



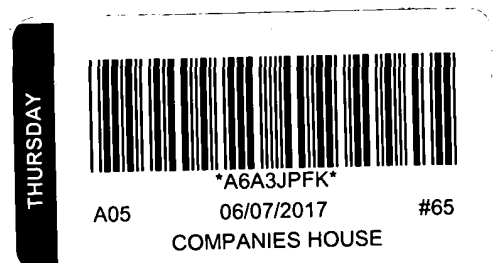
## Health Futures UTC Ltd

A Company Limited by Guarantee

### Annual Report and Financial Statements

Period From  
1 September 2015 to 31 August 2016

Company Registration Number: 8257814



# Health Futures UTC Ltd

## Contents

Item	Page
Reference and Administrative Details	3
Governor's Report	4
Governance Statement	9
Statement on Regularity, Propriety and Compliance	12
Statement of Governors' Responsibilities	13
Statement of Regularity, Propriety and Compliance	14
Independent Reporting Accountant's Assurance Report on Regularity to Health Futures UTC and the Education Funding Agency	15
Independent Auditor's Report to the Members of Health Futures UTC	17
Statement of Financial Activities incorporating Income & Expenditure Account	19
Balance Sheet	20
Statement of Cash Flows	21
Notes to the Financial Statements, incorporating:	22
Statement of Accounting Policies	
Other Notes to the Financial Statements	

## Reference and Administrative Details

<b>Members</b>	
<b>Board of Directors</b>	Prof Geoffrey Layer Sir Geoff Hampton Prof Linda Lang Dr Anthony Marsh Toby Lewis University of Wolverhampton Social Enterprise Ltd
<b>Board of Governors</b>	Dr Anthony Marsh Jon Crockett Professor Linda Lang Michelle Lowe Adrian Wilkinson - Resigned 31/03/2016 Dr Alexandra Hopkins Dr Cheryl Etches Professor Nazira Karodia - Resigned 31/08/2016 Professor Ian R Cumming Gill Conde Abdul-Munim Bashir Robert Fell Karen Grandison
<b>Principal Sponsor</b>	University of Wolverhampton
<b>Co-Sponsor</b>	West Midlands Ambulance Service NHS Foundation Trust
<b>Company Secretary</b>	Luke Hill
<b>Senior Management team:</b> Principal and Accounting Officer Senior Vice Principal Vice Principal Vice Principal Director of Operations Director of Pastoral Care	Robert Fell James Harding Surjit Jakhu Zoey Lowe Annette Guest Sharon Middleton
<b>Principal and registered office</b>	MA Building University of Wolverhampton Wulfruna Street Wolverhampton West Midlands WV1 1LY
<b>Company registration number</b>	8257814
<b>Independent auditor</b>	KPMG
<b>Bankers</b>	Barclays

## **Governors' Report**

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The company commenced trading on 20 November 2013.

### **Structure, Governance and Management**

#### **Constitution**

The UTC 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 UTC.

The Members of Health Futures University Technical College are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Health Futures University Technical College. Health Futures UTC was formerly known as Education Central UTC and changed its name on 10 October 2014.

Details of the Members who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

#### **Members' Liability**

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

#### **Trustees Indemnities**

In accordance with common practice, the UTC has purchased the Department for Education Risk Protection Arrangement (RPA) to protect the Governors and officers from claims arising from UTC business activities.

#### **Principal Activities**

Health Futures University Technical College (UTC) offers educational experiences and opportunities rarely if ever seen in traditional schools and colleges. A unique partnership between Health Futures and 20 health, education and public sector organisations from across the West Midlands enables us to combine national qualification teaching with hands-on project learning with healthcare professionals. 14-19 year olds from across the region enjoy enviable academic and career-focused advantages that prepare them for higher education and employment.

#### **Method of Recruitment and Appointment or Election of Governors**

The members of the Governing Body comprise of 10 trustees and the term of office will be 4 years. An excerpt from the Articles follows detailing the membership of the Governing Body:

- a) the signatories to the Memorandum
- b) Up to 6 person(s) who may be appointed by the University Sponsors
- c) the chairman of the Governors; and
- d) any person appointed under Article 16

Each of the persons entitled to appoint Members in Article 12 shall have the right from time to time by

written notice delivered to the Office to remove any Member appointed by them and to appoint a replacement Member to fill a vacancy whether resulting from such removal or otherwise.

