

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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COMPANIES HOUSE

 **Bishop Fleming**
Chartered Accountants

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of Trustees' responsibilities	14
Independent auditors' report on the financial statements	15 - 16
Independent reporting accountant's assurance report on regularity	17 - 18
Statement of financial activities incorporating income and expenditure account	19
Balance sheet	20
Statement of cash flows	21
Notes to the financial statements	22 - 40

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	University of Exeter South Devon College Galliford Try PLC Centrax Limited South West Water Limited Environmental Agency Devon County Council
Trustees (Directors)	S Bird S Criddle J Kay J Peart A Wiltshire A Burrows (resigned 25 February 2016) N Palmer (resigned 17 May 2016)
Governors	A Dawson P Shears B Cawse (resigned 1 June 2016) A Postlethwaite J Trout J West, Parent Governor S Baker, Parent Governor B Deacon (appointed 1 June 2016) I Crews, Principal M Shanks
Company registered number	08293776
Company name	South Devon UTC
Principal and registered office	Northcote House The Queen's Drive Exeter EX4 4QJ
Senior management team	I Crews, Principal A Witts, Deputy Headteacher C Plumb, Deputy Headteacher S Kiff, Business Manager, resigned June 2016 J Wain, Business Manager, appointed July 2016
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 50 The Terrace Torquay Devon TQ1 1DD

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

Advisers (continued)

Bankers	Barclays Bank PLC Fleet Street Torquay TQ2 5EB
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Solicitors	Browne Jacobson 1 Manor Court Dix's Field Exeter EX1 1UP
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**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 14 to 19 in South Devon. It has a pupil capacity of 600 and had a roll of 78 in the school census on 3 July 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy.

The Trustees of South Devon UTC are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the academy's expense 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, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the academy. This indemnity is unlimited.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

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

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

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

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

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

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Governors will depend on their existing experience. Their induction would always include a tour of the Academy and a chance to meet staff and pupils and where necessary, they will be provided training on charity and educational legal and financial matters. All Governors are provided with the means by which to obtain copies of policies from the Academy website, also procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. In addition, Governors will have access to specific training courses to assist them in fulfilling their roles and responsibilities.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 2 committees as follows;

- Finance and General Purpose Committee - this meets at least once each term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, budgets and staffing as well as ensuring compliance with reporting and regulatory requirements for other aspects of school governance.
- Curriculum Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

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

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Principal and Clerk to Governors, to approve the Annual Development Plan and budget.

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

The Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

Connected Organisations, including Related Party Relationships

The academy is connected to the Principal Sponsor of the academy, University of Exeter, and the Co-Sponsors, South Devon College, Teignbridge District Council, Environment Agency, South West Water, MB Aerospace and Galliford Try. These sponsorships are to assist the academy to meet its objectives through representatives of these organisations forming the Board of Trustees and by providing activities for the academy's pupils.

As a University Technical College developed by the Baker Dearing Trust we are also connected to a larger network of education providers. We operate independently but do cooperate with the Trust's ethos and objectives.

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

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

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

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

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

3.2 We offer:

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

Objectives, Strategies and Activities

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

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

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

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

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

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

The Academy is in its second year of operation and has under performed in regards to student recruitment. The total number of students in the year ended 31 August 2016 was 78 but this has increased to 162 in September 2016, this is 11 below the target set. The Academy already has students on a waiting list to start in September 2017.

During the year the Academy completed the building of their premises and moved in to their official site in January 2016.

The DFE visited us on April 19th 2016. Their report found 'The UTC is well led and has made excellent progress now that it is fully accommodated in the impressive new building with specialist facilities and staffing. A strong climate for learning and achievement has been established through clear structures, quality teaching and formal links with industry. The Principal and his leadership team have a strong strategic handle on self-evaluation, data analysis and development planning.' They identified our strengths and priorities for improvement which have all been addressed within the recommended timescales.

Examination results for 2016 – Exams for the summer of 2016 did not include any end of key stage sittings. Some AS and some GCSE resit exams were taken. Performance was in line with that expected, both against national norms and also against previous student performance.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Senior Leadership Team.

