

**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 2016

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Members	N Critchlow, Chairman (resigned 5 January 2016) ^{1,2} I Bennion S Davies N Petford (appointed 25 January 2016) M Lawrence, Patron
Trustees	N Critchlow, Chairman (resigned 5 January 2016) ¹ N Allen ^{1,2} A Battom ¹ I Bennion ² A Covington (resigned 14 December 2015) ^{1,2} A Davies (resigned 31 March 2016) ² S Davies ² M Doveston (resigned 1 March 2016) ² D Edmondson, Principal & Accounting Officer (resigned 10 June 2016) ^{1,2} S Field ² A Langton (resigned 1 November 2015) ¹ A Goddard (appointed 1 December 2015) ² M Lawrence, Patron N Petford, Chairman (resigned 1 September 2015, reappointed 25 January 2016) I Vincent (resigned 1 November 2015) ^{1,2} S Connell (appointed 1 August 2016, resigned 23 January 2017) ¹ C Parker (appointed 1 July 2016) R Ball, Interim Principal & Accounting Officer (appointed 13 June 2016) ^{1,2} L Ball (appointed 28 September 2015) ¹
	¹ Member of the Resources Action Group (RAG) ² Member of Student Outcomes Action Group (SOAG)
Company registered number	07637061
Company name	The University Technical College for New Technologies at Daventry
Principal and registered office	The University Technical College for New Technologies at Daventry Ashby Road Daventry Northamptonshire NN11 0QE
Senior management team	D Edmondson, Principal (resigned June 2016) S Kirk, Deputy Principal (resigned December 2016) R Austen, Assistant Principal (resigned August 2016) J Dunkley, Assistant Principal (appointed September 2016) P Cartmell, Business Manager R Ball, Interim Principal (appointed June 2016)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Advisers (continued)

Independent auditor MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Peterbridge House
The Lakes
Northampton
NN4 7HB

Bankers Barclays Bank plc
PO Box 3333
One Snowhill
Snowhill Queensway
Birmingham
B3 2WN

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The University Technical College (UTC) for New Technologies at Daventry (the academy trust) operates an academy for pupils aged 14 to 19 serving a catchment area in Northamptonshire as well as bordering areas within Warwickshire, Leicestershire and Oxfordshire. The UTC is still in its start-up phase and was intended to have a pupil capacity of 600 when at steady state with a roll of 129 in the school census in Autumn 2016.

However, it has been agreed with the EFA that the UTC will close at 31 August 2017 as the academy has failed to attract sufficient numbers.

Structure, governance and management

CONSTITUTION

The University Technical College for New Technologies at Daventry Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of The University Technical College for New Technologies at Daventry are also the directors of the charitable company for the purpose of company law.

The Charitable Company is known as University Technical College for New Technologies at Daventry and as Daventry UTC and the DUTC.

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

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £343. Details of the costs can be found in note 11 to the accounts.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Board of Trustees is responsible for appointing Governors and Trustees except for parent Trustees and staff Trustees who are elected by a secret ballot unless the names coming forward match the vacancies in accordance with the Articles of Association. Trustees are subject to retirement following a four year period of office but are eligible for re-election at the meeting at which they retire. Potential governors and trustees are identified through professional networks, advertising and sponsor nominations, with interviews conducted as appropriate.

There can be up to 19 Governors including Staff Governors, an LA Governor and a minimum of 2 parent Governors. A balance is maintained between sponsor organisations (Moulton College and the University of Northampton), Industry partners, Local Authority, Staff and Parents.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new Trustees depends on their existing experience. Where necessary induction provides training on charity and educational legal and financial matters. All new Trustees are given a tour of the DUTC 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 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 tailored specifically to the individual. Where appropriate development sessions are arranged for the whole Board of Trustees for example in preparation for Ofsted.

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 DUTC by the use of budgets and making major decisions about the direction of the UTC, capital expenditure and senior staff appointments. The Trustees/Governors form two Action Groups which have delegated responsibilities for Resources and Student Outcomes. The Senior Managers are the Principal/Accounting Officer, the Deputy Principal and the Business Manager. These managers control the DUTC 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 as appropriate.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

As per the scheme of delegation the Trustees/Governors are responsible for setting the terms and conditions of service of the Principal and appointing the Principal. They are also responsible for the setting the terms and conditions of service, and appointing the Deputy Principal and the Assistant Principals with recommendations from the Principal. The Principal can set the terms and conditions of service, and appoint all other staff including the Business Manager who is the remaining key management personnel.

Other key management personnel would include the Trustees/Governors who are all non-executive positions with the exception of the Principal and any Staff Governor whose terms and conditions of service are covered above.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The DUTC is sponsored by the Moulton College and the University of Northampton with support from Industry, the Baker Dearing Educational Trust, Northamptonshire County Council and Daventry District Council. The following trustees hold senior posts in related organisations:

- Mr I Bennion is Manufacturing Engineering Leader, Cummins Daventry HHP Engine Plant;
- Mr S Davies is the Principal of Moulton College;
- Professor N Petford is the Vice Chancellor of the University of Northampton;
- Mr I Vincent is Chief Executive of Daventry District Council;
- Mr A Davies is Chief Fire officer and represents Northamptonshire County Council;
- Mr C Parker is Chief Executive Officer of the Baker Dearing Educational Trust; and
- Mr S Connell is Senior Business Advisor of the Baker Dearing Educational Trust.