If any of the persons entitled to appoint Members in Article 12:

- a) in the case of an individual, die or become legally incapacitated;
- b) in the case of a corporate entity, cease to exist and are not replaced by a successor institution; or
- c) becomes insolvent or makes any arrangement or composition with their creditors generally
- d) ceases to be a member

Their right to appoint Members under these Articles shall vest in the remaining Members.

Membership will terminate automatically if:

- a) a Member (which is a corporate entity) ceases to exist and is not replaced by a successor institution;
- b) a Member (which is an individual) dies or becomes incapable by reason of mental disorder, illness or injury of managing and administering his own affairs; or
- c) a Member becomes insolvent or makes any arrangement or composition with that Member's creditors generally.

The Members may agree unanimously in writing to remove any member(s) who is a signatory to the memorandum (save that the agreement of a signatory to the Memorandum who is to be removed shall not be required), provided that it is in the interests of the UTC to remove such a Member(s).

The Members may agree by passing a special resolution in writing to appoint such additional Members as they think fit and may unanimously (save that the agreement of the Member(s) to be removed shall not be required) in writing agree to remove any such additional Members.

Every person nominated to be a Member of the UTC shall either sign a written consent to become a Member or sign the register of Members on becoming a Member.

Any Member may resign provided that after such resignation the number of Members is not less than three. A Member shall cease to be one immediately on the receipt by the UTC of a notice in writing signed by the person or persons entitled to remove him under Articles 13 or 16 provided that no such notice shall take effect when the number of Members is less than three unless it contains or is accompanied by the appointment of a replacement Member.

#### **Policies and Procedures Adopted for the Induction and Training of Governors**

All new Governors undertake an induction and training programme to ensure that the Governing Body is well equipped to discharge their duties. In addition all Governors participate in a training scheme including:-

- Preparing for Ofsted
- Educational Data and Standards
- Safeguarding for Governors
- How to be a Critical Friend

## **Organisational Structure**

Health Futures Governing Body is made up of nominees of the University of Wolverhampton, nominees of Health sector partners, the Principal and up to two Parent Governors. It meets at least four times per year to consider the performance and strategic direction of the UTC and has three Sub-committees who also meet at least four times a year to undertake business on its behalf and report this business to the board.

The UTC also has lead Governors for; Safeguarding and SEND and Health and Safety.

In addition to the Principal, members of the Senior Leadership Team will attend Governors meetings as appropriate. The Governors will be responsible for the strategic direction of the Health Futures UTC including, approving the annual budgets, senior staff appointments and policy changes. Operational responsibility is the responsibility of the Principal and senior staff.

College Policies are developed by senior members of the Health Futures UTC's staff to reflect both the strategic direction agreed by the Governors and also any statutory requirements. These policies are approved and adopted by the Governing Body, and implemented as procedures and systems by the ELT and other designated member of staff.

### **Arrangements for setting pay and remuneration of key management personnel**

The Remuneration committee considers pay and remuneration for all UTC staff including all key management personnel.

## **Risk Management**

The following key project risks have been identified:-

### **1. Recruitment**

*Insufficient student numbers to meet recruitment targets (numbers/financial)*

#### **Action Plan**

- (i) Highly active marketing and recruitment campaign and Expression of Interest conversion activities. These are constantly progressed and monitored and are proving successful.
- (ii) Weekly reporting to DfE to confirm status and ascertain if further action and/or revision of targets required.

## **Connected Organisations, including Related Party Relationships**

Health Futures University Technical College is supported by a number of partner organisations. The following have at least one seat on the Board of Governors:

- University of Wolverhampton
- University of Wolverhampton Social Enterprises
- West Midlands Ambulance Service NHS Foundation Trust
- Sandwell and West Birmingham Hospitals NHS Trust

Related Party transactions are reported in Note 24.

## **Objectives, Strategies and Activities**

Health Futures UTC are proud to be the first UTC in the UK to specialise in health care and health science, offering learning and career opportunities for young people like no other school or college in the region.

By combining academic study with real-life work projects, personal development activities, and career opportunities our young people will become well-rounded work-ready individuals. They will benefit

from a combination of qualified national curriculum teaching and putting their learning into practice in exciting, work-focused projects that are delivered in partnership with employer professionals.

