

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



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

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SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	University of Exeter South Devon College Galliford Try PLC Centrax Limited South West Water Limited Environmental Agency Devon County Council
Trustees (Directors)	D Butler, Chair (resigned 13 July 2018) ^{1,3} B Taylor, Vice Chair (resigned 5 June 2018) ^{1,2} S Criddle A Wiltshire ^{1,2} J Trout ^{1,3}
Governors	I Crews, Principal (resigned 31 August 2018) ^{1,2,3} P Shears (resigned 13 August 2018) ^{1,2} A Postlethwaite ^{1,3} B Deacon ^{1,2} M Shanks ^{1,3} M Workman M Harbour S Niles (appointed 1 September 2017) K Guppy (appointed 18 October 2017) D Manton (appointed 1 December 2017) C Plumb, Acting principal from 1 September 2018 (appointed 1 September 2018)
	¹ Governing Body ² Finance and General Purpose Committee ³ Curriculum Committee
Company registered number	08293776
Company name	South Devon UTC
Principal and registered office	Kingsteignton Road Newton Abbot Devon TQ12 2QA
Accounting Officer	C Plumb
Senior management team	I Crews, Principal (resigned 31 August 2018) A Hannah (A Witt), Assistant Principal C Plumb, Vice Principal J Wain, Strategic Business Leader (resigned 31 August 2018) P Kennedy, Assistant Principal (appointed 1 September 2018) K Lewis, Assistant Principal (appointed 1 September 2018)
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 50 The Terrace Torquay Devon TQ1 1DD

**SOUTH DEVON UTC
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. 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 202 in the school census for the summer term 2018.

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 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.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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 in line with the National Teachers' pay scales and National Joint Council Support Staff pay scales, with approval of the Trustees.

Related Parties and other Connected Charities and Organisations

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

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

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.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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 fourth year of operation. The total number of students in the year ending 31 August 2018 was 202. The new entry for 2019 is already beginning to build.

The DFE visited us on July 10th 2018 and summarised.

- 1) Governors are well-informed, committed to the UTC's improvement and are undertaking due diligence over it potentially joining with the MAT, Education South West
- 2) Students speak very highly of the UTC, feel well known and value the industry-like atmosphere. They feel that relationships with staff are strong and appreciate being trusted as young adults. Outcomes from student voice are noted and acted upon.

KS5 Destination – Yet again we have achieved 100% destination progression to an appropriate next stage and a modest 33% transfer from year 11 to year 12 (last year 61%).

Overall the picture is not a lot different to 2017, an improvement in English value added, science performing in line with last year and Engineering improving markedly on last summer's performance.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Senior Leadership Team and in 2018- 2019 middle leaders.

Key Performance Indicators

The following KPI's were set for the year commencing September 1st 2017:

	Target	Actual for 2018
GAG carry forward %	>5%	9%
Pupil to teacher ratio	1:13	1:12
Student attendance %	97%	95.05%
Student Destinations - NEETs (students leaving us and ending up as Not Employed, in Education or Training)	<3%	0%

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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 Statement of Accounting Policies.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 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 2018, the Academy received total income of £1,855,166 and incurred total expenditure of £2,499,818 this includes £603,461 of depreciation. Excess of expenditure over income for the year was £644,652.

At 31 August 2018 the net book value of fixed assets was £10,328,797 and movements in tangible fixed assets are shown in note 13 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.

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 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 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 ESFA. In the last year 94% 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.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

The Academy has a risk register which 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 22 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.

FUNDRAISING

We have many calendared events of fundraising throughout the year which are closely linked with our employers and national campaigns.

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 2019 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 Interim Principal has made this a strategic post on the leadership team.

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.

**SOUTH DEVON UTC
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

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, was approved by order of the Board of Trustees, as company directors, on19/12/18..... and signed on the board's behalf by:



**James Trout
Chair of Trustees**

**SOUTH DEVON UTC
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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 Vice 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 3 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
D Butler, Chair	2	3
B Taylor, Vice Chair	3	3
S Criddle	2	3
A Wiltshire	1	3
J Trout	2	3

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
K Guppy, Parent Governor	1	3
D Manton, Parent Governor	3	3
D Butler, Chair	3	3
I Crews, Principal	3	3
M Harbour	3	3
M Workman	3	3
B Deacon	1	3
B Taylor	2	3
S Niles	3	3
A Postlethwaite	3	3
M Shanks	1	3
P Shears	2	3
J Trout	0	3
A Wiltshire	2	3
S Criddle	0	3

S Niles, M Harbour, K Guppy, D Manton became Governors, P Shears, D Butler, B Taylor withdrew as Governors.