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 DUTC during the year ended 31 August 2016 are summarised below:

- To continue to develop an engaging, technically focussed, integrated and contextualised curriculum;
- To recruit suitable high quality teaching and non-teaching staff who are committed to the principles of the DUTC programme;
- To recruit sufficient pupils to enable the DUTC to grow;
- 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 DUTC's business in accordance with the highest standards of integrity, probity and openness.

PUBLIC BENEFIT

The trustees of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The DUTC promotes education for the benefit of the local community of Daventry and its surrounding area. It offers meeting facilities to a variety of local community groups outside of School hours. Community based projects are also undertaken throughout the year by staff and students which further enhances the public benefit; these have mainly been through engagement with local junior schools.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

STRATEGIC REPORT

Achievements and performance

The UTC has continued to recruit the high quality staff needed to deliver its technical curriculum, despite national shortages in these subjects and we remain fully staffed in all areas. Failure to recruit the number of students hoped for, though, has resulted in a number of redundancies in both teaching and support staffing.

Academic results from the first cohort of post 16 students were very pleasing; all proceeded to enter higher education to read technical degree courses or secured modern apprenticeships with major engineering companies.

Key Stage Four results, though, were not of the same calibre and students underperformed in final examinations, resulting in lower grades than we were expecting. This would have been an obvious area for the UTC to prioritise next year.

KEY PERFORMANCE INDICATORS

- To continue to provide the environment and contextualised curriculum in order to enable the students to achieve or exceed their expected progress.
- To operate within grant funding
- To increase student numbers thereby increase grant income
- Continue to promote professional development of staff

GOING CONCERN

Daventry UTC received funding in 2014/15 based on an estimated number of students as is normal practice for Academies through their start-up phase. Regrettably, predicted student numbers were not realised and as a consequence the UTC had an operating loss for the year to 31 August 2015. Unfortunately this situation has persisted into 2015/16 and as a result of poor student numbers and consequential over staffing the UTC cumulative debt has increased. The Trust were forced to propose a deficit budget to the EFA for the year along with a robust recovery plan requiring staff reductions in December 2015.

Mr N Critchlow – Trust Member and Chair resigned in January 2016 and was immediately replaced by Professor N Petford – Vice Chancellor of the University of Northampton. Professor Petford had held the post previously during the start up phase.

The EFA issued the Trust with a Financial Notice to Improve (FNTI) in April 2016 citing the “weak financial position and financial management of the Trust”. The FNTI restricts the delegated authority of the Trust, requires monthly detailed financial reporting to the EFA and has the underlying threat of further actions by the EFA or the Secretary of State.

The Trust chose to commission an independent due diligence report on the Academic performance of the UTC and an independent financial benchmarking review of the UTC versus its peers. The outcome confirmed the Trust’s plans to reduce staffing costs further to reduce the deficit and that adjustments to the curriculum model would offer better outcomes for students.

Mr D Edmondson, Principal, resigned from his position in June 2016. Mr Edmondson had overseen the building of the UTC, developed its first curriculum model, established the UTC within the community and managed the first two and half years of Teaching and Learning. The Trust appointed an Interim Principal immediately – Mr R Ball.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The Board has been mindful throughout its period of cost reduction that the academy remains attractive to new students. The nature of the UTC curriculum model is one which emphasises its industrial/commercial specialisms as well as its breadth of academic offering. In order to reduce its costs the Board has had to be more selective in its curriculum offering, but does not feel this will impact on the viability of the UTC as a whole. In preparation for academic year 2016/17 the Principal remodelled the Curriculum removing History, Religious Education, and one of the UTCs specialisms – Construction and the Built Environment. A new specialism was added - Art and Design Technology offered at BTEC Level 2/3 along with BTEC Public Services, Resistant Materials at GCSE and an increased emphasis on English and Maths. Uptake of Construction had been very low since the inception and research demonstrated that Art and Design Technology would be more attractive and yield more student applications. Further staff reductions were made in July 2016 to reflect the needs of the new Curriculum.

In order to generate additional income the UTC needed to attract more students. The Board had been working with the EFA, the Northamptonshire Enterprise Partnership (now subsumed into the South East Midlands Local Enterprise Partnership), the industrial and educational sponsors and the Local Authority in order to raise the UTC's profile in the community. In addition the UTC has targeted potential new students through the use of social media, radio advertising and conventional advertising both online and in the press. The Board were optimistic for an increased student uptake in September 2016.

As a result of the actions taken by the Trust, the EFA had agreed to provide additional financial support for the academic year 2016/17. The EFA were to support the deficit forecast as part of their support for the extended start-up phase for the UTC. The Board had forecast a return to in-year surplus in 2018/19.

However, despite the Trust successfully reducing staffing two times within the academic year, in November 2016 the DfE wrote to the Trustees to say that Ministers had decided that that the UTC should close. Trustees agreed that it was in the interests of the UTC to manage the closure by mutual agreement as they were advised by the DfE that the alternative would be that a formal termination notice would be issued by the Secretary of State.

The lease of the building will transfer to the Secretary of State on the closure of the UTC in line with the UTC Funding Agreement with the DfE. The DfE / EFA will then, in due course, secure alternative educational use of the facility and its furniture, fixtures and equipment - including the specialist technical apparatus and machinery.

In the light of this instruction the Trust will work tirelessly to relocate students in Years 10 and 12 to other schools and colleges within the county as soon as possible. At the same time teaching resources will be used to ensure students in Years 11 and 13 receive exemplary support towards their GCSE, BTEC and A Level examinations in May/June 2017.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

Restricted funds of £1,098,393 were received via Education Funding Agency (EFA) and Department for Education (DFE) Grants, covering educational operating costs.

