

South Devon UTC

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2014

Registration number: 08293776

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South Devon UTC

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South Devon UTC

Reference and Administrative Details

Members University of Exeter
 South Devon College
 Galliford Try PLC
 Centrax Limited
 South West Water Limited
 Environmental Agency
 Devon County Council

Directors (Trustees) Janice Kay
 Paul Munro (resigned 10 January 2014)
 Stephen Bird
 Tony Wiltshire
 Stephen Criddle
 Nigel Palmer (appointed 10 March 2014)
 John Peart (appointed 18 October 2013)
 Richard Cresswell (appointed 18 October 2013 and resigned 13 May 2014)

**Principal and
Registered Office** University of Exeter
 Northcote House
 Queens Drive
 Exeter
 EX4 4QJ

**Company
Registration Number** 08293776

Auditors Francis Clark LLP
 Statutory Auditor
 North Quay House
 Sutton Harbour
 Plymouth
 PL4 0RA

South Devon UTC

Trustees' Report for the Year Ended 31 August 2014

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014.

Structure, governance and management

Constitution

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

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

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

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of Trustees

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

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

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

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

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

The Governors to take over from the current Board will be appointed in Spring 2015 in order to form the Board of Governors when the UTC opens on 1st September 2015.

South Devon UTC

Trustees' Report for the Year Ended 31 August 2014

Policies and procedures adopted for the induction and training of Trustees

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

Organisational structure

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

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

Risk management

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

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

Connected organisations, including related party relationships

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

Details of the related party transactions with these organisations are set out in note 19 to the Financial Statements.

South Devon UTC

Trustees' Report for the Year Ended 31 August 2014

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 the Engineering, Water and Environmental sectors. The UTC has a shared ambition with its regional stakeholders to maximise the potential of youngsters, retain talent locally and develop a skilled workforce that meets the needs of employers both locally and nationally.

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

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

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

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

3.2. We offer:

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

South Devon UTC

Trustees' Report for the Year Ended 31 August 2014

Objectives, strategies and activities

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

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

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

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

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

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

Public benefit

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

South Devon UTC

Trustees' Report for the Year Ended 31 August 2014

Strategic Report

Achievements and performance

Going concern

After making appropriate enquiries, the Project Steering Group and Board of Directors have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key non-financial performance indicators

Financial review

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

During the year, the academy trust received £180,000 from a planned £300,000 project development grant from the DfE. As £60,000 of these funds are earmarked for the 2014/15 financial year, they are included in creditors, as deferred income, at the balance sheet date. During the year, £78,000 has been spent on setting up the new school. The trust also became entitled to capital funds of some £1.3m which has been used on the construction of the new school.

Financial and risk management objectives and policies

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

Reserves policy

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

South Devon UTC

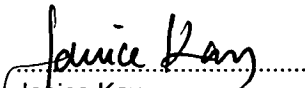
Trustees' Report for the Year Ended 31 August 2014

Auditor

In so far as the Trustees are aware:

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

Approved by order of the Board of Trustees on 24 Oct 2014 and signed on its behalf by:


Janice Kay
Trustee

South Devon UTC

Governance Statement

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Project Champion Adele Dawson 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 Project Steering Group and from 2015 the Governing Body any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Devon UTC for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The risk and control framework

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

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

The Board of Directors has yet to determine how the need for a specific internal audit function will be met.

Review of effectiveness

As Project Champion, Adele Dawson has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

South Devon UTC

Governance Statement (continued)

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

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

Approved by order of the members of the Board of Directors on *24 Oct 2014* and signed on its behalf by:



Janice Kay
Trustee

South Devon UTC

Statement on Regularity, Propriety and Compliance

As a Trustee of South Devon UTC in this set up period I have considered the responsibility of the Board of Directors to notify the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the Funding Agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

A handwritten signature in black ink, reading "Janice Kay", written over a dotted line.

Janice Kay
Trustee

South Devon UTC

Statement of Trustees' Responsibilities

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

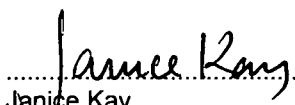
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed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

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

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

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

Approved by order of the Members of the Board on 24 Oct 2014 and signed on its behalf by:


.....
Janice Kay
Trustee

South Devon UTC

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

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

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

Respective responsibilities of governors and auditors

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Annual Accounts Direction issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

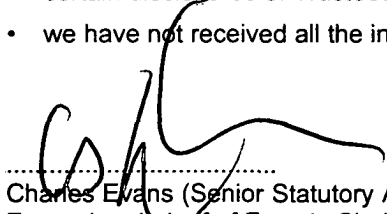
South Devon UTC

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


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

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

Date:

24 Dec 2014

South Devon UTC

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

In accordance with the terms of our engagement letter dated 10 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Devon UTC during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Trust Board and the EFA. Our review work has been undertaken so that we may state to the Trust Board and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the Trust Board and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the governing body and Auditors

The Trust Board is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Annual Accounts Direction issued by the Education Funding Agency. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

