

Company Registration Number 07912940

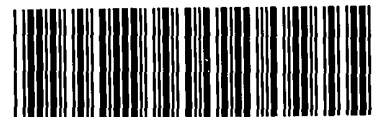
ENERGY COAST UTC  
ANNUAL REPORT AND FINANCIAL  
STATEMENTS

31 AUGUST 2015

(A company limited by guarantee)

**THE REGISTRAR  
OF COMPANIES**

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19/12/2015

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COMPANIES HOUSE

**ArmstrongWatson<sup>®</sup>**  
Accountants & Financial Advisers

**ENERGY COAST UTC**  
**(A company limited by guarantee)**

**CONTENTS**

	Page
<b>Reference and administrative details of the UTC, its governors and advisers</b>	1
<b>Governors' report</b>	2 - 6
<b>Governance statement</b>	7 - 10
<b>Statement on regularity, propriety and compliance</b>	11
<b>Governors' responsibilities statement</b>	12
<b>Independent auditor's report</b>	13 - 14
<b>Independent reporting accountant's assurance report on regularity</b>	15 - 16
<b>Statement of financial activities</b>	17
<b>Balance sheet</b>	18
<b>Cash flow statement</b>	19
<b>Notes to the financial statements</b>	20 - 37

**ENERGY COAST UTC**  
**(A company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE UTC, ITS MEMBERS/ TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2015**

<b>Trustees</b>	Mr R B Rimmer Miss E Flowers Mr M J Smith Mr N J Couzens (resigned 4 March 2015) Mr G Jones, Principal (resigned 11 November 2015) Dr D Connor Mr M J Tinnion Mr A Crowder, Chair Mr C D Nattress Mr A Lindsay (appointed 13 November 2014) Mrs R S Pleasant (appointed 4 March 2015) Mrs H Moore (appointed 1 March 2015) Mr M Allison (appointed 1 March 2015) Mrs M Mills, Co-opted (appointed 13 July 2015)
<b>Company registered number</b>	07912940
<b>Principal and registered office</b>	Energy Coast UTC Blackwood Road Lillyhall Workington Cumbria CA14 4JW
<b>Company secretary</b>	Mrs K Reay
<b>Business director</b>	Mrs N Frazer
<b>Independent auditors</b>	Armstrong Watson Audit Limited Chartered Accountants Statutory Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP
<b>Bankers</b>	National Westminster 31 Pow Street Workington Cumbria CA14 3AE
<b>Solicitors</b>	Burnetts 6 Victoria Place Carlisle Cumbria CA1 1ES

**ENERGY COAST UTC**  
**(A company limited by guarantee)**

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Energy Coast UTC (the UTC) for the year ended 31 August 2015. The Governors confirm that the Annual Report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**CONSTITUTION**

The UTC is constituted under a Memorandum of Association dated 16 January 2012. The first period from 17 January 2012 to 31 August 2012 was dormant and the UTC was not operational until September 2014.

The principal object of the UTC is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, which includes provision for technical education.

**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.

The Members of the Charitable Company are:

University of Cumbria  
Nuclear Decommissioning Authority  
Lakes College West Cumbria  
GEN II Engineering & Technology Training Ltd

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The management of the UTC is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

New Governors are approach to join the Board due to changes in representation of members, due to constitutional requirements or a skill set missing from the Board of Governors.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

Governors are in the process of receiving a training plan covering their legal responsibilities, equality and diversity, safeguarding (including the Prevent Duty), health and safety and teaching and learning.

**ORGANISATIONAL STRUCTURE**

The Governing Body agreed to establish two sub-committees to become operational by 2014. These are for Finance, Resources and Premises; and Curriculum and Standards respectively. The executive structure is expanding and developing in line with the student growth of the College and in the second year, the Principal, who is also the Accounting Officer, will be supported as part of an Executive Leadership Team by an Assistant Principal and the UTC's Business Director.

**ENERGY COAST UTC**  
**(A company limited by guarantee)**

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The UTC College has connected party relationships with both GEN II Engineering & Technology Training Limited and Lakes College West Cumbria. Both are founding members and sponsors of the UTC and have representation on the UTC Governing Body. Both provide specialist training and education under a service contract. In the first academic year, Lakes College have also provided some support on Financial Management and HR.