The UTC is able to deliver this 'tomorrow's education today' concept through a robust partnership of 20 major health, education and public sector organisations all working together. This approach supports the development of academic, practical and life skills in our young people, equipping them to meet the demands from employers for good qualifications, transferable skills and a professional attitude to work - whatever career path they eventually choose.

## **Objectives**

### **Public Benefit**

The Governors confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales. The Governors have referred to the Charities Commission's general guidance on public benefit when reviewing the Trust's objectives and aims and in planning future activities for the year. The UTC continues to be at the heart of its community, promoting cohesion and sharing facilities with the wider community.

### **Achievements and Performance**

#### **Going Concern**

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

Based on current cash flow forecasts, Health Futures UTC is able to operate within the above parameters. In 2016/17 The Education Funding Authority (EFA) have agreed funding for 489 Students ensuring funding of £2.7M.

## **Financial Review**

The main source of funding for the UTC was a General Annual Grant received from the Education Funding Agency (EFA).

The financial results for the year and year end position, as shown in the audited financial statements, are considered by the Board of Members to be satisfactory. Financial projections, supported by the EFA, indicate that the UTC has adequate resources to deliver its educational programme in 2016/17.

### **Financial and Risk Management Objectives and Policies**

The principal risk facing Health Futures UTC is low student numbers. As the majority of the Health Futures UTC's income is derived from EFA funding determined by the number of students actually recruited.

#### **Reserves Policy**

The Governors have reviewed the reserves of the charity; this review encompassed the nature of the income and expenditure streams, the need to match them with commitments and the nature of reserves. The Governors will keep the level of reserves under review.

The funding received and to be received for the development of the UTC and all associated capital works are intended to fully cover the costs and therefore the level of reserves is not currently a significant issue.

The agreed medium term target for the UTC is to build up a level of reserves (excluding any revaluation reserve for the capital works) to a level which equates to approximately 3 months working capital, as a prudent level of resources designed to meet the long term cyclical needs of renewal and any other unforeseen contingencies.

#### **Investment Policy**

The UTC has a cash balance of £217K.

The objective of the UTC is to ensure that sufficient funds are available at short or no notice to meet foreseeable requirements, while earning an acceptable rate of return without undue risk.

#### **Funds held as Custodian Trustee on behalf of others**

There are no funds held as Custodian Trustee on behalf of others.

No director had any personal or beneficial interest in the shares of the company during the year. No director has been granted any share options.

#### **Auditor**

In so far as the governors are aware:

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

Approved by order of the Board of Governors on 14<sup>th</sup> December 2016 and signed on its behalf by:



**Professor Linda Lang**  
Director



## Governance Statement

### Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal appointed January 2015, as Accounting Officer, for ensuring financial controls conform to 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 Health Futures UTC and the Secretary of State for Education. They are 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 governors has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor Name	Type of Governor	Date of Appointment	Term of Office End Date	Attendance of meetings 15/16
Dr Anthony Marsh	Employer Sponsor	01/09/2015	31/08/2019	4/4
Professor Linda Lang	University Sponsor	01/09/2015	31/08/2019	4/4
Dr Alexandra Hopkins	University Sponsor	01/09/2015	31/08/2019	3/4
Professor Michelle Lowe	University Sponsor	01/09/2015	31/08/2019	4/4
Dr Cheryl Etches OBE	Employer Sponsor	01/09/2015	31/08/2019	3/4
Dr Jon Crockett	University Sponsor	01/09/2015	31/08/2019	4/4
Professor Ian Cummings OBE	Employer Sponsor	01/09/2015	31/08/2019	3/4
Mr Robert Fell	Principal	n/a	n/a	3/4
Dr Karen Grandison	Parent	04/01/2016	03/01/2020	2/2
Prof Nazira Karodia	University Sponsor	01/09/2015	31/08/2016	2/4
Adrian Wilkinson	Employer Sponsor	01/09/2015	31/03/2016	2/2

The UTC and has three Sub-committees who also meet at least four times a year to undertake business on its behalf and report this business to the board of Governors. The three committees are:

- Academic Standards

This Committee considers educational aspects of the UTC's performance including; the quality of teaching and learning, the progress of students and their outcomes, the quality of the curriculum and the quality of pastoral care.

- Finance and General Purposes & Audit

This committee considers the non-educational aspects of the UTC's performance including; financial planning, performance and compliance, legal compliance, health and safety and maintenance of buildings.