Unrestricted funds of £15,712 were received, as donations of £4,000 and £11,712, paying for transport and educational visits.

Due to pupil recruitment being under budget, a provision of £362,493 has been made in respect of a clawback in funding from the EFA. This has resulted in a Restricted Reserve deficit of £897,043 for the year before actuarial movements.

All assets were exclusively used for providing education and associated support services to the pupils of the UTC.

There are no funds available for investment and during the early years of operation, the trustees' policy is to achieve a break even position.

RESERVES POLICY

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

At 31 August 2016 the total funds comprised:

Unrestricted		3,680
Restricted:	Fixed asset funds	9,801,700
	Pension reserves	(85,000)
	Other	(1,224,091)
Endowment		<u>1,480</u>
		<u>8,497,769</u>

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 18. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors. The aim of the trustees is to increase this reserve to meet future working capital requirements.

INVESTMENTS POLICY

All funds are currently held with UTC bankers until such time as there is the prospect of a long term investment opportunity.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PRINCIPAL RISKS AND UNCERTAINTIES

Having received the formal notification from the Education Funding Agency to close the UTC by the 31st August 2017 the principal risks centre around:

1. Retention of key staff until the critical end of teaching in July will be paramount. The next opportunity for resignations by Teaching staff will be 28th February 2016, thereafter teachers are contractually obliged to remain in post until the end of the Academic year.

Non-teaching staff have more conventional employment contracts allowing them to leave at any time.

Temporary replacements for staff who have resigned prior to Christmas have already been secured.

2. Offering secure and effective guidance to Year 10 and Year 12 students to ensure their next school or college matches their career and emotional needs. Staff will work with students and their families on a one to one basis until all students have a planned transition schedule.

In the best interest of the students this will be carried out, as far as possible, to ensure all students have transfer plans in place before 31st January 2017.

3. Creating an environment for the remainder of the Academic year whose sole purpose is securing the best possible outcomes for Year 11 and Year 13 students. Students will complete their studies within their Key Stage at the UTC, but staff will help and guide students carefully towards their future study or employment destinations.
4. The Trust expects to be placed under further financial pressure by the EFA as students leave the UTC during the year but this is yet to be confirmed. The Trust have submitted a proposal to the EFA outlining its financial requirements in order to remain open and appropriately staffed until 31st August 2017.

The Academy Trust practices through its Board, namely the Board of Trustees and the constituted action groups risk management principles. Any major risks highlighted at any action groups are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Board of Trustees collectively, whilst more minor risks are dealt with by senior executive officers.

Plans for future periods

FUNDS HELD AS CUSTODIAN

There are no funds held as custodian trustee on behalf of others.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

This report was approved by order of the Board of Trustees as the company directors, on 27/3/2017 and signed on its behalf by:



N Petford
Chair of Trustees

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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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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 Statement of Trustees' responsibilities. The Board of Trustees has formally met 5 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	3	5
L Ball	3	5
R Ball, Interim Principal & Accounting Officer	1	1
A Battom	5	5
I Bennion	4	5
A Covington	2	5
N Critchlow, Chairman	2	5
S Davies	4	5
A Davies	2	5
M Doveston	0	5
D Edmondson, Principal & Accounting Officer	4	5
S Field	5	5
A Goddard	3	5
A Langton	1	5
N Petford, Chairman	2	5
I Vincent	1	5

The Chairman, Mr Critchlow, resigned from his position in January 2016 and was replaced by Professor Petford who had held the position previously. Three Trustees representing the University of Northampton resigned in July 2015, December 2015 and March 2016 respectively. Regrettably two Trustees representing the Local Authority resigned in November 2015 and March 2016. One parent Trustee resigned in November 2015.

The Principal and Accounting Officer Mr D Edmondson resigned from office in June 2016 and in so doing surrendered his position on the Board. Mr R Ball was appointed by the Trust immediately upon Mr Edmondson's departure as interim Principal and Accounting Officer.

Fortunately the Board worked hard to recruit new Trustees resulting in the appointment of a new Parent Trustee, a Staff Trustee and at the end of the year two Trustees with specific interest in UTCs. Due to understood changes in guidance and its small scale, the DUTC has not appointed a Responsible Officer at this time.

The Board of Trustees has had another busy year as this was the third full year of operation for this organisation. Policies and procedures have been reviewed and updated to represent the good practice within the Daventry UTC. The Board of Trustees has been particularly concerned with monitoring student numbers and financial progress of the growing organisation.

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GOVERNANCE STATEMENT (continued)

Governance reviews

No governance review has yet been undertaken as the DUTC is still in a start-up phase and focus is on suitable self-evaluation in relation to preparation for external inspection from Ofsted. Action points will be taken forward within that process and its follow up.

Trustees have undertaken Learning Walks on several occasions throughout the year and this will be developed further in support of Ofsted's recommendations regarding Teaching and Learning.

A Trustee with professional knowledge on internal financial control procedures undertook an independent audit of the Payroll, which is the most significant item of expenditure, and concluded that there were no items of concern. Several modifications to current procedures were recommended as good practice, procedures have been updated accordingly.

Resources Action Group (RAG)

The **Resources Action Group** is a sub-committee of the main Board of Trustees.

During the year the Resources Action Group (RAG) was established with approved terms of reference and containing 6 members, meeting five times during the year. The RAG is required to have at least four and no more than eight Trustees, including some with relevant experience. The purpose of the RAG is to monitor:

- Budgeting and financial management;
- Building and facilities management;
- Human Resources;
- Information Technologies;
- Health and Safety.