**RISK MANAGEMENT**

At the start of the academic year, the Governors assessed the major risks to which the UTC is exposed using the recommended DfE risk template and format, and this has formed the register for the year. The Governors are satisfied that this identifies the exposure to financial risk and provides appropriate mitigating actions. The UTC is working, with the support of Morgan Sindall PLC, on a new risk management framework which the Governors believe will be more specific to the needs of the College.

**Objectives and Activities**

**OBJECTS AND AIMS**

The Governors have adopted the following mission statement to encapsulate the aims and objects of Energy Coast UTC: 'Energising our young people and Britain's Energy Coast through innovative, vocationally – focussed education and training, to achieve high standards and excellence'.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The development of the Energy Coast UTC is to provide a world-class education experience, specifically designed to ensure young people are prepared for work and university. Providing education for 14-19 year olds in West Cumbria, the curriculum combines academic class-room based learning with practical skills, with a strong emphasis on Science, Technology, Engineering and Maths (STEM), sustainability, clean technologies and construction.

**ACTIVITIES FOR ACHIEVING OBJECTIVES**

Operations in terms of teaching and learning commenced in the academic year 2014/15 coinciding with the UTC's financial year.

The Energy Coast UTC is building towards its capacity of 560 students and has grown from 140 students in 2014/15 ( its first year), to 342 in its second year across years 10,11,12 and 13. The new Energy Coast UTC facility delivers the core academic provision at both GCSE and A Level with students receiving vocational BTEC related training in the workshop facilities at Energus and Lakes College under agreement with these partner organisations.

Energy Coast UTC has developed successful collaborations with employers in 2014/15, which has included initiatives such as including the 'Balloon Challenge' with the National Nuclear Laboratory, the 'Greenpower Challenge' with Iggesund Paper Board Ltd, and the 'Revival Project' with Forth Engineering Limited.

**ENERGY COAST UTC**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**PUBLIC BENEFIT**

Most importantly, the Energy Coast UTC will assist in meeting community need by offering work-ready young people equipped with the necessary technical and inter-personal skills to meet the requirements of local employers and the West Cumbria economy, especially in the energy sector.

The Energy Coast UTC is also looking to develop ways in which it can support local communities through its community service activities. These activities will form an important part of the College's Enrichment Programme. For example the College is the first UTC in the country to establish a Cadet Force working with the Royal Navy including the first passing out parade. Students also benefitted from a trip to the CERN laboratory in Switzerland.

The Governors of the UTC have considered their responsibilities in respect of public benefit and confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

**Achievements and performance**

**GOING CONCERN**

After making appropriate enquiries, the Board of Governors have 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 accounting policies.

**KEY FINANCIAL PERFORMANCE INDICATORS**

Staff costs as a percentage of income were just 53% which is very low but mask the partnership nature of delivery, whereby education and training services were provided by partner organisations, which represent a further 7.6% of total costs.

Premises and energy costs were just 5.6% of total costs.

Trend analysis and benchmarking will become an important feature of financial KPIs as the UTC establishes itself.

**REVIEW OF ACTIVITIES**

Approval by the Secretary of State to fund the Energy Coast UTC was achieved in July 2013 when the Funding Agreement was signed.

The UTC became operational on the 1 September 2014 meeting its published admissions number of 140 students; 80 in Year 10 and 60 in Year 12. The UTC was oversubscribed in its first year and waiting lists were in use from the start of the operational year.

At the start of the second year a further 202 students have been accepted; 142 in Year 10 and 60 in Year 12.

During the second year, the Governing Body strengthened its own membership by appointing two parent governors (Helen Moore and Malcolm Allison) following an open recruitment process. Alan Lindsay from Cumbria County Council and Marie Mills from James Walker Ltd have also joined. Becky Pleasant from the Nuclear Decommissioning Authority replaced Nigel Couzens.

**ENERGY COAST UTC**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**INVESTMENT POLICY AND PERFORMANCE**

The Finance, Resources and Premises Committee are responsible for ensuring effective scrutiny of the treasury management strategies and policies. At this early stage of development the UTC has not needed to implement any investment decisions.

**FACTORS RELEVANT TO ACHIEVE OBJECTIVES**

The key factors in allowing the Energy Coast UTC to achieve its objectives are as follows:

- High standards of academic and vocational delivery;
- Recruitment of a self-selecting cohort of students who understand and aspire to achieve the UTC's unique offer;
- Recruitment of high skilled and motivated teaching and support staff, and;
- The continued support of the UTC by employers and partners.