The Finance and General Purposes 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
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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
B Taylor	3	3
A Wiltshire	0	3
M Harbour	3	3
K Guppy	1	3
P Shears	3	3
B Deacon	1	3
S Niles	1	3

During the year K Guppy, S Niles joined the committee and B Taylor and P Shears withdrew.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Vice 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:

- Robust financial governance and budget management.
- Value for money purchasing.
- 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.
- Reviewing quality of children's learning to enable children to achieve nationally expected progress.

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 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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 reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- Sample tests on income, expenditure and payroll.
- Additional checks to give assurances over compliance with the Academies Financial Handbook.

On a semi-annual basis, the external auditors report to the Board of Trustees through the finance and general purposes committee 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 Vice 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 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 14/12/13 and signed on their behalf, by:



**J Trout
Chair of Trustees**



**Claire Plumb
Accounting Officer**

**SOUTH DEVON UTC
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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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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 ESFA.



**Claire Plumb
Accounting Officer**

**SOUTH DEVON UTC
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees (who 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 & Skills 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 2017 to 2018;
- make judgments and accounting 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;
- 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 ESFA/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:



**J Trout
Chair of Trustees**

Date: 19/12/18

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

OPINION

We have audited the financial statements of South Devon UTC (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF TRUSTEES

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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 opinions we have formed.

William Hanbury FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

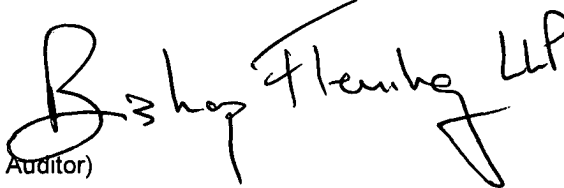
50 The Terrace

Torquay

Devon

TQ1 1DD

Date: 21/12/18



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

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

In accordance with the terms of our engagement letter dated 25 May 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Devon UTC and the ESFA 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 the ESFA, 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. 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.

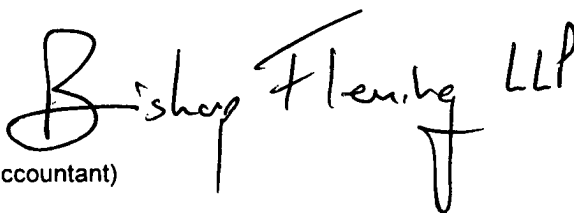
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO SOUTH
DEVON UTC AND THE EDUCATION & SKILLS 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

William Hanbury FCA (Reporting Accountant)

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

Date: 21/12/18

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	27	-	14,541	14,568	11,943
Charitable activities	3	80,449	1,741,151	-	1,821,600	1,687,661
Other trading activities	4	18,385	-	-	18,385	25,908
Investments	5	613	-	-	613	22
TOTAL INCOME		99,474	1,741,151	14,541	1,855,166	1,725,534
EXPENDITURE ON:						
Raising funds		768	-	-	768	-
Charitable activities		85,490	1,881,099	603,461	2,570,050	2,050,978
TOTAL EXPENDITURE	6	86,258	1,881,099	603,461	2,570,818	2,050,978
NET BEFORE TRANSFERS		13,216	(139,948)	(588,920)	(715,652)	(325,444)
Transfers between Funds	17	-	(61,416)	61,416	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		13,216	(201,364)	(527,504)	(715,652)	(325,444)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	48,000	-	48,000	53,000
NET MOVEMENT IN FUNDS		13,216	(153,364)	(527,504)	(667,652)	(272,444)
RECONCILIATION OF FUNDS:						
Total funds brought forward		24,425	189,708	10,872,620	11,086,753	11,359,197
TOTAL FUNDS CARRIED FORWARD		37,641	36,344	10,345,116	10,419,101	11,086,753