Terms of Reference for the RAG are:

- In consultation with the Principal, to draft the formal budget plan of the financial year;
- To establish and maintain an up-to-date 5 year financial plan;
- Review draft financial statements and highlight issues;
- To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Board of Trustees;
- To ensure that the DUTC operates within EFA Financial Regulations;
- To monitor expenditure of all voluntary funds kept on behalf of the Board of Trustees;
- To annually review charges and remissions policies and expenses policies;
- To make decisions in respect of service agreements;
- To make decisions on expenditure following recommendations from other committees;
- To ensure, as far as is practical, that Health and Safety issues are appropriately prioritised;
- Approve capital expenditure with regards to estates;
- Monitor the state of the building on behalf of the Board of Trustees;
- To monitor HR procedures and activities;
- To monitor the IT resource plan;
- To ensure that the DUTC Health & Safety plan and procedures are effective and appropriate.

Given its size and stage of development the DUTC has not yet established a separate Audit Committee and any preparatory work will be undertaken by the RAG with key governors acting as focus for audit activity.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
N Allen	5	5
L Ball	3	5
R Ball	1	1
A Batom, Chair	5	5
S Connell	0	0
D Edmondson	4	5

Student Outcomes Action Group (SOAG)

The **Student Outcomes Action Group** is a sub-committee of the main Board of Trustees.

During the year the Student Outcomes Action Group (SOAG) was established with approved terms of reference and containing 6 members, meeting four times during the year. The SOAG is required to have at least four and no more than eight Governors, including some with relevant experience.

The purpose of the Student Outcomes Action Group shall be to monitor and support all activities related to student outcomes covering:

- Curriculum;
- Safeguarding;
- The Student Experience;
- Student Performance;
- Learning Needs/Support.

Terms of Reference for the SOAG are:

- To advise the Board on the effectiveness of the UTC's quality and standards;
- To interrogate the performance and monitoring data;
- To review the performance in all areas of the curriculum and student experience;
- To review the preparation of any self-assessment materials and recommend to the Board;
- To monitor action plans;
- To monitor and act as required on any safeguarding issues;
- To consider and recommend any policies relating to the students and their experience;
- To advise the Principal on matters drawn to the attention of the group.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
N Allen	3	3
R Ball	0	0
I Bennion	3	3
S Davies	3	3
S Field	3	3
A Goddard	2	3
D Edmondson	3	3

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Targeted Improvement: The UTC has a robust tracking system for monitoring achievement and is continually looking at how data can inform staff in order for them to support and extend the learning of students. We have employed skilled staff to support our school improvement agenda and we involve all our teams in focusing on the students' learning needs and encourage innovation and creativity to meet those needs.
- Focus on individual students: The UTC offers a comprehensive Academic Mentor scheme, specialist learning provision and focussed support from Engagement and Learning Mentors. Students benefit from one to one mentoring, small group work, external education provision, where appropriate, and our experienced team work with students to support their individual needs.
- Collaboration: The UTC works closely with other UTCs in the region (and Nationally) in order to share ideas, good practice and discuss issues. We also work with our academic sponsors Moulton College and the University of Northampton as well as the plethora of industry partners.
- Qualifying improvements: The Governors' Student Outcomes Action Group (SOAG) meet four times a year to review pupils' education attainment, behaviour and attendance. This allows us to track progress and target interventions. Despite a very positive Ofsted assessment earlier in the year unfortunately our first set of GCSE results were not as good as we had predicted and so SOAG will require a more robust model of predictions for 2015/16.
- Financial governance and oversight: The Governors Resources Action Group meet four times a year and has oversight of the financial management of the budget. The chair of the group receives regular reports to review the financial position and challenge decisions. The levels of delegation on spending proposals ensure we take the necessary steps to achieve best value.
- The Governing Body approves the budget each year and receives and approves the Annual Accounts.
- Better purchasing: The UTC is continuously looking for the most competitive deals using procurement tools such as internet shopping, advice from other schools and economies of scale.
- Fitness for purpose: The UTC reviews its ongoing services from external organisations to ensure those services continue to meet the needs of the UTC, are the best available to use at the time, and that they offer good value for money.
- Reviewing Controls and Managing Risk: Monthly budget monitoring reports are produced by the Business Manager. These reports are reviewed by the Principal along with the Business Manager to address any significant variances that may have an impact on the budget outturn. This process highlighted the potential pitfalls of the EFA overfunding and resulted in the DUTC proactively requesting that the EFA clawback some of the overfunding in-year rather than in future years.
- Reviewing operation to maximise use of resources (Lessons Learned): The School's Leadership Team review expenditure and make adjustments based on the effectiveness of strategies introduced, and any new strategies identified in the Development Plan.

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GOVERNANCE STATEMENT (continued)

- During the year the UTC reduced its staffing, in line with predicted student numbers, on two occasions. This increased the Pupil : Teacher ratio significantly in a move match benchmark ratios.

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

CAPACITY TO HANDLE RISK

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

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 Board of Trustees;
- reviews by the Resources Action Group 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:

This function should be developed through a system of mutual external scrutiny for internal audit by the financial staff of fellow UTCs under the auspices of the sponsorship of the University of Northampton. The scale of the DUTC is such at this stage it would also request advice as appropriate or necessary from its sponsors, financially competent governors and from external auditors.