**Financial review**

**FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

Most of the UTC's income is obtained from the Department of Education (DfE) in the form of a recurrent grant, the use of which is restricted to educational purposes. The grant for the year is shown in the Statement of Financial Activities. The total DfE revenue grants of £1,615,457 includes Start-Up grants of £286,341 and Capital grants of £289,300. Voluntary income of £36,651 was received during the year, the majority being sponsorship monies from local organisations. Letting and catering income generated a further £65,678 during the year to unrestricted funds.

Total expenditure of funds during the year was £1,899,201, with a resulting deficit on funds, after pension scheme adjustment, for the year of £168,964.

Net assets at 31 August 2014 amounted to £6,111,217 being represented by Restricted Fixed Asset fund of £6,004,377 and Restricted funds of £106,840.

**RESERVES POLICY**

Reserves are held in accordance with the requirements laid down by the Department for Education. At the end of the first operational year a small level of reserves were held which will be utilised within the next financial period. There are no free reserves held at present.

**DEFICIT**

The restricted fund in deficit relates to the local government pension scheme reserve amounting to £9,000 which is calculated annually by the scheme's actuary. The UTC is currently able to meet the liabilities of the pension scheme as they fall due and hence the Governors will monitor this deficit and take appropriate steps, if required by the actuary, to make additional deficit contributions to the scheme.

**ENERGY COAST UTC**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**Plans for future periods**

**FUTURE DEVELOPMENTS**

The Energy Coast UTC plans to ensure that it is fully recruited with 560 students by the academic year 2017-18, with a full complement of teaching and support staff. The UTC is also committed to ensuring exceptional levels of progression into education, employment or training for its departing students. This will be achieved through maintaining high standards of academic and vocational provision and through ensuring students have work-ready skills and knowledge developed through their exposure to the UTCs employment led projects and range of enrichment activities.

**DISCLOSURE OF INFORMATION TO AUDITORS**

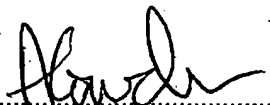
Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- so far as that Governors are aware, there is no relevant audit information of which the UTC's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the UTC's auditors are aware of that information.

**AUDITORS**

Under section 487(2) of the Companies Act 2006, Armstrong Watson Audit Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by order of the Board of Governors on 16.12.15 and signed on the board's behalf by:



Mr A Crowder  
Chair of Governors



Mr R B Rimmer  
Governor



**ENERGY COAST UTC**  
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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

As Governors, we acknowledge we have overall responsibility for ensuring that Energy Coast 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 Governors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Energy Coast UTC and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' report and in the Governors' Responsibilities statement. The Board of Governors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mr A Crowder, Chairman of the Governors	3	4
Miss E Flowers	3	4
Mr R B Rimmer	3	4
Mr G Jones, Principal	4	4
Dr D Connor	4	4
Mr M J Smith	2	4
Mr M J Tinnion	2	4
Mr C D Nattress	3	4
Mr N J Couzens	1	2
Mr A Lindsay	1	3
Mr M Allison	0	2
Mrs H Moore	2	2
Mrs R S Pleasant	2	2
Mrs M Mills, Co-opted	0	1

The Finance, Resources and Premises Committee is a sub-committee of the main Board of Governors. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the UTC's finances and resources, including proper planning, monitoring and probity.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr R B Rimmer, Chairman	3	4
Mr M J Smith	2	4
Mr N J Couzens	1	2
Mr G Jones, Principal	4	4
Mr C D Nattress	3	4
Mr A Crowder, Chair	2	4
Mrs R S Pleasant	2	2

**ENERGY COAST UTC**  
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**GOVERNANCE STATEMENT (continued)**

**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 UTC's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the UTC has delivered improved value for money during the year by:

- Maximising the utilisation of the roof space for solar voltaic panel which has delivered environmental benefits as well as impacting positively through the feed in tariff for building's energy costs. The development is also rooted in the objectives of the UTC as an Energy Engineering College.
- Securing sponsorship from business by providing rights for events, equipment (including Morgan Sindall sponsored uniforms, Iggesund sponsored rugby kit) and room-naming (including NUVIA Cad room). Again this places visible engagement with business at the core of the UTC.
- In house organisation by staff volunteering of external trips rather than outsourcing to agencies.
- Using partner support for services where this can be achieved to minimise costs. This may be through 'open book' service level agreements and gratis support (e.g. Morgan Sindall work on risk framework).

