

Registered number. 07637061

**THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT
DAVENTRY**

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

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THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
(A company limited by guarantee)

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THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS**
FOR THE YEAR ENDED 31 AUGUST 2013

Trustees

N Allen
I Bennion
A Covington
S Davies
A Hopkins
C Moore
J Parsons
N Petford, Chairman
I Vincent
C Moody (resigned 9 July 2013)
K Smith (resigned 5 July 2013)

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2013

The trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The University Technical College for New Technologies at Daventry (the academy trust) for the year ended 31 August 2013. The trustees confirm that the Annual report and financial statements of the academy trust comply with the current statutory requirements, the requirements of the academy trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

CONSTITUTION

The university technical college (UTC) is a company limited by guarantee and an exempt charity. The company was incorporated on 17 May 2011. The charitable company's Memorandum and Articles of Association are the primary governing documents of the UTC trust.

The Trustees act as the trustees for the charitable activities of The University Technical College for New Technologies at Daventry (Daventry UTC) and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Daventry UTC.

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 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.

TRUSTEES' INDEMNITIES

The UTC has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on UTC business. Details of the costs can be found in note 10 to the accounts.

PRINCIPAL ACTIVITIES

The UTC was approved on 10 October 2011. The year ended 31 August 2013 was the start-up year and the UTC opened with 97 students on 16 September 2013.

The UTC's principal activities are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum which includes provision for technical education.

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Board of Trustees is responsible for appointing Trustees except for parent Trustees and staff Trustees who are elected by a secret ballot. Trustees are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. At each Annual General Meeting of the charitable company one third of the Trustees retire by rotation. The Trustees to retire are those who have been longest in office since their last election or appointment.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Trustees will be given a tour of the UTC and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and will be tailored specifically to the individual.

ORGANISATIONAL STRUCTURE

The structure consists of two levels: the Trustees and the Senior Managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the UTC by the use of budgets and making major decisions about the direction of the UTC, capital expenditure and senior staff appointments.

The Senior Managers are the Accounting Officer and a Deputy Principal. These managers control the UTC at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, through appointment boards including Trustees.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the UTC is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the UTC, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The UTC has an effective system of internal financial controls and this is explained in more detail in the Governance statement.

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The UTC is sponsored by the University of Northampton and Moulton College. The following trustees hold senior posts in related organisations:

Mr A Hopkins is Director of Children, Families and Education for Northamptonshire County Council,
Mr S Davics is the Principal of Moulton College
Professor N Petford is the Vice Chancellor of the University of Northampton and,
Mr I Vincent is Chief Executive of Daventry District Council

Objectives and Activities

OBJECTS AND AIMS

The principal object and activity of the charitable company is the operation of the Daventry UTC to provide outstanding education for up to 600 14-19 year old students who are committed to a career in "sustainable and related new technologies", or will be motivated to achieve greater academic and employment success through exposure to a technical curriculum. The UTC will provide new pathways for young people aged 14-19 and a high quality choice to match the best provision in the public or independent sectors. It will provide the technical education, core curriculum and breadth of experiences to equip young people for the future workforce and skills of tomorrow.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the UTC during the year ended 31 August 2013 are summarised below:

- To successfully establish a UTC to commence operation in September 2013,
- To recruit sufficient pupils to allow the Secretary of State for Education to confirm the opening,
- To recruit a high quality Principal and Deputy Principal enable the UTC to open,
- To recruit teaching and non-teaching staff who are committed to the principles of the UTC programme
- To provide value for money for the funds expended,
- To comply with all appropriate statutory and curriculum requirements,
- To maintain close links with industry and commerce, and
- To conduct the UTC's business in accordance with the highest standards of integrity, probity and openness

The UTC's main strategy is to successfully establish itself in its temporary premises and transfer to its new purpose-built facility in Daventry once it is complete.

The next step will be to recruit a new year 10 cohort and a first year 12 cohort to start in September 2014, and sufficient high quality teaching and non-teaching staff to facilitate this.

PUBLIC BENEFIT

The UTC Trust promotes education for the benefit of the local community of Daventry and its surrounding area. Once the new premises are open, it will offer recreational facilities to a variety of local community groups outside of School hours for the benefit of the general public. Community based projects will also be undertaken throughout the year by staff and students which further enhances the public benefit.

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Achievements and performance

The UTC successfully opened in September 2013 with 97 year 10 students and a full complement of suitably qualified teaching staff

GOING CONCERN

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the UTC 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.

