar obligations (continued)

	At 31 August 2015 £ 000
Equities	13
Gilts	2
Other bonds	1
Property	2
Cash	1
Other	4
Total market value of assets	<u>23</u>
Present value of scheme liabilities - funded	<u>(61)</u>
Deficit in the scheme	<u>(38)</u>

The expected rates of return were:

	At 31 August 2015 %
Equities	6.10
Gilts	6.10
Other bonds	6.10
Property	6.10
Cash	6.10
Other	<u>6.10</u>

The expected rates of return for 2015 are set equal to a composite discount rate in preparation for the forthcoming FRS102 disclosure requirements.

The actual return on scheme assets was £Nil (2014 - £Nil).

Amounts recognised in the statement of financial activities

	2015 £ 000
Current service cost	<u>2</u>
Total operating charge	<u>2</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is £1,000 (2014 - £Nil).

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

21 Pension and similar obligations (continued)

Movements in the present value of defined benefit obligation

	2015 £ 000
At 1 September	60
Current service cost	2
Actuarial gains	(1)
At 31 August	<u>61</u>

Movements in the fair value of Academy Trust's share of scheme assets

	2015 £ 000
At 1 September	22
Employer contributions	1
At 31 August	<u>23</u>

The estimated value of employer contributions for next period is £14,000 (2014 - £Nil).

22 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

During the year the academy made the following related party transactions:

South Devon College

(South Devon College is a sponsor of the academy.)

During the year, South Devon College provided services (in the form of personnel) and incurred expenses on behalf of South Devon UTC. During the year, services and funds of £31,731 were donated to the academy while services provided and expenses incurred of £23,625 were recharged to the academy. At the balance sheet date the amount due from/(to) South Devon College was £216 (2014 - £22,943).

University of Exeter

(The University of Exeter is a sponsor of South Devon UTC.)

During the year, the University of Exeter donated funds of £2,800 to South Devon UTC. At the balance sheet date the amount due (to)/from University of Exeter was £Nil (2014 - £1,500).

Centrax

(Centrax is an employer sponsor of South Devon UTC.)

During the year, Centrax donated funds of £2,800 to the academy. At the balance sheet date the amount due from Centrax was £2,800 (2014 - £1,500).

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)

22 Related party transactions (continued)

South West Water

(South West Water is an employer sponsor of South Devon UTC.)

During the year, South West Water donated £5,223 to the academy. At the balance sheet date the amount due from South West Water was £2,423 (2014 - £1,500).

Teignbridge District Council

(Teignbridge District Council is an employer sponsor of South Devon UTC.)

During the year, Teignbridge District Council provided premises to the academy at a cost of £70,172. At the balance sheet date the amount due to Teignbridge District Council was £69,000 (2014 - £Nil).

Linden Homes

(Linden Homes is an employer sponsor of South Devon UTC.)

During the year, Linden Homes donated £4,010 to the academy. At the balance sheet date the amount due from/(to) Linden Homes was £4,010 (2014 - £Nil).