**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 Energy Coast UTC for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Governors has 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 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

The Board has identified that this system can and should be improved. At the start of the year the Principal recommended that the risk system is not sufficiently robust to sustain the UTC as it grows and develops. Therefore with the authority and support of the Governors he embarked on the development of a new risk management framework but at the start of 2015/16 this has not yet been completed.

**ENERGY COAST UTC**  
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**GOVERNANCE STATEMENT (continued)**

**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 Board of Governors;
- regular reviews by the Finance, Resources and Premises 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Armstrong Watson Audit Limited, the external auditors, to perform additional checks.

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

- The testing of EFA funding and catering
- The testing of Resources Expended
- The testing of Payroll
- Review of Asset Management including fixed assets and treasury
- Overview of the preparation of management accounts

On a termly basis, the auditors report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

In each of the Assurance Reports the auditors have stated that 'the UTC is operating under 'a good control environment' but have also identified a series of improvements to be made. Whilst recognising that the UTC is a young organisation that needs to mature, the Governors are fully aware of the need to ensure positive action has been implemented to improve in these identified areas and to follow up where action is still outstanding.

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**GOVERNANCE STATEMENT (continued)**

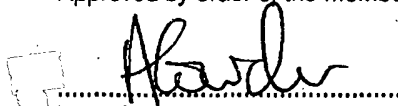
**REVIEW OF EFFECTIVENESS**

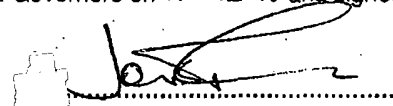
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- 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 considered the results of the review of the system of internal control by the Finance, Resources and Premises Committee and is preparing to develop 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 Governors on 16.12.15 and signed on its behalf, by:

  
.....  
**Mr A Crowder**  
**Chair of Governors**

  
.....  
**Mr J Ferguson**  
**Accounting Officer**

**ENERGY COAST UTC**  
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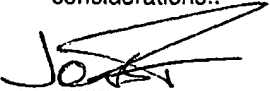
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Energy Coast UTC I have considered my responsibility to notify the UTC 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 (2014).

I confirm that I and the UTC 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 (2014).

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Governors and EFA. If any instances are identified after the date of this statement, these will be notified to the Board of Governors and EFA:

- a non-contractual performance related payment made post year end which was not appropriately authorised, documented or notified to the EFA.
- lack of documentary evidence held by the previous Accounting Officer to demonstrate Value for Money considerations..

  
.....  
**Mr J Ferguson**  
**Accounting Officer**

Date: 16.12.15

**ENERGY COAST UTC**  
(A company limited by guarantee)

**GOVERNORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015**

The Trustees (who act as governors of Energy Coast UTC and 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 Direction issued by the Education Funding Agency; United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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:

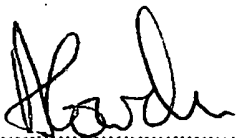
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 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 Governors 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 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 members of the Board of Governors on 16.12.15 and signed on its behalf by:



.....  
Mr A Crowder, Chair of Governors

Date:

**ENERGY COAST UTC**  
**(A company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENERGY COAST UTC**

We have audited the financial statements of Energy Coast UTC for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the charitable UTC's Governors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable UTC's Governors 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 charitable UTC and its Governors, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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 UTC's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**ENERGY COAST UTC**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENERGY COAST UTC**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Jean Carroll (Senior Statutory Auditor)  
for and on behalf of  
**Armstrong Watson Audit Limited**  
Chartered Accountants  
& Statutory Auditors  
Carlisle

Date:

17 December 2015



**ENERGY COAST UTC**  
**(A company limited by guarantee)**

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

In accordance with the terms of our engagement letter dated 21 October 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Energy Coast UTC during the year 1 September 2014 to 31 August 2015 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 Energy Coast UTC and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Energy Coast UTC and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Energy Coast UTC and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF ENERGY COAST UTC'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Energy Coast UTC's funding agreement with the Secretary of State for Education dated July 2013, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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 UTC's income and expenditure.