During the year we had a change in Strategic Business Leader and recruited 6 new teaching staff and 2 learning support mentors as well as a Lead for Cognitive Development, ready for September 2016.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In the period under review, GAG carried forward was £61,572 and other available reserves totalled £9,778.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2015/16 were 78, which has increased to 162 in 2016/17. It is anticipated that this number will continue to rise.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2015/16 this was 102.5%.

Going Concern

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

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes, with the exception of the start up grant and capital grants. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2016, the Academy received total income of £5,815,180 and incurred total expenditure of £1,340,320. The excess of income over expenditure for the year was £4,474,860. Included within income is £4,722,137 relating to the land and building donation from the EFA.

At 31 August 2016 the net book value of fixed assets was £11,402,849 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Key financial policies reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Principal, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Lettings.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have reviewed the future plans of the Academy and have agreed a target reserve of £100,000. The reason for this is to provide sufficient working capital to cover emergencies such as urgent maintenance and/or any unexpected shortfall in pupil numbers.

At the year end the Academy has available reserves of £71,350, this includes £61,572 GAG. To meet the target reserves, the Trustees will continue to monitor income and expenditure to achieve future in year surpluses.

Of the above, £20,000 has also been set aside to start a fund dedicated to the rolling replacement programme for ICT equipment and technical resources. This will ensure the pupils receive the newest equipment and learning resources to assist with the objectives set by the academy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 96% of the Academy's non-capital incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy will be conducting internal audits to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to actively recruit new students for September 2017 to achieve a further increase in the number of students on roll, to help ensure we meet our development plan and achieve financial viability beyond the initial start-up funding.

The Academy will continue to work with its sponsors and stakeholders to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Trustees.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

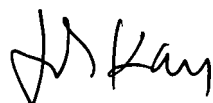
AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 14/12/2016 and signed on the board's behalf by:



Chair of Trustees

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that South Devon UTC has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The 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 South Devon UTC 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 2 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
S Bird	2	2
S Criddle	2	2
J Kay	2	2
J Peart	2	2
A Wiltshire	2	2
N Palmer	1	2

In addition the full board of Governors meets to review all aspects pertaining to the Governance of South Devon UTC.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Stephen Baker, Parent Governor	3	3
S Bird	3	4
Bill Cawse	1	1
I Crews, Principal	4	4
S Criddle	1	4
A Dawson	3	4
B Deacon	1	4
J Kay	3	4
J Peart	1	4
A Postlethwaite	4	4
M Shanks	2	4
P Shears	3	4
J Trout	3	4
J West, Parent Governor	2	3
A Wiltshire	1	4

Bill Cawse withdrew as a Governor during the year and Brian Deacon became a Governor in June 2016.

The Finance and General Purpose Committee is a sub-committee of the main Board of Trustees. Its purpose is to review and lead on financial matters pertaining to the governance of South Devon UTC, including audit and internal controls, and other matters not directly linked to the curriculum and learning standards.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Baker, Parent Governor	1	2
S Bird	3	3
B Cawse	0	1
I Crews, Principal	3	3
A Dawson	3	3
P Shears	3	3
J West, Parent Governor	1	2
A Wiltshire	2	3

Julie West changed to the Curriculum, Progress and Learning Standards sub-committee part way through the year, after Stephen Baker was elected as a second Parent Governor.

Bill Cawse withdrew as a Governor during the year.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal has responsibility for ensuring that the academy 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'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 has delivered improved value for money during the year by:

- Value for money purchasing.
- Considering allocation/targeting/use of resources.
- Not allocating time/resources to areas where few improvements can be achieved.
- Challenging proposals and examining their effectiveness and efficiency.
- Deploying staff effectively.
- Reviewing quality of curriculum provision and quality of teaching.

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 policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Devon UTC for the year 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 has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

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

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

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a semi-annual basis, the auditors report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

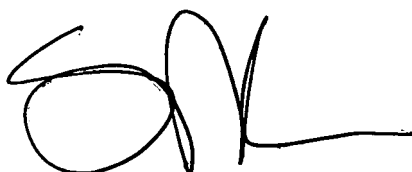
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the and 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 14/12/2016 and signed on their behalf, by:



Chair of Trustees



Accounting Officer

14/12/16

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**


STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of South Devon UTC 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.