- Remuneration and Nomination

*This committee considers appointments and pay. This includes; the appointment of the Principal and their pay arrangements, arrangements for performance management, pay ranges and reviews for all other staff.*

#### **Review of Value for Money**

As accounting officer the principal has responsibility for ensuring that the UTC 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 trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available.

#### **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 UTC 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 Health Futures UTC for the year ended 31<sup>st</sup> August 2016 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Board of Governors have reviewed the key risks to which the UTC is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the UTC's significant risks that has been in place for the year ending 31<sup>st</sup> August 2016 and up to the date of approval of the annual report and financial statements.

#### **The Risk and Control Framework**

The UTC'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 Finance and General Purposes Committee;
- 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.

#### **Review of Effectiveness**

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the UTC 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 Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Governors on 14<sup>th</sup> December 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'L. Lang', written over a horizontal line.

Professor Linda Lang

Director

## Statement on Regularity, Propriety and Compliance

As Chair of the Board of Governors for Health Futures UTC I have considered my responsibility to notify the Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the UTC and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Professor Linda Lang

Director

## Statement of Governors' Responsibilities

The Governors (who are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

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

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

The governors 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 Board of Governors on 14<sup>th</sup> December 2016 and signed on its behalf by:



Professor Linda Lang

Director

## Statement of Regularity, Propriety and Compliance

As accounting officer of Health Futures UTC Ltd I have considered my responsibility to notify the UTC board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



Robert Fell  
Accounting Officer  
14<sup>th</sup> December 2016



KPMG LLP  
One Snow Hill  
Snow Hill Queensway  
Birmingham  
B4 6GH

**Independent Reporting Accountant's Assurance Report on Regularity to Health Futures UTC and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 22 June 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Health Futures UTC (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 11 July 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

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

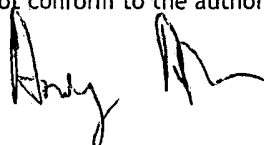
The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2015
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2015 to 2016.

## 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 period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Argyle  
Reporting Accountant  
for and on behalf of KPMG LLP  
Chartered Accountants  
Birmingham

Date 29/2/2016





KPMG LLP  
One Snow Hill  
Snow Hill Queensway  
Birmingham  
B4 6GH

#### **Independent auditor's report to the members of Health Futures UTC**

We have audited the financial statements of Health Futures UTC for the year ended 31 August 2016 set out on pages 19 to 31. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016, and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency ('EFA') on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the Directors and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Andrew Argyle (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Birmingham

Date 20/21/2014

**Health Futures UTC**  
**Statement of Financial Activities for the year ended 31 August 2016**

	Note	Unrestricted funds £	Restricted non fixed asset funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
<i>Income From:</i>						
<i>Incoming resources from generated funds:</i>						
■ Donations and Capital Grants	3	150	0	1,884,197	1,884,347	8,158,400
■ Investment Income	4	1,161	0	0	1,161	844
<i>Incoming resources from charitable activities:</i>						
■ Funding for the Academy trust's educational operations	5	0	1,752,999	0	1,752,999	123,910
<b>Total income</b>		<b>1,311</b>	<b>1,752,999</b>	<b>1,884,197</b>	<b>3,638,507</b>	<b>8,283,154</b>
<i>Expenditure On:</i>						
■ Academy's educational operations	7	0	1,753,205	422,368	2,175,573	243,072
■ Governance Costs	8	0	13,000	0	13,000	3,500
<b>Total Expenditure</b>		<b>0</b>	<b>1,766,205</b>	<b>422,368</b>	<b>2,188,573</b>	<b>246,572</b>
<b>Net Income / (Expenditure)</b>		<b>1,311</b>	<b>(13,206)</b>	<b>1,461,829</b>	<b>1,449,934</b>	<b>8,036,582</b>
<i>Other recognised gains and losses</i>						
Actuarial losses on defined benefit pension schemes	14,23	0	(43,000)	0	(43,000)	0
<b>Net movement in funds</b>		<b>1,311</b>	<b>(56,206)</b>	<b>1,461,829</b>	<b>1,406,934</b>	<b>8,036,582</b>
<i>Reconciliation of funds</i>						
Funds brought forward at 1 September 2015	14	844	4,660	8,158,400	8,163,904	8,163,904
Funds carried forward at 31 August 2016		<b>2,155</b>	<b>(51,546)</b>	<b>9,620,229</b>	<b>9,570,838</b>	<b>8,163,904</b>

All of the UTC's activities derive from continuing operations during the above financial period.