The work undertaken to draw our conclusion includes:

- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- review of extra-contractual payments for staff have been made in accordance with the Handbook;
- review of resources expended for individual transactions exceeding £5,000;
- reviewing any borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;

**ENERGY COAST UTC**  
**(A company limited by guarantee)**

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

**CONCLUSION**

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Matters arising:**

- A bonus was paid post year end in respect of the 14/15 financial year which was non-contractual. The authorisation of this bonus is not documented and the process of authorisation and payment was not adequately segregated from the recipient of the bonus. The bonus was not approved by the EFA.
- there has been a lack of evidence maintained by the Accounting Officer for the period to show the UTC has obtained Value for Money.



Jean Carroll  
For and on behalf of

**Armstrong Watson Audit Limited**  
Chartered Accountants  
& Statutory Auditors  
Carlisle

Date: 17 December 2015

**ENERGY COAST UTC**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and expenditure account and statement of total recognised gains and losses)  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	2,381	34,270	-	36,651	6,278,135
Activities for generating funds	3	65,678	-	-	65,678	-
Investment income	4	1,570	-	-	1,570	1,593
Incoming resources from charitable activities	5	-	1,338,038	289,300	1,627,338	120,000
<b>TOTAL INCOMING RESOURCES</b>		<b>69,629</b>	<b>1,372,308</b>	<b>289,300</b>	<b>1,731,237</b>	<b>6,399,728</b>
<b>RESOURCES EXPENDED</b>						
Charitable activities		71,504	1,322,636	484,161	1,878,301	249,513
Governance costs	10	-	20,900	-	20,900	3,990
<b>TOTAL RESOURCES EXPENDED</b>	7	<b>71,504</b>	<b>1,343,536</b>	<b>484,161</b>	<b>1,899,201</b>	<b>253,503</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>(1,875)</b>	<b>28,772</b>	<b>(194,861)</b>	<b>(167,964)</b>	<b>6,146,225</b>
Transfers between Funds	18	-	78,897	(78,897)	-	-
<b>NET INCOME / (EXPENDITURE) FOR THE YEAR</b>		<b>(1,875)</b>	<b>107,669</b>	<b>(273,758)</b>	<b>(167,964)</b>	<b>6,146,225</b>
Actuarial gains and losses on defined benefit pension schemes		-	(1,000)	-	(1,000)	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(1,875)</b>	<b>106,669</b>	<b>(273,758)</b>	<b>(168,964)</b>	<b>6,146,225</b>
Total funds at 1 September 2014		1,875	171	6,278,135	6,280,181	133,956
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>-</b>	<b>106,840</b>	<b>6,004,377</b>	<b>6,111,217</b>	<b>6,280,181</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

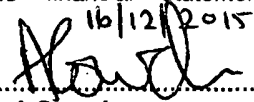
The notes on pages 20 to 37 form part of these financial statements.

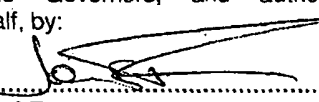
**ENERGY COAST UTC**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07912940

**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	15		6,004,377		6,278,135
<b>CURRENT ASSETS</b>					
Debtors	16	274,558		1,399,794	
Cash at bank and in hand		144,341		170,737	
		<u>418,899</u>		<u>1,570,531</u>	
<b>CREDITORS: amounts falling due within one year</b>	17	(303,059)		(1,568,485)	
<b>NET CURRENT ASSETS</b>			<u>115,840</u>		<u>2,046</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,120,217</u>		<u>6,280,181</u>
Defined benefit pension scheme liability	24	(9,000)			
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>6,111,217</u></u>		<u><u>6,280,181</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	18	115,840		171	
Restricted fixed asset funds	18	6,004,377		6,278,135	
		<u>6,120,217</u>		<u>6,278,306</u>	
Restricted funds excluding pension liability		(9,000)		-	
Pension reserve					
Total restricted funds			<u>6,111,217</u>		<u>6,278,306</u>
Unrestricted funds	18		-		1,875
<b>TOTAL FUNDS</b>			<u><u>6,111,217</u></u>		<u><u>6,280,181</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 16/12/2015 and are signed on their behalf, by:

  
Mr A Crowder  
Chair of Governors

  
Mr J Ferguson  
Accounting Officer

The notes on pages 20 to 37 form part of these financial statements.