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

GOVERNANCE STATEMENT (continued)

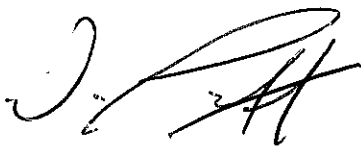
REVIEW OF EFFECTIVENESS

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

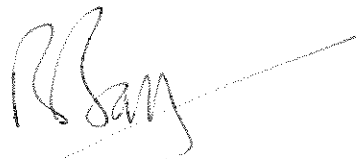
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Action 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 Board of Trustees on 27/3/2017 and signed on their behalf, by:



N Petford
Chair of Trustees



R Ball
Accounting Officer

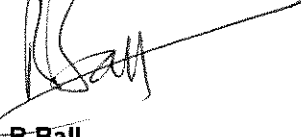
THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



R Ball
Accounting Officer

THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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 2015 and the Academies' Accounts Direction 2015 to 2016;
- 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 27/3/2017 and signed on its behalf by:



N Petford
Chair of Trustees

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 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 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Statement of Trustees' responsibilities, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY

EMPHASIS OF MATTER - NON GOING CONCERN BASIS OF PREPARATION

In forming our opinion on the financial statements, which is not modified, we draw attention to the disclosure in note 1.2 to the financial statements which notes that the financial statements have not been prepared on a going concern basis. The Academy Trust is currently planning for its proposed closure at 31 August 2017. As a result of this, in the opinion of the trustees the academy is not considered to be a going concern and the financial statements have been prepared on a break up basis to reflect this.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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.



Rebecca Hughes BSc(Hons) FCCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date:

30 March 2017

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

INDEPENDENT REPORTING AUDITOR'S 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 7 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The University Technical College for New Technologies at Daventry during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 AUDITOR

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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by 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 UNIVERSITY TECHNICAL COLLEGE FOR NEW TECHNOLOGIES AT DAVENTRY
(A company limited by guarantee)

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

The work undertaken to draw our conclusion includes:

- review of the minutes of the meetings of the board of trustees and other evidence made available to us, relevant to our consideration;
- 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;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and third parties;
- testing of a sample of grants received and other income streams;
- evaluating the internal control procedure and reporting lines, and testing as appropriate;
- 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Peterbridge House
The Lakes
Northampton
NN4 7HB

Date: 20 March 2017

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

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME AND ENDOWMENTS FROM:							
Donations and capital grants	2	4,000	-	16,938	-	20,938	11,963
Charitable activities:	3						
Funding for the academy trust's educational operations		-	1,122,305	-	-	1,122,305	1,398,756
Other trading activities	4	11,612	11,762	-	-	23,374	13,549
Investments	5	100	-	-	-	100	30
TOTAL INCOME		15,712	1,134,067	16,938	-	1,166,717	1,424,298
EXPENDITURE ON:							
Raising funds		12,932	11,762	-	-	24,694	68,673
Charitable activities:							
Academy trust educational operations		-	2,019,478	372,232	-	2,391,710	2,061,395
TOTAL EXPENDITURE	6	12,932	2,031,240	372,232	-	2,416,404	2,130,068
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		2,780	(897,173)	(355,294)	-	(1,249,687)	(705,770)
Transfers between Funds	16	(130)	130	-	-	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		2,650	(897,043)	(355,294)	-	(1,249,687)	(705,770)

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

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
(continued)
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(88,000)	-	-	(88,000)	4,000
NET MOVEMENT IN FUNDS		2,650	(985,043)	(355,294)	-	(1,337,687)	(701,770)
RECONCILIATION OF FUNDS:							
Total funds brought forward		1,030	(324,048)	10,156,994	1,480	9,835,456	10,537,226
TOTAL FUNDS CARRIED FORWARD		3,680	(1,309,091)	9,801,700	1,480	8,497,769	9,835,456

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

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		-		10,093,588
CURRENT ASSETS					
Tangible assets held for final year	13	9,738,946		-	
Debtors	14	60,034		75,326	
Cash at bank and in hand		72		372,679	
			<u>9,799,052</u>	<u>448,005</u>	
CREDITORS: amounts falling due within one year	15	<u>(1,216,283)</u>		<u>(707,137)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>8,582,769</u>		<u>(259,132)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,582,769</u>		<u>9,834,456</u>
Defined benefit pension scheme (liability)/asset	18		<u>(85,000)</u>		<u>1,000</u>
NET ASSETS INCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			<u>8,497,769</u>		<u>9,835,456</u>
FUNDS OF THE ACADEMY					
Endowment funds	16		1,480		1,480
Restricted income funds:					
Restricted income fund	16	(1,224,091)		(325,048)	
Fixed asset fund	16	9,801,700		10,156,994	
Restricted income funds excluding pension (liability)/asset		<u>8,577,609</u>		<u>9,831,946</u>	
Pension reserve		<u>(85,000)</u>		<u>1,000</u>	
Total restricted income funds			<u>8,492,609</u>		<u>9,832,946</u>
Unrestricted income funds	16		<u>3,680</u>		<u>1,030</u>
TOTAL FUNDS			<u>8,497,769</u>		<u>9,835,456</u>

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

BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the Trustees, and authorised for issue, on
27/3/2017 and are signed on their behalf, by:



N Petford
Chair of Trustees

The notes on pages 28 to 50 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	<u>(372,167)</u>	<u>385,853</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		100	30
Purchase of tangible fixed assets		<u>(17,591)</u>	<u>(45,342)</u>
Net cash used in investing activities		<u>(17,491)</u>	<u>(45,312)</u>
Change in cash and cash equivalents in the year		(389,658)	340,541
Cash and cash equivalents brought forward		<u>372,679</u>	<u>32,138</u>
Cash and cash equivalents carried forward		<u><u>(16,979)</u></u>	<u><u>372,679</u></u>

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

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006. The accounts are not prepared on a going concern basis (note 1.2)

The University Technical College for New Technologies at Daventry constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of The University Technical College for New Technologies at Daventry prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The University Technical College for New Technologies at Daventry for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

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

1. ACCOUNTING POLICIES (continued)

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.