**Health Futures UTC  
Balance sheet  
as at 31 August 2016**

	Note	2016	2015
		£	£
<b>Fixed assets</b>			
Tangible assets	11	9,620,551	8,158,400
<b>Current assets</b>			
Debtors	12	44,613	1,027,838
Cash at bank and in hand		<u>216,822</u>	<u>197,822</u>
		261,435	1,225,660
<b>Creditors: Amounts falling due within one year</b>	13	<u>(237,149)</u>	<u>(1,220,156)</u>
<b>Net current assets</b>		24,286	5,504
<b>Total assets less current liabilities</b>		<u>9,644,837</u>	<u>8,163,904</u>
<b>Net assets excluding pension liability</b>			
Pension scheme liability	23	(74,000)	0
<b>Net assets including pension liability</b>		<u>9,570,837</u>	<u>8,163,904</u>
<b>Funds of the academy:</b>			
<b>Restricted funds</b>			
Fixed asset fund(s)	14	9,620,229	8,158,400
General fund(s)	14	22,453	4,660
Pension reserve	14	(74,000)	0
<b>Total restricted funds</b>		<u>9,568,682</u>	<u>8,163,059</u>
<b>Total unrestricted funds</b>	14	2,155	844
<b>Total funds</b>		<u>9,570,837</u>	<u>8,163,904</u>

The financial statements on pages 19 to 31 were approved by the Board of Governors, and authorised for issue on 14th December 2016 and are signed on their behalf by:



**Professor G M Layer**  
Director

**Cash flow statement  
for the year ended 31 August 2016**

	<i>Note</i>	<b>2016 £</b>	<b>2015 £</b>
Net cash provided by (used in) operating activities	18	18,232	44,792
Cash flows from investing activities	19	768	844
<b>Increase in cash in the year</b>	20	<b><u>19,000</u></b>	<b><u>45,636</u></b>
<b>Change in cash and cash equivalents in the reporting period</b>			
Cash and cash equivalents at 1 September 2015		197,822	197,822
Cash and cash equivalents at the 31 August 2016		216,822	152,186
		<b><u>19,000</u></b>	<b><u>45,636</u></b>

1  
Statement of Accounting Policies

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 (FRS102), 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 (FRS102)), the Academies Accounts Direction 2014 to 2015 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

The financial statements have been prepared on a going concern basis, which the Governors believe to be appropriate on the basis set out below.

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

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 2014.

Income Resources

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

Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balances in the restricted fixed asset fund.

Sponsorship income

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

Donations

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

Other income

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

Donated Services and gifts in kind

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

Resources Expended

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

Costs of generating funds

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

Charitable activities

These are costs incurred on the UTC's educational operations.

Governance Costs

These include the costs attributable to the UTC's compliance with constitutional and statutory requirements. The 2015/16 reported governance costs relates to audit fees. The Board of Governors do not receive any remuneration in respect of their role as governors

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold improvement	
Fixtures, fittings and equipment	5 to 10 years
ICT equipment	3 years

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.

#### *Leased Assets*

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

#### *Stock*

Unsold uniforms are valued at the lower of cost or net realisable value.

#### *Taxation*

The UTC 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 UTC 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.

#### *Pensions Benefits*

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the UTC in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27, the TPS is a multi employer scheme and the UTC is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

#### *Fund Accounting*

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

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

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

#### *Accounting estimates and judgements*

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

## 2 General Annual Grant (GAG)

Under the funding agreement with the secretary of state the UTC was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from the year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The UTC has not exceeded these limits during the year ended 31 August 2016.

## 3

	Donations and Capital Grant			Total 2015 £
	Unrestricted Funds £	Restricted Funds £	Total 2016 £	
Capital Grant	0	1,884,197	1,884,197	8,158,400
Other Donations	150	0	150	0
	<u>150</u>	<u>1,884,197</u>	<u>1,884,347</u>	<u>8,158,400</u>

4.

## Investment Income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	1,161	0	1,161	844
	<u>1,161</u>	<u>0</u>	<u>1,161</u>	<u>844</u>

5.