**ENERGY COAST UTC**  
(A company limited by guarantee)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	20	(27,966)	28,132
Returns on investments and servicing of finance	21	1,570	1,593
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(26,396)</b>	<b>29,725</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
(Decrease)/Increase in cash in the year	(26,396)	29,725
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>(26,396)</b>	<b>29,725</b>
Net funds at 1 September 2014	170,737	141,012
<b>NET FUNDS AT 31 AUGUST 2015</b>	<b>144,341</b>	<b>170,737</b>

The notes on pages 20 to 37 form part of these financial statements.

**ENERGY COAST UTC**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the 'Academies Accounts Direction 2014 to 2015' issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 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 funders where the asset acquired or created is held for a specific purpose.

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

Investment income, gains and losses are allocated to the appropriate fund.

**1.3 Incoming resources**

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

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Sponsorship income 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 and it is measurable.

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

**ENERGY COAST UTC**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.4 Resources expended**

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.

Charitable activities are costs incurred in the UTC's educational operations.

Governance costs include the costs attributable to the UTC's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

**1.5 Going concern**

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the UTC 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.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

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

Long-term leasehold property	-	30 years straight line
Plant and machinery	-	15 years straight line
Fixtures and fittings	-	5 years straight line
Computer equipment	-	3 years straight line

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.7 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.

**1.8 Pensions**

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 24, 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.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	-	300	300	6,278,135
Sponsorship	-	33,970	33,970	-
Similar incoming resources	2,381	-	2,381	-
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	2,381	34,270	36,651	6,278,135
	<hr/>	<hr/>	<hr/>	<hr/>

On 26 August 2014 the Department for Education transferred the building and contents to the University Technical College as a donation.



**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Letting income	18,197	-	18,197	-
Catering income	47,481	-	47,481	-
	<u>65,678</u>	<u>-</u>	<u>65,678</u>	<u>-</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest received	1,570	-	1,570	1,593
	<u>1,570</u>	<u>-</u>	<u>1,570</u>	<u>1,593</u>

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Educational operations	-	1,615,457	1,615,457	120,000
School trips	-	11,881	11,881	-
	<u>-</u>	<u>1,627,338</u>	<u>1,627,338</u>	<u>120,000</u>

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>DfE/EFA revenue grants</b>				
EFA/DfE Project development grant	-	-	-	120,000
General Annual Grant (GAG)	-	1,020,535	1,020,535	-
Capital grant	-	289,300	289,300	-
Start up Grant Part A	-	70,000	70,000	-
Start up Grant Part B	-	216,341	216,341	-
Other government grants	-	19,281	19,281	-
	<u>-</u>	<u>1,615,457</u>	<u>1,615,457</u>	<u>120,000</u>

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**Other government grants**

	2015 £	2014 £
Pupil premium	4,363	-
LA SEN Grant	8,611	-
16-19 Bursary fund	6,307	-
<b>Total</b>	<b>19,281</b>	<b>-</b>

**6. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Educational operations	71,504	1,806,797	1,878,301	249,513

**SUMMARY BY EXPENDITURE TYPE**

	Staff costs 2015 £	Depreciation 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Educational operations	915,488	484,161	478,652	1,878,301	249,513

**7. RESOURCES EXPENDED**

	Staff costs 2015 £	Non Pay Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Educational operations - Direct costs	789,454	747,106	1,536,560	163,017
Educational operations - Support costs	126,034	215,707	341,741	86,496
<b>Charitable activities</b>	<b>915,488</b>	<b>962,813</b>	<b>1,878,301</b>	<b>249,513</b>
<b>Governance</b>	<b>3,757</b>	<b>17,143</b>	<b>20,900</b>	<b>3,990</b>
	<b>919,245</b>	<b>979,956</b>	<b>1,899,201</b>	<b>253,503</b>

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**8. DIRECT COSTS**

	Educational operations £	Total 2015 £	Total 2014 £
Interest cost on pension	1,000	1,000	-
Educational services	121,957	121,957	-
Staff recruitment	1,613	1,613	29,927
Staff training and development	6,156	6,156	4,146
Other direct costs	-	-	2,560
Educational consultancy	-	-	52
Service Level Agreement with other educational provider	22,102	22,102	-
Examination fees	33,811	33,811	-
Catering facilities	76,306	76,306	1,149
Wages and salaries	672,390	672,390	100,314
National insurance	45,956	45,956	10,725
Pension cost	71,108	71,108	14,144
Depreciation	484,161	484,161	-
	<u>1,536,560</u>	<u>1,536,560</u>	<u>163,017</u>