The Trustees are currently planning for the proposed closure of Daventry UTC. Discussions have been held with the EFA to plan for the current students to be transferred to other schools or to remain at the UTC to complete their GCSEs, BTECs and A Levels in July 2017.

Due to the current issues Daventry UTC is not considered a going concern for a period of 12 months from the date of the approval of the financial statements and therefore the Trustees have prepared the financial statements on the break-up basis. The result of this is that the tangible fixed assets have been revalued to the lower of cost and net realisable value and have been reclassified to current assets.

Due to the proposed closure the UTC are anticipating a number of extraordinary costs that will fall in the next financial year. These include golden handcuff and staff retention costs, lease agreements and contracts that will cease, and other costs associated with the closure.

The UTC has also included a provision for potential redundancy costs of £63,182. There are no further costs provided for at 31 August 2016.

The UTC have been in discussions with the EFA with regards to the fixed assets. The lease of the building will transfer to the Secretary of State on the closure of the UTC with the intention to transfer it to a new leaseholder for educational use. The EFA will seek to secure alternative educational use for the furniture, fixtures and equipment.

The pension deficit of £85,000 is detailed in note 18. This is expected to be transferred to the Department for Education on UTC closure.

No further adjustments were deemed necessary to the amounts at which the remaining net assets are included in these financial statements at 31 August 2016.

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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 Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting 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.

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised as tangible fixed assets and 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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.

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

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

Long-term leasehold property	-	50 years straight line
Leasehold land	-	125 years straight line
Special equipment	-	3 - 10 years straight line
ICT equipment	-	3 years straight line

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

1. ACCOUNTING POLICIES (continued)

1.6 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8 Leased assets

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

1.9 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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

1. ACCOUNTING POLICIES (continued)

1.10 Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes 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 quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.11 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 with restrictions imposed by the funder and include grants from the Education Funding Agency.

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

1. ACCOUNTING POLICIES (continued)

1.12 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	4,000	-	9,906	13,906	740
Capital grants	-	-	7,032	7,032	11,223
	<u>4,000</u>	<u>-</u>	<u>16,938</u>	<u>20,938</u>	<u>11,963</u>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds, £740 was to endowment funds and £11,223 was to restricted funds.

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General annual grant	-	711,794	711,794	1,085,836
Other Dfe/EFA grants	-	353,874	353,874	40,486
Pupil premium	-	32,725	32,725	32,837
Start up grant	-	-	-	224,522
	-	1,098,393	1,098,393	1,383,681
Other government grants				
Local authority grant	-	19,138	19,138	6,481
	-	19,138	19,138	6,481
Other funding				
Trip income	-	1,820	1,820	3,480
Other income	-	2,954	2,954	5,114
	-	4,774	4,774	8,594
	-	1,122,305	1,122,305	1,398,756

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,398,756 was to restricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
School transport	-	11,762	11,762	12,549
Hire of facilities	3,376	-	3,376	1,000
Miscellaneous income	8,236	-	8,236	-
	11,612	11,762	23,374	13,549

In 2015, of the total income from other trading activities, £1,000 was to unrestricted funds and £12,549 was to restricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
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5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	100	-	100	30

In 2015, of the total investment income, £ 30 was to unrestricted funds and £ NIL was to restricted funds.

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	-	-	4,000	4,000	-
Expenditure on fundraising trading	7,861	-	12,833	20,694	68,673
Academy's educational operations:					
Direct costs	1,240,138	-	204,316	1,444,454	1,210,015
Allocated support costs	288,194	494,690	164,372	947,256	851,380
	<u>1,536,193</u>	<u>494,690</u>	<u>385,521</u>	<u>2,416,404</u>	<u>2,130,068</u>

In 2016, of the total expenditure, £12,932 (2015 - £NIL) was to unrestricted funds, £NIL (2015 - £NIL) was to Endowment funds and £2,340,290 (2015 - £2,130,628) was to restricted funds.

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

7. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2016 £	Support costs 2016 £	Total 2016 £	Total 2015 £
Educational operations	1,444,454	947,256	2,391,710	2,061,395

Analysis of support costs

	2016 £	2015 £
Support staff costs	308,745	198,730
Depreciation	372,232	366,295
Technology costs	27,730	54,636
Premises costs	122,458	119,115
Other support costs	110,091	106,904
Governance costs	6,000	5,700
Total support costs	947,256	851,380

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	372,233	366,295
Fees payable to auditor for - audit	6,000	5,700
Fees payable to auditor for - other services	9,695	10,487
Operating lease rentals	16,786	10,680

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9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,218,090	987,924
Social security costs	99,938	71,860
Operating costs of defined benefit pension schemes	188,165	145,385
	<u>1,506,193</u>	<u>1,205,169</u>
Redundancy costs	63,182	-
Staff restructuring costs	30,000	-
	<u>1,599,375</u>	<u>1,205,169</u>

The average number of persons employed by the Academy Trust during the year was as follows:

	2016 No.	2015 No.
Management	4	4
Teaching	20	18
Support staff	20	18
	<u>44</u>	<u>40</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

Both of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £16,205 (2015 - £20,210).