## Funding for the Academy's educational operations

	Unrestricted funds £	Restricted funds non fixed assets £	Total 2016 £	Total 2015 £
DfE / EFA revenue grants				
General Annual Grant (GAG) (note 2)	0	1,650,553	1,650,553	0
Start up grants	0	0	0	120,000
Capital Grants	0	0	0	0
Other DfE / EFA grants	0	68,627	68,627	3,910
	<u>0</u>	<u>1,719,180</u>	<u>1,719,180</u>	<u>123,910</u>
Other Government grants				
Special educational projects	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other income from the UTC's educational operations	0	33,819	33,819	33,819
	<u>0</u>	<u>1,752,999</u>	<u>1,752,999</u>	<u>157,729</u>

6

## Resources expended

	Staff costs £	Non Pay Premises £	Expenditure Other costs £	Total 2016 £	Total 2015 £
Costs of generating voluntary income	0	0	0	0	0
Costs of activities for generating funds	0	0	0	0	0
Academy's educational operations					
Direct costs	596,509	17,290	115,714	729,513	0
Allocated support costs	613,360	324,708	520,992	1,459,060	246,572
	<u>1,209,869</u>	<u>341,998</u>	<u>636,706</u>	<u>2,188,573</u>	<u>246,572</u>

## Incoming/outgoing resources for the year include:

	2016	2015
Fees payable to auditor - audit	13,000	3,500
Depreciation	422,438	0
Profit/(loss) on disposal of fixed assets	0	0
	<u>435,438</u>	<u>3,500</u>



7

## Charitable activities - Academy's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>Direct costs:</b>				
Teaching and educational support staff costs	0	596,509	596,509	0
Depreciation	0	0	0	0
Technology costs	0	6,073	6,073	0
Educational supplies	0	79,377	79,377	0
Examination fees	0	0	0	0
Staff development	0	5,432	5,432	0
Educational consultancy	0	180	180	0
Other direct costs	0	41,942	41,942	0
	<u>0</u>	<u>729,513</u>	<u>729,513</u>	<u>0</u>
<b>Allocated support costs:</b>				
Support staff costs	0	613,360	613,360	107,406
Depreciation	0	70	70	0
Technology costs	0	31,514	31,514	4,524
Recruitment and support	0	34,512	34,512	20,644
Marketing	0	31,288	31,288	45,383
Maintenance of premises and equipment	0	22,329	22,329	0
Cleaning	0	43,823	43,823	0
Rent & Rates	0	21,176	21,176	0
Insurance	0	6,625	6,625	0
Energy costs	0	54,822	54,822	1,293
Security and Transport	0	18,231	18,231	1,157
Catering	0	64,495	64,495	271
Bank interest and charges	0	1,433	1,433	1,526
Other support costs	0	80,014	80,014	60,868
	<u>0</u>	<u>1,023,692</u>	<u>1,023,692</u>	<u>243,072</u>
	<u>0</u>	<u>1,753,205</u>	<u>1,753,205</u>	<u>243,072</u>

8

## Governance costs

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Auditor's remuneration	0	13,000	13,000	3,500
Other audit costs	0	0	0	0
Support costs	0	0	0	0
	<u>0</u>	<u>13,000</u>	<u>13,000</u>	<u>3,500</u>

9

## Staff costs

	2016 £	2015 £
Staff costs during the period were:		
Wages and salaries	945,498	90,333
Social security costs	78,636	5,182
Pension costs	138,507	11,891
Supply teacher costs	21,412	0
	<u>1,184,053</u>	<u>107,406</u>

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

	2016 No.	2015 No.
Teachers	14	0
Administration and support	11	0
Management	6	2
	<u>31</u>	<u>2</u>

The number of employees whose emoluments fell within the following bands was:

	2016 No.	2015 No.
£60,001 - £70,000	1	0
£70,001 - £80,000	0	0
£80,001 - £90,000	0	0
£90,001 - £100,000	0	0
£100,001 - £110,000	1	0
	<u>2</u>	<u>0</u>

# 10 Related party transactions - Governors' remuneration and expenses

The Principal and the other staff governor only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Members or Governors. Other governors did not receive any payments from the Health Futures UTC in respect of their role as governors.

Other related party transactions involving Health Futures UTC Partners are set out in note 24.