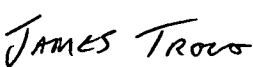
The notes on pages 23 to 44 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		10,328,797		10,868,834
CURRENT ASSETS					
Debtors	14	96,014		234,913	
Cash at bank and in hand		301,325		427,875	
		<u>397,339</u>		<u>662,788</u>	
CREDITORS: amounts falling due within one year	15	(171,035)		(331,869)	
NET CURRENT ASSETS			226,304		330,919
TOTAL ASSETS LESS CURRENT LIABILITIES			10,555,101		11,199,753
Defined benefit pension scheme liability	21	(136,000)		(113,000)	
NET ASSETS			<u>10,419,101</u>		<u>11,086,753</u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	17	172,344		302,708	
Fixed asset funds	17	10,345,116		10,872,620	
Restricted funds excluding pension liability		10,517,460		11,175,328	
Pension reserve		<u>(136,000)</u>		<u>(113,000)</u>	
Total restricted funds			10,381,460		11,062,328
Unrestricted funds	17		37,641		24,425
TOTAL FUNDS			<u>10,419,101</u>		<u>11,086,753</u>

The financial statements on pages 20 to 44 were approved by the Trustees, and authorised for issue, on 19/12/18 and are signed on their behalf, by:


~~D Butler~~  
Chair of Trustees

The notes on pages 23 to 44 form part of these financial statements.

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(70,770)	294,634
Cash flows from investing activities:			
Interest received		613	22
Purchase of tangible fixed assets		(195,994)	(47,137)
Capital grants from DfE Group		139,600	10,443
Net cash used in investing activities		(55,781)	(36,672)
Change in cash and cash equivalents in the year		(126,551)	257,962
Cash and cash equivalents brought forward		427,876	169,914
Cash and cash equivalents carried forward	20	301,325	427,876

The notes on pages 23 to 44 form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the UTC has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the UTC's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations are recognised on a receivable basis (where there are no performance-related conditions), where the receipt is probable and it can be reliably measured.

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods and services

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 are capitalised 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. 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years
Furniture and fixtures	-	20% Straight line

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.

1.6 OPERATING LEASES

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

1.7 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.

1.8 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.

1.9 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.10 FINANCIAL INSTRUMENTS

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 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.

1.12 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

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 21, 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 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 net income/expenditure 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.13 AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The Academy 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 26.

1.14 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/donor and include grants from the Department for Education Group.

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

1.15 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 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 21, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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 obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy 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 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	27	-	-	27	1,500
Capital Grants	-	-	14,541	14,541	10,443
	<u>27</u>	<u>-</u>	<u>14,541</u>	<u>14,568</u>	<u>11,943</u>
Total 2017	<u>1,500</u>	<u>-</u>	<u>10,443</u>	<u>11,943</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	1,377,172	1,377,172	1,115,593
Start up Grants	-	98,102	98,102	233,347
Other DfE Group grants	-	262,170	262,170	258,071
	<u>-</u>	<u>1,737,444</u>	<u>1,737,444</u>	<u>1,607,011</u>
Other Government grants				
High Needs	-	3,707	3,707	12,955
	<u>-</u>	<u>3,707</u>	<u>3,707</u>	<u>12,955</u>
Other funding				
Internal catering income	44,785	-	44,785	34,618
Sales to students	29,756	-	29,756	30,064
Other	5,908	-	5,908	3,013
	<u>80,449</u>	<u>-</u>	<u>80,449</u>	<u>67,695</u>
	<u>80,449</u>	<u>1,741,151</u>	<u>1,821,600</u>	<u>1,687,661</u>
Total 2017	<u>67,695</u>	<u>1,619,966</u>	<u>1,687,661</u>	

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	18,385	-	18,385	25,908
Total 2017	25,908	-	25,908	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	613	-	613	22
Total 2017	22	-	22	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading	-	-	768	768	-
Activities:					
Direct costs	1,146,094	524,721	72,233	1,743,048	1,153,759
Support costs	191,696	264,066	371,240	827,002	897,219
	1,337,790	788,787	444,241	2,570,818	2,050,978
Total 2017	1,009,405	732,530	309,043	2,050,978	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. DIRECT COSTS

	Total 2018 £	Total 2017 £
Pension costs	2,000	2,000
Educational supplies	43,473	29,576
Examination fees	42,522	33,224
Other costs	96,685	27,315
Supply teachers	11,984	1,320
Wages and salaries	871,476	659,118
National insurance	80,802	60,767
Pension cost	181,832	135,931
Depreciation	412,274	204,508
	<u>1,743,048</u>	<u>1,153,759</u>
Total 2017	<u>1,153,759</u>	