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £30,000. This is made up of one payment to one employee.

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £337,227 (2015 - £185,542).

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10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees, The value of Trustees' remuneration and other benefits was as follows:

		2016	2015
		£	£
D Edmondson (Principal)	Remuneration	60,000-65,000	85,000-90,000
to June 2016	Pension contributions paid	5,000-10,000	10,000-15,000

During the year, no trustees received any benefits in kind (2015 - £2,571).

R Ball, through his self employed trading entity, charged Daventry UTC £21,789 for acting as interim Principal from June 2016.

Other related party transactions involving the trustees are set out in note 23.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was £343 (2015 - £363).

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NOTES TO THE FINANCIAL STATEMENTS
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12. TANGIBLE FIXED ASSETS

	Long-term leasehold land and property £	ICT equipment £	Special equipment £	Total £
Cost				
At 1 September 2015	10,089,766	460,801	154,814	10,705,381
Additions	-	3,440	14,151	17,591
Reclassification to current assets	(10,089,766)	(464,241)	(168,965)	(10,722,972)
At 31 August 2016	-	-	-	-
Depreciation				
At 1 September 2015	322,389	250,395	39,009	611,793
Charge for the year	192,147	154,732	25,354	372,233
Reclassification to current assets	(514,536)	(405,127)	(64,363)	(984,026)
At 31 August 2016	-	-	-	-
Net book value				
At 31 August 2016	-	-	-	-
At 31 August 2015	9,767,377	210,406	115,805	10,093,588

13. TANGIBLE ASSETS HELD FOR FINAL YEAR

	Leasehold land and property £	ICT equipment £	Special equipment £	2016 £
Cost				
Reclassified from fixed assets	10,089,766	464,241	168,965	10,722,972
Depreciation				
Reclassified from fixed assets	(514,536)	(405,127)	(64,363)	(984,026)
	9,575,230	59,114	104,602	9,738,946

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14. DEBTORS

	2016	2015
	£	£
Trade debtors	13,032	5,872
Other debtors	22,462	15,375
Prepayments and accrued income	24,540	54,079
	<u>60,034</u>	<u>75,326</u>

15. CREDITORS: Amounts falling due within one year

	2016	2015
	£	£
Bank overdraft	17,051	-
Trade creditors	70,567	30,986
Other taxation and social security	31,128	25,422
EFA creditor	967,179	604,686
Pension creditor	21,766	21,289
Other creditors	-	9,926
Accruals and deferred income	108,592	14,828
	<u>1,216,283</u>	<u>707,137</u>

The bank overdraft of £17,051 is not secured.

Included in creditors is an amount of £967,179 due to EFA in respect of overpaid grant income. Approval is being sought to have this amount written off, but there are no agreements in place at the date of approval of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	1,030	15,712	(12,932)	(130)	-	3,680
Endowment funds						
Endowment Funds	1,480	-	-	-	-	1,480
Restricted funds						
General Annual Grants (GAG)	(447,171)	711,798	(1,614,604)	(401)	-	(1,350,378)
Pupil premium	8,457	32,725	(34,595)	-	-	6,587
Start-up grant	94,860	-	-	-	-	94,860
Other EFA income	17,607	353,874	(351,354)	-	-	20,127
Local Authority	-	19,138	(17,000)	-	-	2,138
Trips	-	1,820	(2,351)	531	-	-
Student transport	-	11,762	(11,762)	-	-	-
Other income	1,199	2,950	(1,574)	-	-	2,575
Pension reserve	1,000	-	2,000	-	(88,000)	(85,000)
	(324,048)	1,134,067	(2,031,240)	130	(88,000)	(1,309,091)
Restricted fixed asset funds						
Transfer from LA	9,600,760	-	(188,868)	-	-	9,411,892
EFA capital grants (spent)	492,827	7,032	(183,281)	653	-	317,231
Other capital grants	-	9,906	(83)	-	-	9,823
EFA capital grants (unspent)	63,407	-	-	(653)	-	62,754
	10,156,994	16,938	(372,232)	-	-	9,801,700
Total restricted funds	9,832,946	1,151,005	(2,403,472)	130	(88,000)	8,492,609
Total of funds	9,835,456	1,166,717	(2,416,404)	-	(88,000)	8,497,769

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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

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 the academy trust's objects and its funding agreement with the EFA.

Restricted fixed asset funds amounting to £9,738,946 will be reserved against future depreciation charges and the remaining balance of £62,754 relates to unspent capital grants.

The endowment fund is established to provide future bursaries to deserving students.

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 2016.

The Academy Trust is carrying a net deficit of £1,218,931 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason.

Daventry UTC received funding in 2015/16 based on estimated number of students as is normal practice for Academies through their start-up phase. Regrettably predicted student numbers were not realised.

Transfers from unrestricted funds of £130 and GAG of £401 to trips restricted funds represent amounts transferred for educational trips.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	-	-	-	10,093,588
Current assets	3,680	(7,808)	9,801,700	1,480	9,799,052	448,005
Creditors due within one year	-	(1,216,283)	-	-	(1,216,283)	(707,137)
Pension scheme liability	-	(85,000)	-	-	(85,000)	1,000
	<u>3,680</u>	<u>(1,309,091)</u>	<u>9,801,700</u>	<u>1,480</u>	<u>8,497,769</u>	<u>9,835,456</u>

NOTES TO THE FINANCIAL STATEMENTS
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18. 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 Multi-employer defined benefit pension schemes.