## 11

### Tangible Fixed assets

	Land and buildings £	Furniture and Equipment £	Computer Equipment £	Assets in the Course of Construction	Total £
<b>Cost</b>					
At 1 September 2015	0	67,207	17,750	8,073,443	8,158,400
Additions	995,535	109,833	779,222	0	1,884,590
Disposals	0	0	0	0	0
Transfers	8,073,443	0	0	(8,073,443)	0
<b>At 31 August 2016</b>	<b>9,068,978</b>	<b>177,040</b>	<b>796,972</b>	<b>0</b>	<b>10,042,990</b>
<b>Depreciation</b>					
At 1 September 2015	0	0	0	0	0
Charged in year	181,241	35,640	205,558	0	422,439
Disposals	0	0	0	0	0
<b>At 31 August 2016</b>	<b>181,241</b>	<b>35,640</b>	<b>205,558</b>	<b>0</b>	<b>422,439</b>
<b>Net book value</b>					
At 31 August 2016	<u>8,887,737</u>	<u>141,400</u>	<u>591,414</u>	<u>0</u>	<u>9,620,551</u>
At 31 August 2015	<u>0</u>	<u>67,207</u>	<u>17,750</u>	<u>8,073,443</u>	<u>8,158,400</u>

## 12

### Debtors

	2016 £	2015 £
Trade debtors	12,558	0
VAT recoverable	6,557	960,560
Prepayments and accrued income	25,498	67,278
Other debtors	0	0
	<u>44,613</u>	<u>1,027,838</u>

13

## Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	4,442	0
EFA creditor	131,004	0
Taxation and social security	45,100	15,820
Other creditors	0	0
Accruals and deferred income	56,603	1,204,336
	<u>237,149</u>	<u>1,220,156</u>

Deferred Income	£
Deferred income at 1 September 2015	0
Resources deferred in the year	27,506
Amounts released from previous years	0
Deferred income at 31 August 2016	<u>27,506</u>

14

	Funds Balance at 01-Sep- 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31-Aug- 2016 £
<b>Restricted general funds</b>					
General annual grant (GAG)	0	1,650,553	(1,628,100)	0	22,453
Start Up Grant	4,660	0	(4,660)	0	0
Other DfE/EFA grants	0	68,627	(68,627)	0	0
Other grants	0	0	0	0	0
Other income from the UTC's educational operations	0	33,819	(33,819)	0	0
Pension reserve	0	0	(31,000)	(43,000)	(74,000)
	<u>4,660</u>	<u>1,752,999</u>	<u>(1,766,206)</u>	<u>(43,000)</u>	<u>(51,547)</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	8,158,400	1,884,197	(422,368)	0	9,620,229
<b>Total Restricted Funds</b>	<u>8,163,060</u>	<u>3,637,196</u>	<u>(2,188,574)</u>	<u>(43,000)</u>	<u>9,568,682</u>
<b>Unrestricted funds</b>	844	1,311	0	0	2,155
<b>Total unrestricted funds</b>	<u>844</u>	<u>1,311</u>	<u>0</u>	<u>0</u>	<u>2,155</u>
<b>Total funds</b>	<u>8,163,904</u>	<u>3,638,507</u>	<u>(2,188,574)</u>	<u>(43,000)</u>	<u>9,570,837</u>

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

15

## Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	0	201	9,620,350	9,620,551
Current assets	2,155	259,280	0	261,435
Current liabilities	0	(237,149)	0	(237,149)
Pension scheme liability	0	(74,000)	0	(74,000)
<b>Total net assets</b>	<b>2,155</b>	<b>(51,668)</b>	<b>9,620,350</b>	<b>9,570,837</b>

16

	Capital Commitments 2016 £	Capital Commitments 2015 £
Contracted for, but not provided in the financial statements	0	2,122,570

17

## Financial commitments

Operating leases

At 31 August 2016 the UTC had no annual commitments under non-cancellable operating leases

18

## Reconciliation of net income to net cash inflow from operating activities

	At 31 August 2016 £	At 31 August 2015 £
Net income for reporting period	1,449,934	8,036,582
<i>Adjusted for:</i>		
Depreciation (Note 11)	422,439	0
Capital Grant	(1,884,197)	(8,158,400)
Interest Receivable	(1,161)	(844)
Defined benefit pension scheme cost less contributions payable (note 23)	32,000	0
Defined benefit pension scheme finance cost (note 23)	(1,000)	0
Decrease in stocks	0	0
Decrease in debtors	983,224	(1,013,590)
Decrease in creditors	(983,007)	1,181,044
<b>Net cash inflow from operating activities</b>	<b>18,232</b>	<b>44,792</b>