KEY FINANCIAL PERFORMANCE INDICATORS

During the year, the UTC Trust monitored expenditure against the start-up budget, the progress of the new build, and the successful conversion of the temporary accommodation provided by the University of Northampton.

The annual funding letter from the Education Funding Agency was received on 1st November and a budget for the year with key financial and other performance indicators will be set.

Financial review

Funds during the year were claimed from the Department for Education (DfE) via a start-up grant. Expenditure was contained within budget.

Funds for provision of Information Technology were received via Northamptonshire County Council and payments were made against the contract schedule.

During the year ended 31 August 2013, total expenditure of £247,354 was covered by start-up grant and temporary accommodation grant from the DfE. There was no excess of income over expenditure for the year (excluding restricted fixed asset funds) for these funds.

An accrual for audit fees has been included, resulting in a deficit of £5,000 being recognised. This is expected to be funded from 2013/14 funding.

At 31 August 2013 the net book value of fixed assets was £92,025 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the UTC.

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trustees believe that its risk management procedures mitigate as far as reasonably possible the principal risks and uncertainties facing the UTC Trust

The UTC Trust does not have any trade debtors. Debtors are made up of Grant claims from the DfE and unclaimed VAT from HMRC. HMRC rules prevented the UTC from re-claiming VAT until commencement of trading.

Cash flow is monitored daily by the management and advisors and budgets to be presented to the Board of Trustees consider will cash flow and liquidity in detail.

PRINCIPAL RISKS AND UNCERTAINTIES

Through the UTC's risk management procedures, it has considered its principal risks and uncertainties and planned mitigating action wherever possible. The principal risks and uncertainties identified by the Board of Trustees are:

- Change in government funding regime – the UTC expects to receive over 90% of its income from Government agencies
- Failure to achieve target recruitment, resulting in lower income
- Quality of teaching

Key controls that the UTC has in place to mitigate these risks include:

- Attendance at government funding agency conferences and participation in focus groups to keep up to date with and influence as far as possible UTC funding methodology
- Appropriate organisational structure with several tiers of review
- Internal quality assurance reviews and self-assessments

RESERVES POLICY

The Trustees will review the reserve levels of the UTC annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

PRINCIPAL FUNDING

The UTC had no fund balances at 31 August 2012 as 2012/13 was the start-up year.

INVESTMENTS POLICY

The Trust has not determined an investment policy. All funds are held with the Trust's bankers, Barclays Bank plc.

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

Plans for the future

FUTURE DEVELOPMENTS

The next step will be to recruit a new year 10 cohort and a first year 12 cohort to start in September 2014, and sufficient high quality teaching and non-teaching staff to facilitate this

Over a five year period, the UTC aims to achieve its recruitment target of 600 students, accepting transfers from other schools and colleges into years 10 and 12 where possible

The UTC expects to commence teaching in its new building in Daventry from the 2014 spring term

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

This report was approved by order of the board of trustees on 2 December 2013 and signed on its behalf by



Chair of Trustees

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that The University Technical College for New Technologies at Daventry has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the 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 The University Technical College for New Technologies at Daventry and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 10 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 |
|---------------------|-------------------|-------------------|
| N Allen | 7 | 10 |
| I Bennion | 3 | 10 |
| A Covington | 7 | 10 |
| S Davies | 8 | 10 |
| A Hopkins | 4 | 10 |
| C Moore | 4 | 10 |
| J Parsons | 6 | 10 |
| N Petford, Chairman | 7 | 10 |
| I Vincent | 9 | 10 |
| C Moody | 9 | 9 |
| K Smith | 3 | 7 |

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 The University Technical College for New Technologies at Daventry for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2012 to 31 August 2013 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 UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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GOVERNANCE STATEMENT (continued)

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 board of trustees,
- regular reviews by the Board of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties,
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed MHA MacIntyre Hudson, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the auditors 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.

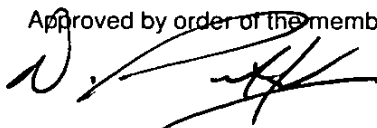
REVIEW OF EFFECTIVENESS

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

- the work of the external auditors,
- the work of the executive managers within the academy trust 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 Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 2 December 2013 and signed on their behalf, by



N Petford
Chair



D Edmondson
Accounting Officer

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The University Technical College for New Technologies at Daventry 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

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 (2012)

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date



D Edmondson
Accounting Officer

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
(A company limited by guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

The trustees (who act as governors of The University Technical College for New Technologies at Daventry and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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


- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 2 December 2013 and signed on its behalf by