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.

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

Accounting Officer

 14/12/16

 J. Kay

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of South Devon UTC and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, 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;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 and signed on its behalf by:



Chair of Trustees

Date: 14/12/2016

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH
DEVON UTC**

We have audited the financial statements of South Devon UTC for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows 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 academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 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.

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.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH
DEVON UTC**

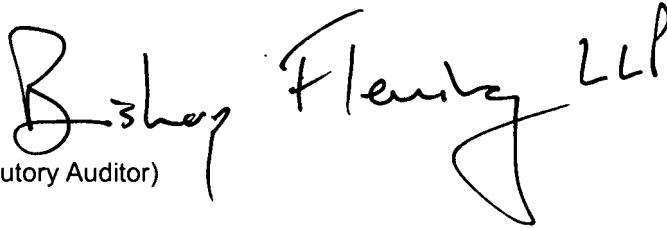
MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

COMPARATIVE INFORMATION

The accounts for the year ended 31 August 2015 were audited by Francis Clark LLP who issued an unqualified audit report on 11 December 2015.

A handwritten signature in black ink, appearing to read 'Bishop Fleming LLP', is written over the printed name of the firm.

William Hanbury FCA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
50 The Terrace
Torquay
Devon
TQ1 1DD

Date: 20/12/2016

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SOUTH
DEVON UTC AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 25 May 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Devon UTC 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 South Devon UTC and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Devon UTC and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than South Devon UTC and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF SOUTH DEVON UTC'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

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

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

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SOUTH
DEVON UTC AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 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.

Bishop Fleming LLP

William Hanbury FCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
50 The Terrace
Torquay
Devon
TQ1 1DD

Date: 20/12/2016

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

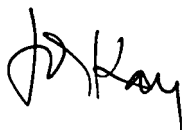
	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	9,035	4,770,496	4,779,531	5,698,862
Charitable activities	3	24,123	1,002,017	-	1,026,140	241,753
Other trading activities	4	9,393	-	-	9,393	-
Investments	5	116	-	-	116	-
TOTAL INCOME		33,632	1,011,052	4,770,496	5,815,180	5,940,615
EXPENDITURE ON:						
Raising funds		1,598	-	-	1,598	-
Charitable activities		27,756	960,628	350,338	1,338,722	295,624
TOTAL EXPENDITURE	8	29,354	960,628	350,338	1,340,320	295,624
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		4,278	50,424	4,420,158	4,474,860	5,644,991
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(61,000)	-	(61,000)	1,000
NET MOVEMENT IN FUNDS		4,278	(10,576)	4,420,158	4,413,860	5,645,991
RECONCILIATION OF FUNDS:						
Total funds brought forward	18	-	(37,352)	6,982,689	6,945,337	1,299,346
TOTAL FUNDS CARRIED FORWARD		4,278	(47,928)	11,402,847	11,359,197	6,945,337

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08293776

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		11,402,849		6,982,692
CURRENT ASSETS					
Debtors	15	208,572		807,915	
Cash at bank and in hand		169,914		571,926	
		<u>378,486</u>		<u>1,379,841</u>	
CREDITORS: amounts falling due within one year	16	(307,138)		(1,379,196)	
NET CURRENT ASSETS			<u>71,348</u>		<u>645</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,474,197</u>		<u>6,983,337</u>
Defined benefit pension scheme liability	23		(115,000)		(38,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>11,359,197</u>		<u>6,945,337</u>
FUNDS OF THE ACADEMY TRUST					
Restricted income funds:					
General funds	18	67,072		648	
Fixed asset funds	18	11,402,847		6,982,689	
Restricted income funds excluding pension liability		11,469,919		6,983,337	
Pension reserve		(115,000)		(38,000)	
Total restricted income funds			<u>11,354,919</u>		<u>6,945,337</u>
Unrestricted income funds	18		4,278		-
TOTAL FUNDS			<u>11,359,197</u>		<u>6,945,337</u>

The financial statements were approved by the Trustees, and authorised for issue, on 14/12/2016 and are signed on their behalf, by:



J Kay
Chair of Trustees

The notes on pages 22 to 40 form part of these financial statements.