19

## Capital expenditure and financial investment:

	2016 £	2015 £
Interest received	1,161	844
Purchase of tangible fixed assets	(1,884,590)	8,158,400
Capital grants from DfE/EFA	1,884,197	(8,158,400)
Capital funding received from sponsors and others	0	0
Receipts from sale of tangible fixed assets	0	0
<b>Net cash inflow from capital expenditure and financial investment</b>	<b>768</b>	<b>844</b>

## Analysis of changes in net funds

	At 1 September 2015 £	Cash flows £	At 31 August 2016 £
Cash in hand and at bank	197,822	19,000	216,822

21

## Contingent liabilities

There are no contingent liabilities (2015: Nil)

22

## Members' liability

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

23

## Pension and similar obligations

The Health Futures UTC trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013. Contributions amounting to £20,000 were payable to the schemes at 31 August 2016 and are included within creditors.

## Teachers' Pension Scheme

## Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

## Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.66%.

During the year the employer contribution rate was 14.1% The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £109,105.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

## Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2016 was £42,000 (2015: £0), of which employer's contributions totalled £32,000 (2015: £0) and employees' contributions totalled £10,000 (2015: £0) The agreed contribution rates for future years are 13.4 per cent for employers.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of Health Futures UTC 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

	At 31 August 2016	At 31 August 2015
Rate of Increase in salaries	3.75%	4.15%
Rate of Increase for pensions in payment/inflation	2.00%	2.40%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.00%	2.00%
Commulation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	23.1	23.0
Females	25.8	25.6
<i>Retiring in 20 years</i>		
Males	25.3	25.2
Females	28.1	28.0

The Health Futures UTC's share of the assets in the scheme were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	27	-
Government bonds	3	-
Other bonds	4	-
Property	4	-
Cash/liquidity	3	-
Other	5	-
<b>Total market value of assets</b>	<b>46</b>	<b>-</b>

The actual return on scheme assets was £3,000 (2015: £0).

Amounts recognised in the statement of financial activities:

	2016 £000	2015 £000
Service Cost	(64)	-
Net interest cost	1	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
<b>Total operating charge</b>	<b>(63)</b>	<b>-</b>

Changes in the present value of defined benefit obligations were as follows:

	2016 £'000	2015 £'000
At 1 September	-	-
Current service cost	64	-
Interest cost	-	-
Employee contributions	10	-
Actuarial (gain)/loss	46	-
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
<b>At 31 August</b>	<b>120</b>	<b>-</b>

Changes in the fair value of Health Futures UTC's share of scheme assets:

	2016 £'000	2015 £'000
At 1 September	-	-
Interest income	1	-
Return on plan assets (excluding net interest on the net defined pension liability)	3	-
Actuarial gain/(loss)	-	-
Employer contributions	32	-
Employee contributions	10	-
Benefits paid	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
<b>At 31 August</b>	<b>46</b>	<b>-</b>

## Related Party Transactions

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

The UTC has 23 partners (<http://www.healthfuturesutc.co.uk/partners>) and the following related party transaction took place in the period of account:

	2016	2015
	£	£
University of Wolverhampton (Lead Partner)	16,958	0
University of Wolverhampton Social Enterprises Limited	2,215	0
West Midlands Ambulance Service NHS Foundation Trust (Lead Partner)	0	0
Midcounties Co-operative Pharmacy (Lead Partner)	94	0
Birmingham and Solihull Mental Health NHS Foundation Trust	0	0
Birmingham Children's Hospital	0	0
Birmingham Community Healthcare NHS Trust	0	0
Birmingham Women's Hospital NHS Foundation Trust	0	0
Black Country Partnership NHS Foundation Trust	0	0
Compton Hospice	0	0
Dudley and Walsall Mental Health Partnership NHS Trust	0	0
Health Education England (HEE)	0	0
Heart of England NHS Foundation Trust	0	0
Sandwell and West Birmingham Hospitals NHS Trust	0	0
Sandwell College	0	0
Sandwell MBC	3,847	0
Sandwell MBC Business Rates Revenue & Benefits Services	72,069	0
The Dudley Group NHS Foundation Trust	0	0
The Royal Orthopaedic Hospital NHS Foundation Trust	0	0
The Royal Wolverhampton Hospitals NHS Trust	300	0
University Hospitals Birmingham NHS Foundation Trust	0	0
Walsall Healthcare NHS Trust	0	0
<b>Total</b>	<b>95,483</b>	<b>0</b>