8. SUPPORT COSTS

	Total 2018 £	Total 2017 £
Staff development	22,391	17,773
Other costs	38,265	40,776
Maintenance of premises and equipment	74,810	53,895
Cleaning	27,449	21,610
Rent and rates	35,209	33,053
Energy costs	51,663	37,369
Insurance	6,459	5,651
Security and transport	43,738	35,079
Catering	54,281	46,458
Technology costs	37,705	30,534
Office overheads	12,745	13,496
Legal and professional	25,451	21,333
Bank interest and charges	983	654
Governance	12,970	10,625
Wages and salaries	137,296	113,433
National insurance	10,521	7,892
Pension cost	43,879	30,945
Depreciation	191,187	376,644
	<u>827,002</u>	<u>897,220</u>
Total 2017	<u>897,220</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. NET INCOME/(EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the Academy	603,461	581,152
Auditors' remuneration - audit	4,095	3,500
Auditors' remuneration - other services	8,575	7,125
Operating lease rentals	20,563	9,177
	<u>636,694</u>	<u>601,954</u>

SOUTH DEVON UTC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,008,400	772,550
Social security costs	91,323	68,659
Operating costs of defined benefit pension schemes	225,711	166,876
	<u>1,325,434</u>	<u>1,008,085</u>
Agency staff costs	11,984	1,320
Staff restructuring costs	372	-
	<u>1,337,790</u>	<u>1,009,405</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	23	15
Educational Support	14	8
Administration	9	9
Management	4	4
	<u>50</u>	<u>36</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	19	12
Educational Support	10	6
Administration	6	4
Management	4	4
	<u>39</u>	<u>26</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £70,001 - £80,000	1	1

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS (continued)

d. Key management personnel

The key management personnel of the Academy 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 was £272,819 (2017: £264,789).

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.

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration (2017: £NIL).

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017: £421 to 1 Trustees).

Other related party transactions involving the trustees are set out in note 25.

12. TRUSTEES' AND OFFICERS' INSURANCE

The Academy 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.

SOUTH DEVON UTC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

13. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture and fixtures £	Plant and equipment £	Total £
COST				
At 1 September 2017	10,177,267	1,056,555	566,504	11,800,326
Additions	9,367	52,049	2,008	63,424
At 31 August 2018	10,186,634	1,108,604	568,512	11,863,750
DEPRECIATION				
At 1 September 2017	317,641	325,204	288,647	931,492
Charge for the year	191,006	216,509	195,946	603,461
At 31 August 2018	508,647	541,713	484,593	1,534,953
NET BOOK VALUE				
At 31 August 2018	9,677,987	566,891	83,919	10,328,797
At 31 August 2017	9,859,626	731,351	277,857	10,868,834

14. DEBTORS

	2018 £	2017 £
Trade debtors	315	2,558
VAT recoverable	7,791	11,019
Other debtors	5,587	3,440
Prepayments and accrued income	82,321	217,896
	96,014	234,913

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	60,044	110,307
Other taxation and social security	24,506	18,225
Other creditors	20,573	17,992
Accruals and deferred income	65,912	185,345
	171,035	331,869

SOUTH DEVON UTC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	18,764	4,969
Resources deferred during the year	18,444	18,764
Amounts released from previous years	(18,764)	(4,969)
	<u>18,444</u>	<u>18,764</u>
Deferred income at 31 August 2018	<u>18,444</u>	<u>18,764</u>

Included in trade creditors is £45,433 (2017: £77,495) relating to an abatement of GAG income due to the ESFA.

16. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at fair value through income and expenditure	301,325	427,875
Financial assets measured at amortised cost	9,987	13,131
	<u>311,312</u>	<u>441,006</u>
Financial liabilities measured at amortised cost	<u>(216,833)</u>	<u>(258,488)</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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
DESIGNATED FUNDS						
Designated Funds	20,000	-	-	(20,000)	-	-
GENERAL FUNDS						
General Funds	4,425	99,474	(86,258)	20,000	-	37,641
Total Unrestricted funds	24,425	99,474	(86,258)	-	-	37,641
RESTRICTED FUNDS						
General Annual Grant (GAG)	148,823	1,377,172	(1,525,995)	-	-	-
High Needs	-	3,707	(3,707)	-	-	-
Start up grant	-	98,102	(98,102)	-	-	-
Pupil premium	-	30,232	(30,232)	-	-	-
Rates	-	31,938	(31,938)	-	-	-
Donations	5,000	-	-	-	-	5,000
Transitional Funding	148,885	200,000	(120,125)	(61,416)	-	167,344
Pension reserve	(113,000)	-	(71,000)	-	48,000	(136,000)
	189,708	1,741,151	(1,881,099)	(61,416)	48,000	36,344
RESTRICTED FIXED ASSET FUNDS						
ESFA Capital grant	10,169,118	14,541	(578,703)	-	-	9,604,956
Private sponsorship graphics	7,259	-	(150)	-	-	7,109
South West Water: Connecting Water	967	-	(20)	-	-	947
GAIA support	16,056	-	(11,333)	-	-	4,723
GAIA training	2,762	-	(1,950)	-	-	812
ESFA Land donation	635,976	-	-	-	-	635,976
ESFA Transitional Funding	40,482	-	(11,305)	61,416	-	90,593
	10,872,620	14,541	(603,461)	61,416	-	10,345,116
Total restricted funds	11,062,328	1,755,692	(2,484,560)	-	48,000	10,381,460
Total of funds	11,086,753	1,855,166	(2,570,818)	-	48,000	10,419,101

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

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

DESIGNATED FUNDS

This fund was set aside to fund the rolling replacement programme for ICT equipment and technical resources, however this programme has been cancelled and the funds transferred back to general unrestricted reserves.

RESTRICTED FUNDS

General annual grant: Income from the ESFA 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 ESFA to contribute to the initial costs of opening the Academy.

Pupil premium: Pupil premium represents funding received from the ESFA 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 ESFA towards the cost of temporary accommodation prior to the completion of the capital build.

Donations: Partnership contributions to be spent on specific activities.

Transitional funding: This represents funding from the Department for Education in recognition of the particular pupil recruitment challenges faced by UTCs in their early years. The grant is provided to help ensure the Academy has enough resource to carry out the vital marketing and pupil recruitment activity as well as implementing a fully integrated broad and balanced technical and academic curriculum.

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

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

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

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.

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 2018.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
DESIGNATED FUNDS						
Designated Funds	-	-	-	20,000	-	20,000
GENERAL FUNDS						
General Funds	4,278	95,125	(74,978)	(20,000)	-	4,425
Total Unrestricted funds	4,278	95,125	(74,978)	-	-	24,425
RESTRICTED FUNDS						
General Annual Grant (GAG)	61,572	1,115,593	(1,028,343)	-	-	148,822
High Needs	-	12,955	(12,955)	-	-	-
Start up grant	-	233,347	(233,347)	-	-	-
Pupil premium	-	24,952	(24,952)	-	-	-
Rates	-	33,119	(33,119)	-	-	-
Consultancy	500	-	(500)	-	-	-
Donations	5,000	-	-	-	-	5,000
Transitional Funding	-	200,000	(10,632)	(40,482)	-	148,886
Pension reserve	(115,000)	-	(51,000)	-	53,000	(113,000)
	(47,928)	1,619,966	(1,394,848)	(40,482)	53,000	189,708
RESTRICTED FIXED ASSET FUNDS						
ESFA Capital grant	10,726,374	10,443	(567,699)	-	-	10,169,118
Private sponsorship graphics	7,409	-	(150)	-	-	7,259
South West Water: Connecting Water	987	-	(20)	-	-	967
GAIA support	27,389	-	(11,333)	-	-	16,056
GAIA training	4,712	-	(1,950)	-	-	2,762
ESFA Land donation	635,976	-	-	-	-	635,976
ESFA Transitional Funding	-	-	-	40,482	-	40,482
	11,402,847	10,443	(581,152)	40,482	-	10,872,620
Total restricted funds	11,354,919	1,630,409	(1,976,000)	-	53,000	11,062,328
Total of funds	11,359,197	1,725,534	(2,050,978)	-	53,000	11,086,753