**SOUTH DEVON UTC
(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>(444,515)</u>	<u>483,023</u>
Cash flows from investing activities:			
Interest received		116	-
Proceeds from the sale of tangible fixed assets		2,942	-
Purchase of tangible fixed assets		(4,604,389)	(5,656,233)
Capital grants from DfE/EFA		4,643,834	5,656,233
Net cash provided by investing activities		<u>42,503</u>	<u>-</u>
Change in cash and cash equivalents in the year		(402,012)	483,023
Cash and cash equivalents brought forward		<u>571,926</u>	<u>88,903</u>
Cash and cash equivalents carried forward	21	<u><u>169,914</u></u>	<u><u>571,926</u></u>

**SOUTH DEVON UTC
(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), judgments 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.

South Devon UTC constitutes a public benefit entity as defined by FRS 102.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

First time adoption of FRS 102

These financial statements are the first financial statements of South Devon UTC 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 South Devon UTC 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. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

1.2 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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 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 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.

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

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

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.

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. 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 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 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.

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. Current results for 2016/17 show a surplus, and the Academy is forecasting an in year surplus at 31 August 2017. Pupil numbers are forecast to rise in 2017/18. On this basis the Trustees have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. 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.

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

Long term leasehold property	-	Over the term of the lease
Fixtures and fittings	-	20% Straight line
Computer equipment	-	33.3% Straight line

1.7 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.9 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES (continued)

1.11 LIABILITIES AND PROVISIONS

Liabilities and provisions 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 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. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.12 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.13 TAXATION

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

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, 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 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.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.15 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balance held at the year end are disclosed in note 28.

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments 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 23, 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.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	-	9,035	-	9,035	42,628
Capital Grants	-	-	4,770,496	4,770,496	5,656,234
	<u>-</u>	<u>9,035</u>	<u>4,770,496</u>	<u>4,779,531</u>	<u>5,698,862</u>

In 2015, of the total income from donations and capital grants, £42,628 was to unrestricted funds and £5,656,234 was to restricted funds

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	636,308	636,308	-
Start up Grants	-	269,363	269,363	-
Other DfE/EFA grants	-	90,951	90,951	241,753
	<u>-</u>	<u>996,622</u>	<u>996,622</u>	<u>241,753</u>
Other government grants				
High Needs	-	4,675	4,675	-
Other government grants non capital	-	720	720	-
	<u>-</u>	<u>5,395</u>	<u>5,395</u>	<u>-</u>
Other funding				
Internal catering income	10,347	-	10,347	-
Sales to students	11,664	-	11,664	-
Other	2,112	-	2,112	-
	<u>24,123</u>	<u>-</u>	<u>24,123</u>	<u>-</u>
	<u>24,123</u>	<u>1,002,017</u>	<u>1,026,140</u>	<u>241,753</u>

In 2015, of the total income from charitable activities, £Nil was to unrestricted funds and £241,753 was to restricted funds.

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other	9,393	-	9,393	-

In 2015, of the total income from other trading activities, £9,393 was to unrestricted funds and £Nil was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	116	-	116	-

6. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	2,000	-
Educational supplies	13,771	2,175
Examination fees	8,382	-
Other costs	12,976	-
Supply teachers	155	-
Wages and salaries	440,532	89,558
National insurance	34,861	7,291
Pension cost	77,501	12,870
Depreciation	140,770	-
	730,948	111,894

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

7. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Staff development	11,394	7,443
Other costs	42,467	60,922
Maintenance of premises and equipment	31,613	6,103
Cleaning	9,315	-
Rent and rates	81,626	62,976
Energy costs	27,616	-
Insurance	3,298	-
Security and transport	27,847	1,950
Catering	8,379	-
Technology costs	10,233	-
Office overheads	11,400	-
Legal and professional	24,860	-
Bank interest and charges	805	-
Governance	8,500	2,500
Wages and salaries	75,252	38,292
National insurance	4,231	584
Pension cost	19,368	2,960
Depreciation	209,570	-
	<u>607,774</u>	<u>183,730</u>