**9. SUPPORT COSTS**

	Educational operations £	Total 2015 £	Total 2014 £
Advertising and marketing	23,992	23,992	19,859
Staff recruitment	27,164	27,164	5,041
Consultation	19,520	19,520	53,195
Bank charges	459	459	284
Insurance	3,500	3,500	2,026
Heat and light	33,921	33,921	-
Maintenance of premises and equipment	72,510	72,510	1,281
Travel and subsistence	2,695	2,695	3,159
Other support costs	-	-	1,651
Rates	20,673	20,673	-
Computer costs	11,273	11,273	-
Wages and salaries	100,286	100,286	-
National insurance	6,444	6,444	-
Pension cost	19,304	19,304	-
	<u>341,741</u>	<u>341,741</u>	<u>86,496</u>

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**10. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Accountancy fees	-	2,588	2,588	750
Auditor's remuneration	-	6,450	6,450	2,250
Legal & professional fees	-	8,105	8,105	990
Clerk to the governors' wages	-	3,757	3,757	-
	<u>-</u>	<u>20,900</u>	<u>20,900</u>	<u>3,990</u>

**11. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the UTC	484,161	-
Auditor's remuneration	<u>6,450</u>	<u>2,250</u>

**12. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	776,433	100,314
Social security costs	52,400	10,725
Other pension costs (Note 24)	90,412	14,144
	<u>919,245</u>	<u>125,183</u>

**b. Staff severance payments**

During the year a severance payment of £19,000 was paid to a member of the teaching staff.

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**12. STAFF (continued)**

**c. Staff numbers**

The average number of persons employed by the UTC during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	9	2
Administration and support	8	0
Management	2	0
	<u>19</u>	<u>2</u>

**d. Higher paid staff**

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

	2015 No.	2014 No.
In the band £70,001 - £80,000	0	1
In the band £90,001 - £100,000	1	0
	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2015 employer's pension contributions amounted to £11,280 (2014 - £11,280).

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**13. GOVERNORS' REMUNERATION AND EXPENSES**

During the year retirement benefits were accruing to 1 governor (2014 - 1) in respect of defined benefit pension schemes.

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the UTC in respect of their role as Governors. The value of Governors' remuneration fell within the following bands:

	2015 £'000	2014 £'000
G Jones (Principal) - Remuneration	85-90	75-80
G Jones (Principal) - Pension	10-15	10-15

Governors received benefits in kind amounting to £1,260 in the current year (2014 - £NIL).  
During the year ended 31 August 2015, expenses totalling £1,331 (2014 - £1,242) were reimbursed to 1 governor (2014 - 1).

**14. GOVERNORS' INSURANCE**

In accordance with normal commercial practice the UTC has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on UTC business. The cover is for unlimited indemnity and has been provided by global provider RPA, the cost of this is indistinguishable but is included within the total insurance cost for the year ended 31 August 2015 which was £3,500 (2014 - £nil).

**15. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2014	4,926,490	174,849	618,702	558,094	6,278,135
Additions	210,403	-	-	-	210,403
At 31 August 2015	5,136,893	174,849	618,702	558,094	6,488,538
<b>Depreciation</b>					
At 1 September 2014	-	-	-	-	-
Charge for the year	167,723	11,657	123,740	181,041	484,161
At 31 August 2015	167,723	11,657	123,740	181,041	484,161
<b>Net book value</b>					
At 31 August 2015	4,969,170	163,192	494,962	377,053	6,004,377
At 31 August 2014	4,926,490	174,849	618,702	558,094	6,278,135

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**15. TANGIBLE FIXED ASSETS (continued)**

The long-term leasehold property is subject to a legal charge dated September 2014 in favour of The Secretary of State for Education over the land from which the UTC operate at Workington.

During the year long-term leasehold property additions totalling £210,403 were funded by the Education Funding Agency as part of a capital grant.

**16. DEBTORS**

	2015 £	2014 £
Trade debtors	126	2,662
Other debtors	16,796	729,913
Prepayments and accrued income	257,636	667,219
	<u>274,558</u>	<u>1,399,794</u>

**17. CREDITORS:  
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	2,535	-
Other taxation and social security	15,422	-
Other creditors	11,344	736,198
Accruals and deferred income	273,758	832,287
	<u>303,059</u>	<u>1,568,485</u>

	£
<b>Deferred income</b>	
Deferred income at 1 September 2014	240,403
Resources deferred during the year	135,644
Amounts released from previous years	(240,403)
Deferred income at 31 August 2015	<u>135,644</u>

At the balance sheet date the UTC was holding funds received in advance for pupils in the 2015/16 academic year and an Education Funding Agency capital grant of £72k, which is for ICT equipment that has not yet been received.