N Petford
Chair

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY

We have audited the financial statements of The University Technical College for New Technologies at Daventry for the year ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy trust's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust'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 trust 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 trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. 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 trust's affairs as at 31 August 2013 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 2013 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE UNIVERSITY TECHNICAL COLLEGE
FOR NEW TECHNOLOGIES AT DAVENTRY**

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



Elaine Olson-Williams FCCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date

17 July 2013

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY AND THE EDUCATION
FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 October 2013 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 The University Technical College for New Technologies at Daventry during the year 1 September 2012 to 31 August 2013 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 University Technical College for New Technologies at Daventry and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The University Technical College for New Technologies at Daventry 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 University Technical College for New Technologies at Daventry and the EFA, for our work, for this report, or for the conclusion we have formed

**RESPECTIVE RESPONSIBILITIES OF THE UNIVERSITY TECHNICAL COLLEGE FOR NEW
TECHNOLOGIES AT DAVENTRY'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of The University Technical College for New Technologies at Daventry's funding agreement with the Secretary of State for Education dated 18 August 2012, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. 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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

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

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 our conclusions includes

- reviewing the Minutes of the meetings of the Board of Trustees and other evidence made available to us, relevant to our consideration of regularity
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY AND THE EDUCATION
FUNDING AGENCY (continued)**

- testing of a sample of payroll payments to staff
- testing of a sample of payments to suppliers and other third parties
- testing of a sample of grants received and other income streams
- evaluating the internal control procedures and reporting lines, and testing as appropriate,
- and making appropriate enquiries of the Accounting Officer

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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Elaine Olson-Williams FCCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date 17 Dec 2013

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2013

| | Note | Restricted funds 2013 £ | Restricted fixed asset funds 2013 £ | Total funds 2013 £ |
|---|------|----------------------------------|---|-----------------------------|
| INCOMING RESOURCES | | | | |
| Incoming resources from charitable activities | 2 | | | |
| Funding for the academy trust's educational operations | | 247,354 | 440,094 | 687,448 |
| TOTAL INCOMING RESOURCES | | 247,354 | 440,094 | 687,448 |
| RESOURCES EXPENDED | | | | |
| Charitable activities | 5 | | | |
| Academy trust educational operations | | 247,354 | - | 247,354 |
| Governance costs | 3 | 5,000 | - | 5,000 |
| TOTAL RESOURCES EXPENDED | 4 | 252,354 | - | 252,354 |
| MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME/(EXPENDITURE) FOR THE YEAR | | (5,000) | 440,094 | 435,094 |
| Total funds at 1 September 2012 | | - | - | - |
| TOTAL FUNDS AT 31 AUGUST 2013 | | (5,000) | 440,094 | 435,094 |

All activities relate to continuing operations

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

The notes on pages 19 to 32 form part of these financial statements

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
(A company limited by guarantee)
REGISTERED NUMBER 07637061

BALANCE SHEET
AS AT 31 AUGUST 2013

| | Note | £ | 2013 £ |
|---|------|----------------|----------------|
| FIXED ASSETS | | | |
| Tangible assets | 10 | | 92,025 |
| CURRENT ASSETS | | | |
| Debtors | 11 | 119,074 | |
| Cash at bank | | 395,889 | |
| | | <u>514,963</u> | |
| CREDITORS: amounts falling due within one year | 12 | (171,894) | |
| NET CURRENT ASSETS | | | <u>343,069</u> |
| NET ASSETS | | | <u>435,094</u> |
| FUNDS OF THE ACADEMY | | | |
| Restricted funds | | | |
| Restricted funds | 13 | (5,000) | |
| Restricted fixed asset funds | 13 | 440,094 | |
| | | <u>435,094</u> | |
| TOTAL FUNDS | | | <u>435,094</u> |

The financial statements were approved by the trustees, and authorised for issue, on 2 December 2013 and are signed on their behalf, by



Chair of Trustees

The notes on pages 19 to 32 form part of these financial statements

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

| | Note | 2013 £ |
|--|------|-----------------------|
| Net cash flow from operating activities | 15 | 487,914 |
| Capital expenditure and financial investment | | (92,025) |
| INCREASE IN CASH IN THE YEAR | | <u><u>395,889</u></u> |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013

| | 2013 £ |
|--|-----------------------|
| Increase in cash in the year | 395,889 |
| MOVEMENT IN NET FUNDS IN THE YEAR | <u>395,889</u> |
| NET FUNDS AT 31 AUGUST 2013 | <u><u>395,889</u></u> |

The notes on pages 19 to 32 form part of these financial statements

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

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 academy trust 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1. ACCOUNTING POLICIES (continued)

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities 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.