8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	1,598	1,598	-
Education:					
Direct costs	553,049	140,770	37,129	730,948	111,894
Support costs	98,851	363,037	145,886	607,774	182,730
	<u>651,900</u>	<u>503,807</u>	<u>184,613</u>	<u>1,340,320</u>	<u>294,624</u>

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

9. NET INCOME/(EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	350,340	-
Auditors' remuneration - audit	3,500	2,500
Auditors' remuneration - other services	4,250	-
Operating lease rentals	62,077	50,036
	<u>62,077</u>	<u>50,036</u>

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	515,784	127,850
Social security costs	39,092	7,875
Operating costs of defined benefit pension schemes	96,869	15,830
	<u>651,745</u>	<u>151,555</u>
Supply teacher costs	155	-
	<u>651,900</u>	<u>151,555</u>

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

	2016 No.	2015 No.
Teachers	8	0
Educational Support	4	0
Administration	5	0
Management	4	2
	<u>21</u>	<u>2</u>

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

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	1

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the 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 £236,481 (2015: £110,992).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration (2015: £NIL).

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year ended 31 August 2016, expenses totalling £1,339 (2015: £NIL) were reimbursed to 5 Trustees (2015: Nil).

12. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

13. OTHER FINANCE INCOME

	2016 £	2015 £
Interest income on pension scheme assets	1,000	-
Interest on pension scheme liabilities	(3,000)	-
	<u>(2,000)</u>	<u>-</u>

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2015	6,686,560	32,474	263,658	6,982,692
Additions	3,478,647	1,006,124	288,668	4,773,439
Disposals	-	(2,942)	-	(2,942)
At 31 August 2016	<u>10,165,207</u>	<u>1,035,656</u>	<u>552,326</u>	<u>11,753,189</u>
DEPRECIATION				
At 1 September 2015	-	-	-	-
Charge for the year	127,056	119,795	103,489	350,340
At 31 August 2016	<u>127,056</u>	<u>119,795</u>	<u>103,489</u>	<u>350,340</u>
NET BOOK VALUE				
At 31 August 2016	<u>10,038,151</u>	<u>915,861</u>	<u>448,837</u>	<u>11,402,849</u>
At 31 August 2015	<u>6,686,560</u>	<u>32,474</u>	<u>263,658</u>	<u>6,982,692</u>

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

15. DEBTORS

	2016 £	2015 £
Trade debtors	3,654	9,536
Other debtors	6,821	80,544
Prepayments and accrued income	198,097	717,835
	<u>208,572</u>	<u>807,915</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	91,653	532,490
Other taxation and social security	12,718	5,657
Other creditors	17,297	208,562
Accruals and deferred income	185,470	632,487
	<u>307,138</u>	<u>1,379,196</u>

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	3,936	60,000
Resources deferred during the year	4,969	3,936
Amounts released from previous years	(3,936)	(60,000)
Deferred income at 31 August 2016	<u>4,969</u>	<u>3,936</u>

Deferred income relates to capital good returned for income received during the 2015/16 year.

Included in trade creditors is £39,300 (2015: £Nil) relating to an abatement of GAG income due to the EFA.

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

17. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets measured at fair value through income and expenditure	169,914	571,926
Financial assets measured at amortised cost	9,991	90,080
	<u>179,905</u>	<u>662,006</u>
 Financial liabilities measured at amortised cost	 <u>(159,185)</u>	 <u>(784,709)</u>

Financial assets measured at fair value through income and expenditure comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade and other debtors due within one year.

Financial liabilities measured at amortised cost comprise trade, taxation and other creditors due within one year and the defined benefit pension scheme deficit.