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	10,328,797	10,328,797
Current assets	37,641	343,379	16,319	397,339
Creditors due within one year	-	(171,035)	-	(171,035)
Pension scheme liability	-	(136,000)	-	(136,000)
	<u>37,641</u>	<u>36,344</u>	<u>10,345,116</u>	<u>10,419,101</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	10,868,833	10,868,833
Current assets	24,425	634,577	3,787	662,789
Creditors due within one year	-	(331,869)	-	(331,869)
Provisions for liabilities and charges	-	(113,000)	-	(113,000)
	<u>24,425</u>	<u>189,708</u>	<u>10,872,620</u>	<u>11,086,753</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(715,652)	(325,444)
Adjustment for:		
Depreciation charges	603,461	581,152
Interest received	(613)	(22)
Decrease/(increase) in debtors	13,841	(26,343)
(Decrease)/increase in creditors	(28,266)	24,734
Capital grants from DfE and other capital income	(14,541)	(10,443)
Defined benefit pension scheme obligation inherited	69,000	49,000
Defined benefit pension scheme cost less contributions payable	2,000	2,000
Net cash (used in)/provided by operating activities	<u>(70,770)</u>	<u>294,634</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	301,325	427,876
	<u>301,325</u>	<u>427,876</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. 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 2016.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) 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

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.
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, 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 £116,537 (2017: £90,204).

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

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

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 2018 was £54,000 (2017: £36,000), of which employer's contributions totalled £40,000 (2017: £28,000) and employees' contributions totalled £14,000 (2017: £8,000). The agreed contribution rates for future years are 15.8% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.70 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	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:

	2018	2017
Retiring today		
Males	23.5	23.4
Females	25.6	25.5
Retiring in 20 years		
Males	25.8	25.7
Females	28.0	27.9

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	87,000	50,000
Gilts	5,000	3,000
Other bonds	3,000	2,000
Property	13,000	7,000
Cash	2,000	2,000
Other	33,000	20,000
Total market value of assets	143,000	84,000

The actual return on scheme assets was £7,000 (2017: £9,000).

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

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

	2018	2017
	£	£
Current service cost	(109,000)	(77,000)
Interest income	3,000	2,000
Interest cost	(5,000)	(4,000)
	<hr/>	<hr/>
Total	(111,000)	(79,000)
	<hr/>	<hr/>

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

	2018	2017
	£	£
Opening defined benefit obligation	197,000	172,000
Current service cost	109,000	77,000
Interest cost	5,000	4,000
Employee contributions	14,000	8,000
Actuarial gains	(44,000)	(63,000)
Benefits paid	(1,000)	(1,000)
	<hr/>	<hr/>
Closing defined benefit obligation	280,000	197,000
	<hr/>	<hr/>

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

	2018	2017
	£	£
Opening fair value of scheme assets	84,000	57,000
Return on plan assets (excluding net interest on the net defined pension liability)	3,000	2,000
Actuarial gains/(losses)	4,000	(10,000)
Employer contributions	40,000	28,000
Employee contributions	14,000	8,000
Benefits paid	(1,000)	(1,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	144,000	84,000
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	23,748	9,177
Between 1 and 5 years	14,018	18,700
Total	37,766	27,877

23. 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.

24. GENERAL INFORMATION

South Devon UTC is a company limited by guarantee, incorporated in England and Wales. The registered office is Kingsteignton Road, Newton Abbot, Devon, TQ12 2QA.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the year:

South Devon College

(South Devon College is a sponsor of South Devon UTC)

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 £49,454 (2017: £52,455) were recharged to the Academy. At the balance sheet date the amount due to South Devon College was £Nil (2017: £Nil).

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 £2,521 (2017: £1,421). At the balance sheet date the amount due to South West Water was £Nil (2017: £Nil).

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 £31,619 (2017: £32,166). At the balance sheet date the amount due to Teignbridge District Council was £Nil (2017: £Nil).

Devon County Council

(Devon County Council is an employer sponsor of South Devon UTC)

During the year, Devon County Council provided services to the Academy at a cost of £5,135 (2017: £Nil). At the balance sheet date the amount due to Devon County Council was £Nil (2017: £Nil).

26. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ended 31 August 2018 the Academy received £11,908 and disbursed £11,908 from the fund. An amount of £Nil is included in other creditors relating to undistributed funds that is repayable to ESFA.