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 the academy trust's policies.

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 in which it is receivable and to the extent the goods have been provided or on completion of the service.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

1. ACCOUNTING POLICIES (continued)

1.4 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.

Costs 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 in 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.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

| | | |
|--------------------|---|---|
| Computer equipment | - | No depreciation, until brought into use |
|--------------------|---|---|

1.6 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.

1.7 Pensions

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

1 ACCOUNTING POLICIES (continued)

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method As stated in note 19, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year

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

As the UTC only has one employee in the period who entered into the scheme, and who was not an existing member of the LGPS, the Trustees believe that the value of accrued benefit will not be materially different to the value of Employer contributions made in the period Therefore a FRS 17 valuation was not obtained as the cost was deemed to outweigh the benefit

1.8 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 Department for Education where the asset acquired or created is held for a specific purpose

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

2. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Restricted funds 2013 £ | Total funds 2013 £ |
|-------------------------------------|----------------------------------|-----------------------------|
| DfE/EFA grants | | |
| Other Dfe/EFA grants | 247,354 | 247,354 |
| | <u>247,354</u> | <u>247,354</u> |
| Other government grants | | |
| Capital grants from Local Authority | 440,094 | 440,094 |
| | <u>440,094</u> | <u>440,094</u> |
| | <u><u>687,448</u></u> | <u><u>687,448</u></u> |

3. GOVERNANCE COSTS

| | Restricted funds 2013 £ | Total funds 2013 £ |
|-----------------------------------|----------------------------------|-----------------------------|
| Governance Auditors' remuneration | 5,000 | 5,000 |
| | <u>5,000</u> | <u>5,000</u> |

4. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

| | Staff costs 2013 £ | Premises 2013 £ | Other costs 2013 £ | Total 2013 £ |
|---------------|--------------------------|-----------------------|--------------------------|--------------------|
| Support costs | 106,521 | 17,569 | 123,264 | 247,354 |
| Governance | - | - | 5,000 | 5,000 |
| | <u>106,521</u> | <u>17,569</u> | <u>128,264</u> | <u>252,354</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

5. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

SUPPORT COSTS

| | | |
|---------------------------------------|----------------|----------------|
| Wages and salaries | 86,769 | 86,769 |
| National insurance | 7,980 | 7,980 |
| Pension cost | 11,772 | 11,772 |
| Recruitment costs | 42,837 | 42,837 |
| Maintenance of premises and equipment | 32,357 | 32,357 |
| Legal and professional fees | 31,273 | 31,273 |
| Other costs | 34,366 | 34,366 |
| | <u>247,354</u> | <u>247,354</u> |

6 AUDITORS' REMUNERATION

| | |
|---|--------------|
| | 2013 |
| | £ |
| Fees payable to the academy trust's auditor and its associates for the audit of the academy trust's annual accounts | <u>5,000</u> |

7. STAFF COSTS

Staff costs were as follows

| | |
|-----------------------|----------------|
| | 2013 |
| | £ |
| Wages and salaries | 86,769 |
| Social security costs | 7,980 |
| Other pension costs | 11,772 |
| | <u>106,521</u> |

The average number of persons (including the senior management team) employed by the academy trust during the year expressed as full time equivalents was as follows

| | |
|------------|----------|
| | 2013 |
| | No. |
| Management | <u>2</u> |

No employee received emoluments amounting to more than £60,000 in either year

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

8 TRUSTEES' REMUNERATION AND EXPENSES

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration fell within the following bands.

During the year, no trustees received any reimbursement of expenses.

9. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust 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 cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2013 was £975.

The cost of this insurance is included in the total insurance cost.

10 TANGIBLE FIXED ASSETS

| | Computer equipment £ |
|--|----------------------------|
| Cost | |
| Additions | 92,025 |
| At 31 August 2013 | <u>92,025</u> |
| Depreciation | |
| At 1 September 2012 and 31 August 2013 | - |
| Net book value | |
| At 31 August 2013 | <u><u>92,025</u></u> |

The UTC has an agreement for a lease in respect of the land and buildings of the new UTC accommodation in Daventry. The lease will be granted for 125 years, to the UTC, upon completion of the building works.