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	-	33,632	(29,354)	-	-	4,278
 RESTRICTED FUNDS						
DfE Project development grant	648	-	(648)	-	-	-
General Annual Grant (GAG)	-	636,308	(573,555)	(1,181)	-	61,572
High Needs	-	4,675	(4,675)	-	-	-
Start up grant	-	269,363	(269,363)	-	-	-
Pupil premium	-	12,155	(12,155)	-	-	-
Rates	-	25,550	(25,550)	-	-	-
Rent reimbursement	-	53,246	(53,246)	-	-	-
Consultancy	-	720	(220)	-	-	500
Educational trips	-	2,035	(3,216)	1,181	-	-
Donations	-	7,000	(2,000)	-	-	5,000
Pension reserve	(38,000)	-	(16,000)	-	(61,000)	(115,000)
	<u>(37,352)</u>	<u>1,011,052</u>	<u>(960,628)</u>	<u>-</u>	<u>(61,000)</u>	<u>(47,928)</u>

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

18. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

EFA Capital grant	6,982,689	4,086,161	(342,476)	-	-	10,726,374
Private sponsorship graphics	-	7,509	(100)	-	-	7,409
South West Water: Connecting Water	-	1,000	(13)	-	-	987
GAIA support	-	34,000	(6,611)	-	-	27,389
GAIA training	-	5,850	(1,138)	-	-	4,712
EFA Land donation	-	635,976	-	-	-	635,976
	<u>6,982,689</u>	<u>4,770,496</u>	<u>(350,338)</u>	<u>-</u>	<u>-</u>	<u>11,402,847</u>
Total restricted funds	<u>6,945,337</u>	<u>5,781,548</u>	<u>(1,310,966)</u>	<u>-</u>	<u>(61,000)</u>	<u>11,354,919</u>
Total of funds	<u>6,945,337</u>	<u>5,815,180</u>	<u>(1,340,320)</u>	<u>-</u>	<u>(61,000)</u>	<u>11,359,197</u>

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

RESTRICTED FUNDS

General annual grant: Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs: Funding received by the Local Authority to fund further support for students with additional needs.

Start up grant: This represents one off funding received from the EFA to contribute to the initial costs of opening the Academy.

Pupil premium: Pupil premium represents funding received from the EFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Rates: Income received towards the local authority rates cost to the academy.

Rent reimbursement: Funding from the EFA towards the cost of temporary accommodation prior to the completion of the capital build.

Pension reserve: This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most schemes, this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

RESTRICTED FIXED ASSET FUNDS

EFA Capital grant: represents grant funding received from the EFA for construction of the new school building.

EFA Land donation: This represents the value of land donated to the Academy from the EFA.

Other capital income: Funding received from other sources towards capital expenditure. Expenditure equal to the depreciation charged on the assets is charged to the fund. The fund balance represents the net book value of the fixed asset held on the balance sheet.

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

18. STATEMENT OF FUNDS (continued)

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	11,402,847	11,402,847	6,982,691
Current assets	311,413	67,072	-	378,485	1,379,841
Creditors due within one year	(307,135)	-	-	(307,135)	(1,379,195)
Provisions for liabilities and charges	-	(115,000)	-	(115,000)	(38,000)
	<u>4,278</u>	<u>(47,928)</u>	<u>11,402,847</u>	<u>11,359,197</u>	<u>6,945,337</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	4,474,860	5,644,991
Adjustment for:		
Depreciation charges	350,340	-
Interest received	(116)	-
Decrease in debtors	90,996	55,989
(Decrease)/increase in creditors	(606,099)	436,277
Capital grants from DfE and other capital income	(4,770,496)	(5,656,234)
Defined benefit pension scheme cost less contributions payable	14,000	2,000
Defined benefit pension scheme finance cost	2,000	-
Net cash (used in)/provided by operating activities	<u>(444,515)</u>	<u>483,023</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	169,914	571,926
Total	<u>169,914</u>	<u>571,926</u>

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

22. CAPITAL COMMITMENTS

At 31 August 2016 the academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	<u>11,544</u>	<u>4,253,528</u>

23. PENSION COMMITMENTS

The academy'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 Devon 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 £11,127 were payable to the schemes at 31 August 2016 (2015: 4,086) 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

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

23. PENSION COMMITMENTS (continued)

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 £60,672 (2015: £12,869).