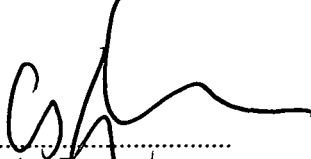
- Inspection and review of documentation providing evidence of governance procedures;
- Evaluation of the system of internal controls for authorisation and approval and
- Performing substantive tests on relevant transactions.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

South Devon UTC

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



.....
Charles Evans

For and on behalf of Francis Clark LLP, Chartered Accountants

North Quay House
Sutton Harbour
Plymouth
PL4 0RA

Date: *24 Oct 2014*

South Devon UTC

Statement of Financial Activities for the Year Ended 31 August 2014 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	40,473	-	-	40,473	181
<i>Incoming resources from charitable activities:</i>						
Funding for the Trust's educational operations	3	-	120,000	1,326,457	1,446,457	-
Total incoming resources		40,473	120,000	1,326,457	1,486,930	181
Resources expended						
<i>Charitable activities:</i>						
Trust's educational operations		40,473	76,304	-	116,777	29,225
Governance costs	6	-	2,013	-	2,013	1,750
Total resources expended	4	40,473	78,317	-	118,790	30,975
Net incoming/(outgoing) resources before transfers		-	41,683	1,326,457	1,368,140	(30,794)
Net income/(expenditure) for the year		-	41,683	1,326,457	1,368,140	(30,794)
Net movement in funds/(deficit)		-	41,683	1,326,457	1,368,140	(30,794)
Reconciliation of funds						
Deficit brought forward at 1 September 2013		-	(30,794)	-	(30,794)	-
Funds/(deficit) carried forward at 31 August 2014		-	10,889	1,326,457	1,337,346	(30,794)

South Devon UTC

Statement of Financial Activities for the Year Ended 31 August 2014 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) (continued)

All of the academy's activities derive from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

South Devon UTC

(Registration number: 08293776)

Balance Sheet as at 31 August 2014

	Note	31 August 2014 £	31 August 2013 £
Fixed assets			
Tangible assets	10	1,326,457	-
Current assets			
Debtors	11	863,904	-
Cash at bank and in hand		89,903	61,000
		<u>953,807</u>	<u>61,000</u>
Creditors: Amounts falling due within one year	12	(942,918)	(91,794)
Net current assets/(liabilities)		<u>10,889</u>	<u>(30,794)</u>
Total assets less current liabilities		<u>1,337,346</u>	<u>(30,794)</u>
Net assets/(liabilities) excluding pension liability		<u>1,337,346</u>	<u>(30,794)</u>
Net assets/(liabilities)		<u>1,337,346</u>	<u>(30,794)</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		10,889	(30,794)
Restricted fixed asset fund		<u>1,326,457</u>	<u>-</u>
		<u>1,337,346</u>	<u>(30,794)</u>
Total funds		<u>1,337,346</u>	<u>(30,794)</u>

The financial statements on pages 16 to 30 were approved by the Trustees, and authorised for issue on *24 Oct 2014* and signed on their behalf by:

.....*Janice Kay*.....
 Janice Kay
 Director

South Devon UTC

Cash Flow Statement for the Year Ended 31 August 2014

	Note	31 August 2014 £	31 August 2013 £
Net cash inflow from operating activities	15	1,355,360	61,000
Capital expenditure and financial investment	16	<u>(1,326,457)</u>	<u>-</u>
Increase in cash in the year	17	<u>28,903</u>	<u>61,000</u>

Reconciliation of net cash flow to movement in net funds

Increase in cash in the year	28,903	61,000
Net funds at 1 September 2013	<u>61,000</u>	<u>-</u>
Net funds at 31 August 2014	<u>89,903</u>	<u>61,000</u>

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

1 Accounting policies

Basis of preparation

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

Going concern

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

Incoming resources

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

Grants receivable

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

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

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

1 Accounting policies (continued)

Donated services and gifts in kind

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

Resources expended

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

All resources expended are inclusive of irrecoverable VAT.

Cost of generating funds

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

Charitable activities

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

Governance costs

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

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

1 Accounting policies (continued)

Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

Asset class

Freehold buildings

Depreciation method and rate

2% straight line

Leased assets

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

Taxation

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

2 Voluntary income

	Unrestricted funds £	Total 2014 £	Total 31 August 2013 £
Private sponsorship	40,473	40,473	181

3 Funding for Trust's educational operations

	Restricted funds £	Restricted fixed asset funds £	Total 2014 £
DfE/EFA capital grants			
Capital grant	-	1,326,457	1,326,457
DfE/EFA revenue grants			
EFA development grant	120,000	-	120,000
Total grants	120,000	1,326,457	1,446,457

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

4 Resources expended

	Staff costs £	Premises £	Other costs £	Total 2014 £	Total 31 August 2013 £
Academy's educational operations					
Allocated support costs	64,601	1,810	50,366	116,777	29,225
Governance costs including allocated support costs	-	-	2,013	2,013	1,750
	<u>64,601</u>	<u>1,810</u>	<u>52,379</u>	<u>118,790</u>	<u>30,975</u>

Net incoming/outgoing resources for the year include:

	31 August 2014 £	31 August 2013 £
Fees payable to auditor - audit	<u>2,000</u>	<u>1,750</u>

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

5 Charitable activities - Academy's educational operations

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 31 August 2013 £
Allocated support costs				
Support staff costs	31,473	33,128	64,601	21,637
Rent and rates	1,500	310	1,810	-
Recruitment and support	-	12,000	12,000	-
Bank interest and charges	-	35	35	-
Other support costs	7,500	30,831	38,331	7,588
	<u>40,473</u>	<u>76,304</u>	<u>116,777</u>	<u>29,225</u>

6 Governance costs

	Restricted funds £	Total 2014 £	Total 31 August 2013 £
Auditors' remuneration			
Audit of financial statements	2,013	2,013	1,750
	<u>2,013</u>	<u>2,013</u>	<u>1,750</u>

7 Staff costs

	2014 £	31 August 2013 £
Staff costs during the year were:		
Wages and salaries	52,160	17,222
Social security costs	4,971	1,688
Pension costs	7,470	2,727
	<u>64,601</u>	<u>21,637</u>

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

8 Trustees' remuneration and expenses

The Principal and staff trustees only receive remuneration (includes pension contributions) in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

Related party transactions involving the trustees are set out in note 19.

9 Trustees' and officers' insurance

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

10 Tangible fixed assets

	Freehold land and buildings £	Total £
Cost		
Additions	<u>1,326,457</u>	<u>1,326,457</u>
At 31 August 2014	1,326,457	1,326,457
Depreciation		
At 31 August 2014	<u>-</u>	<u>-</u>
Net book value		
At 31 August 2014	<u>1,326,457</u>	<u>1,326,457</u>

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

11 Debtors

	31 August 2014 £	31 August 2013 £
Trade debtors	6,000	-
Accrued grant and other income	625,105	-
VAT recoverable	232,799	-
	<u>863,904</u>	<u>-</u>

12 Creditors: amounts falling due within one year

	31 August 2014 £	31 August 2013 £
Trade creditors	773,095	-
Other taxation and social security	103,549	-
Accruals	6,274	30,975
Deferred income	60,000	60,819
	<u>942,918</u>	<u>91,794</u>

	31 August 2014 £
Deferred income at 1 September 2013	60,819
Resources deferred in the period	60,000
Amounts released from previous periods	<u>(60,819)</u>
Deferred income at 31 August 2014	<u>60,000</u>

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

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

13 Funds

	Balance at 1 September 2013 £	Incoming resources £	Resources expended £	Balance at 31 August 2014 £
Restricted general funds				
DfE Project development grant	(30,794)	120,000	(78,317)	10,889
Restricted fixed asset funds				
EFA Capital grant	-	1,326,457	-	1,326,457
Total restricted funds	(30,794)	1,446,457	(78,317)	1,337,346
Unrestricted funds				
Unrestricted general funds	-	40,474	(40,474)	-
Total funds	(30,794)	1,486,931	(118,791)	1,337,346

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

Restricted fixed asset funds

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

Restricted general funds

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014

14 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	1,326,457	1,326,457
Current assets	6,000	947,807	-	953,807
Current liabilities	(6,000)	(936,918)	-	(942,918)
Total net assets	-	10,889	1,326,457	1,337,346

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

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

	31 August 2014 £	31 August 2013 £
Net income/(expenditure)	1,368,140	(30,794)
Increase in debtors	(863,904)	-
Increase in creditors	851,124	91,794
Net cash inflow from operating activities	<u>1,355,360</u>	<u>61,000</u>

16 Capital expenditure and financial investment

	31 August 2014 £	31 August 2013 £
Purchase of tangible fixed assets	<u>(1,326,457)</u>	<u>-</u>

17 Analysis of changes in net funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash at bank and in hand	<u>61,000</u>	<u>28,903</u>	<u>89,903</u>

18 Members' liability

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

19 Related party transactions

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

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

South Devon UTC

Notes to the Financial Statements for the Year Ended 31 August 2014

19 Related party transactions (continued)

South Devon College

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

During the year, South Devon College provided services (in the form of personnel) and incurred expenses on behalf of South Devon UTC. During the year, services and funds of £31,655 were donated to the academy while services provided and expenses incurred of £127,904 were recharged to the academy. At the balance sheet date the amount due to South Devon College was £22,943 (2013 - £29,225).

University of Exeter

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

During the year, the University of Exeter donated funds of £2,000 to South Devon UTC. At the balance sheet date the amount due from/(to) University of Exeter was £1,500 (2013 - £Nil).

Centrax

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

During the year, Centrax donated funds of £1,500 to the academy. At the balance sheet date the amount due from/(to) Centrax was £1,500 (2013 - £Nil).

South West Water

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

During the year, South West Water donated £1,500 to the academy. At the balance sheet date the amount due from/(to) South West Water was £1,500 (2013 - £Nil).

Teignbridge District Council

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

During the year, Teignbridge District Council provided premises to the academy free of charge. The estimated value of this benefit is £1,500. At the balance sheet date the amount due to Teignbridge District Council was £Nil (2013 - £Nil).