11. DEBTORS

| | 2013 £ |
|---------------|-----------------------|
| VAT repayable | 21,916 |
| Other debtors | 97,158 |
| | <u><u>119,074</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

11 DEBTORS (continued)

12. CREDITORS.

Amounts falling due within one year

Trade creditors

Accruals and deferred income

2013

£

152,106

19,788

171,894

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

13. STATEMENT OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Carried Forward £ |
|-------------------------------------|-------------------------|----------------------------|----------------------------|-------------------------|
| Restricted funds | | | | |
| Restricted Funds - Other | - | - | (5,000) | (5,000) |
| Dfe start up grant | - | 214,997 | (214,997) | - |
| EFA Sunley grant | - | 32,357 | (32,357) | - |
| | <u>-</u> | <u>247,354</u> | <u>(252,354)</u> | <u>(5,000)</u> |
| Restricted fixed asset funds | | | | |
| ICT equipment grant | - | 440,094 | - | 440,094 |
| Total restricted funds | <u>-</u> | <u>687,448</u> | <u>(252,354)</u> | <u>435,094</u> |
| Total of funds | <u>-</u> | <u>687,448</u> | <u>(252,354)</u> | <u>435,094</u> |

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

Restricted general funds will be used for educational purposes in line with academy trust's objects and its funding agreement with the EFA

Restricted fixed assets funds amounting to £440,094 will be reserved against future depreciation charges, and the remainder relates to unspent capital grants which will be utilised to enhance the academy trust's facilities

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 2013

The academy trust is carrying a net deficit of £5,000 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason

Governance costs of £5,000 incurred in respect of the period, which will be funded from future start up grant funding

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

SUMMARY OF FUNDS

| | Brought Forward | Incoming resources | Resources Expended | Carried Forward |
|------------------------------|----------------------------|-------------------------------|-------------------------------|----------------------------|
| | £ | £ | £ | £ |
| Restricted funds | - | 247,354 | (252,354) | (5,000) |
| Restricted fixed asset funds | - | 440,094 | - | 440,094 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Restricted funds 2013 | Restricted fixed asset funds 2013 | Total funds 2013 |
|-------------------------------|--------------------------------------|--|---------------------------------|
| | £ | £ | £ |
| Tangible fixed assets | - | 92,025 | 92,025 |
| Current assets | 100,636 | 414,327 | 514,963 |
| Creditors due within one year | (105,636) | (66,258) | (171,894) |
| | <u> </u> | <u> </u> | <u> </u> |
| | <u>(5,000)</u> | <u>440,094</u> | <u>435,094</u> |

15. NET CASH FLOW FROM OPERATING ACTIVITIES

| | |
|---|-------------------|
| | 2013 |
| | £ |
| Net incoming resources before revaluations | 435,094 |
| Increase in debtors | (119,074) |
| Increase in creditors | 171,894 |
| | <u> </u> |
| Net cash inflow from operations | 487,914 |
| | <u> </u> |
| | 2013 |
| | £ |
| Capital expenditure and financial investment | |
| Purchase of tangible fixed assets | (92,025) |
| | <u> </u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

16 ANALYSIS OF CHANGES IN NET FUNDS

| | 1 September 2012 £ | Cash flow £ | Other non-cash changes £ | 31 August 2013 £ |
|--------------------------|-----------------------------|----------------|-----------------------------------|------------------------|
| Cash at bank and in hand | - | 395,889 | - | 395,889 |
| Net funds | - | 395,889 | - | 395,889 |

17. 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 £10 for the debts and liabilities contracted before he/she ceases to be a member

18. CAPITAL COMMITMENTS

At 31 August 2013 the academy trust had capital commitments as follows

| | |
|---|----------------|
| | 2013 |
| | £ |
| Contracted for but not provided in these financial statements | 368,099 |

19. PENSION COMMITMENTS

The academy trust's employees belong to two principal pension schemes the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Northamptonshire County Council Both are 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 2004 and of the LGPS 31 March 2010

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

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NOTES TO THE FINANCIAL STATEMENTS
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19 PENSION COMMITMENTS (continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final

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NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust has taken advantage of the exemption in FRS 17 and 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £2,070, of which employer's contributions totalled £1,604 and employees' contributions totalled £466.

As per the accounting policies, the Trustees have not obtained a FRS 17 valuation for the LGPS report for the year ended 31 August 2013, on the basis that the value of the accrued benefits will not be materially different to the contributions made.

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.

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £nil.

The academy trust expects to contribute to its defined benefit pension scheme in 2014.

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FOR THE YEAR ENDED 31 AUGUST 2013

20. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has 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.

No related party transactions took place in the period of account.

21. POST BALANCE SHEET EVENTS

The UTC opened post year end in September 2013, with an intake of 97 students.

22. CONTROLLING PARTY

There is no ultimate controlling party.