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 £30,000 (2015: £1,000), of which employer's contributions totalled £22,000 (2015: £1,000) and employees' contributions totalled £8,000 (2015: £Nil). The agreed contribution rates for future years are 17.1% for employers and 5.5 - 7.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Expected return on scheme assets at 31 August	3.20 %	3.60 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	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	22.9	22.8
Females	26.2	26.1
Retiring in 20 years		
Males	25.2	25.1
Females	28.6	28.4

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

23. PENSION COMMITMENTS (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	33,000	13,000
Gilts	2,000	2,000
Other bonds	2,000	1,000
Property	6,000	2,000
Cash	1,000	1,000
Other	13,000	4,000
	<u>57,000</u>	<u>23,000</u>
Total market value of assets	<u>57,000</u>	<u>23,000</u>

The actual return on scheme assets was £5,000 (2015: £Nil).

The amounts recognised in the Statement of financial activities account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(36,000)	(2,000)
Net interest cost	(2,000)	-
	<u>(38,000)</u>	<u>(2,000)</u>
Total	<u>(38,000)</u>	<u>(2,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	61,000	60,000
Current service cost	36,000	2,000
Interest cost	3,000	-
Contributions by employees	8,000	-
Actuarial losses/(gains)	65,000	(1,000)
Benefits/transfers paid	(1,000)	-
	<u>172,000</u>	<u>61,000</u>
Closing defined benefit obligation	<u>172,000</u>	<u>61,000</u>

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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

23. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	23,000	22,000
Return on plan assets (excluding net interest on the net defined pension liability)	1,000	-
Actuarial gains and (losses)	4,000	-
Contributions by employer	22,000	1,000
Contributions by employees	8,000	-
Benefits paid	(1,000)	-
	<u>57,000</u>	<u>23,000</u>
Closing fair value of scheme assets	<u>57,000</u>	<u>23,000</u>

24. 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 £
LAND AND BUILDINGS		
AMOUNTS PAYABLE:		
Within 1 year	-	53,246
	<u>-</u>	<u>53,246</u>
OTHER		
AMOUNTS PAYABLE:		
Within 1 year	9,177	-
Between 1 and 5 years	27,877	4,000
	<u>37,054</u>	<u>4,000</u>
Total	<u>37,054</u>	<u>4,000</u>

25. 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.

26. GENERAL INFORMATION

South Devon UTC is a company limited by guarantee, incorporated in England and Wales. The registered office is Northcote House, Queens Drive, Exeter, EX4 4QJ.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

27. RELATED PARTY TRANSACTIONS

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

The following related party transactions took place in the year:

South Devon College

(South Devon College is a sponsor of the academy)

During the year, South Devon College provided services (in the form of personnel) and incurred expenses on behalf of South Devon UTC. During the year, services provided and expenses incurred of £44,274 were recharged to the academy. At the balance sheet date the amount due from South Devon College was £Nil (2015: £216).

Centrax

(Centrax is an employer sponsor of South Devon UTC)

During the previous year, Centrax donated funds of £2,800 to the academy. At the balance sheet date the amount due from Centrax was £Nil (2015: £2,800).

South West Water

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

During the year, South West Water provided services to the academy at a cost of £1,629. At the balance sheet date the amount due to South West Water was £861 (2015: £2,423 debtor).

Teignbridge District Council

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

During the year, Teignbridge District Council provided premises and services to the academy at a cost of £115,875. At the balance sheet date the amount due to Teignbridge District Council was £42,492 (2015: £69,000).

Linden Homes

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

During the year, Linden Homes provided services to the academy at a cost of £273. At the balance sheet date the amount due from Linden homes was £Nil (2015: £4,010).

28. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting year ended 31 August 2016 the Academy Trust received £3,218 and disbursed £3,218 from the fund. An amount of £Nil is included in other creditors relating to undistributed funds that is repayable to EFA.

29. 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.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.