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

Contributions amounting to £21,766 were payable to the schemes at 31 August 2016 (2015 - 21,289) 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. 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 previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £124,195 (2015 - £93,977).

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18. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £86,000 (2015 - £77,000), of which employer's contributions totalled £68,000 (2015 - £60,000) and employees' contributions totalled £18,000 (2015 - £17,000). The agreed contribution rates for future years are between 22.6% and 23.5% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	4.10 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.3	22.3
Females	24.3	24.3
Retiring in 20 years		
Males	24.0	24.0
Females	26.6	26.6

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18. PENSION COMMITMENTS (continued)

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	160,000	76,000
Bonds	43,000	21,000
Property	18,000	10,000
Cash	4,000	2,000
	<u>225,000</u>	<u>109,000</u>

The actual return on scheme assets was £30,000 (2015 - £2,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2016 £	2015 £
Current service cost	<u>66,000</u>	<u>61,000</u>

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

	2016 £	2015 £
Opening defined benefit obligation	108,000	32,000
Interest cost	6,000	3,000
Contributions by employees	18,000	17,000
Actuarial losses/(gains)	112,000	(5,000)
Current service costs	66,000	61,000
	<u>310,000</u>	<u>108,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	109,000	30,000
Return on plan assets (excluding net interest on the net defined pension liability)	6,000	3,000
Actuarial gains and (losses)	24,000	(1,000)
Contributions by employer	68,000	60,000
Contributions by employees	18,000	17,000
	<u>225,000</u>	<u>109,000</u>

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19. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	11,910	16,786
Between 1 and 5 years	1,579	13,488
Total	13,489	30,274

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,249,687)	(705,770)
Adjustment for:		
Depreciation charges	372,233	366,295
Dividends, interest and rents from investments	(100)	(30)
Decrease in debtors	15,292	211,396
Increase in creditors	492,095	512,962
Defined benefit pension scheme cost less contributions payable	(2,000)	1,000
Net cash (used in)/provided by operating activities	(372,167)	385,853

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	72	372,679
Overdraft facility repayable on demand	(17,051)	-
Total	(16,979)	372,679

22. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

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23. RELATED PARTY TRANSACTIONS

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

The UTC Trust has land on a long leasehold (125 years) at a peppercorn rent from Daventry District Council. The buildings were funded by the Department for Education with support from Daventry District Council, Moulton College, Northamptonshire County Council, the University of Northampton and the West Northamptonshire Development Corporation, and donated at cost.

I Vincent, former trustee of UTC, is also the Chief Executive of Daventry District Council. In this capacity, he was not directly involved in making decisions relating to transactions with the academy.

All the transactions with Daventry District Council were conducted at arms length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. I Vincent received no benefit from any such arrangement.

The transactions are as follows:

- The UTC incurred business rates totalling £26,840 during the year (2015 - £26,028).
- The UTC invoiced Daventry District Council £1,488 for the hire of facilities (2015 - £Nil).

S Davies, trustee of UTC, is also the Principal of Moulton College. In this capacity, he is not directly involved in making decisions relating to transactions with the academy.

All the transactions with Moulton College were conducted at arms length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. S Davies received no benefit from any such arrangement.

The transactions are as follows:

- The UTC purchased website and photocopying support totalling £411 during the year (2015 - £Nil).

At the year end a balance of £Nil was due to Moulton College (2015 - £9,866).

N Petford, chair of UTC, is also the Vice Chancellor of the University of Northampton. In this capacity, he is not directly involved in making decisions relating to transactions with the academy.

All the transactions with the University of Northampton were conducted at arms length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. N Petford received no benefit from any such arrangement.

The transactions are as follows:

- The UTC incurred costs totalling £3,482 during the year (2015 - £5,164)
- The UTC received credit notes totalling £Nil during the year (2015 - £300).

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23. RELATED PARTY TRANSACTIONS (continued)

C Parker, trustee of UTC, is also the CEO of the Baker Dearing Educational Trust. In this capacity, he are not directly involved in making decisions relating to transactions with the academy.

All the transactions with the Baker Dearing Educational Trust were conducted at arms length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. C Parker and received no benefit from any such arrangement.

The transactions are as follows:

- The UTC recharged costs totalling £2,300 during the year (2015 - £Nil)
- The UTC purchased a license fee totalling £6,166 during the year (2015 - £Nil).

Russell Ball Consultant is the self employed trading entity of R Ball, the interim Principal. In this capacity, they are directly involved in making decisions relating to transactions with the academy.

All the transactions with Russell Ball Consultant were conducted at arms length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The transactions are as follows:

- The UTC was charged £21,789 for acting as interim Principal during the year (2015 - £Nil).

At the year end a balance of £9,710 was due to Russell Ball Consultant (2015 - £Nil).

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24. FIRST TIME ADOPTION OF FRS 102

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		10,537,226	9,835,456
Total funds reported under FRS 102		<u>10,537,226</u>	<u>9,835,456</u>

Reconciliation of net (expenditure)	Notes	31 August 2015
		£
Net (expenditure) previously reported under UK GAAP		(704,770)
Change in recognition of LGPS interest cost	A	(1,000)
Net movement in funds reported under FRS 102		<u>(705,770)</u>

Explanation of changes to previously reported funds and net income/expenditure:

- A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest income, based on the net defined benefit liability, is recognised in income. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £1,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.