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**18. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds - all funds	1,875	69,629	(71,504)	-	-	-
<b>Restricted funds</b>						
Restricted Funds	171	65,432	(28,660)	78,897	-	115,840
General Annual Grant (GAG)	-	1,020,535	(1,020,535)	-	-	-
Start up grants	-	286,341	(286,341)	-	-	-
Pension reserve	-	-	(8,000)	-	(1,000)	(9,000)
	171	1,372,308	(1,343,536)	78,897	(1,000)	106,840
<b>Restricted fixed asset funds</b>						
Assets transferred from EFA	6,278,135	289,300	(484,161)	(78,897)	-	6,004,377
Total restricted funds	6,278,306	1,661,608	(1,827,697)	-	(1,000)	6,111,217
Total of funds	6,280,181	1,731,237	(1,899,201)	-	(1,000)	6,111,217

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

**RESTRICTED FUNDS**

Restricted funds relate to monies which have been given for specific educational purposes.

The transfer into restricted funds relates to a capital grant which was received towards the cost of drainage for a sports pitch belonging to another educational establishment. The usage of this pitch has been agreed via a formal agreement for a period of ten years and the grant will be written off in line with the agreed usage of this pitch between the two parties.

General Annual Grant (GAG) must be used for the normal running costs of the UTC. Under the funding agreement with the Secretary of State, the UTC was not subject to limits on the amount of General Annual Grant that it could carry forward at 31 August 2015.

Start Up Grant A is a grant for the purchase of a basic stock of teaching and learning materials including books, text books, software, stationery and PE equipment and other consumables.

Start Up Grant B is a grant to help fund costs not met by the pupil number based GAG in the initial opening years where pupil numbers may not be materialised. The grant is also used to meet any transitional costs.

The pension reserve relates to the UTC's share of the deficit of the Local Government Pension Scheme.



**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**18. STATEMENT OF FUNDS (continued)**

**RESTRICTED FIXED ASSET FUNDS**

The closing balance of the fund reflects the net book value of the assets purchased to date using these funds whether granted or gifted.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers In/out £	Gains/ (Losses) £	Carried Forward £
General funds	1,875	69,629	(71,504)	-	-	-
Restricted funds	171	1,372,308	(1,343,536)	78,897	(1,000)	106,840
Restricted fixed asset funds	6,278,135	289,300	(484,161)	(78,897)	-	6,004,377
	<u>6,280,181</u>	<u>1,731,237</u>	<u>(1,899,201)</u>	<u>-</u>	<u>(1,000)</u>	<u>6,111,217</u>

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	6,004,377	6,004,377	6,278,135
Current assets	-	418,899	-	418,899	1,570,532
Creditors due within one year	-	(303,059)	-	(303,059)	(1,568,486)
Provisions for liabilities and charges	-	(9,000)	-	(9,000)	-
	<u>-</u>	<u>106,840</u>	<u>6,004,377</u>	<u>6,111,217</u>	<u>6,280,181</u>

**20. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Net incoming resources before revaluations	(167,964)	6,146,225
Returns on investments and servicing of finance	(1,570)	(1,593)
Depreciation of tangible fixed assets	484,161	-
Capital grants from DfE	(289,300)	(6,278,135)
Decrease/(increase) in debtors	1,204,134	(1,392,062)
(Decrease)/increase in creditors	(1,265,427)	1,553,697
FRS 17 adjustments	8,000	-
<b>Net cash (outflow)/inflow from operations</b>	<u>(27,966)</u>	<u>28,132</u>

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,570	1,593

**22. ANALYSIS OF CHANGES IN NET FUNDS**

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	170,737	(26,396)	-	144,341
<b>Net funds</b>	<b>170,737</b>	<b>(26,396)</b>	<b>-</b>	<b>144,341</b>

**23. CAPITAL COMMITMENTS**

At 31 August 2015 the UTC had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	-	246,732

**24. PENSION COMMITMENTS**

The UTC'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 Capita. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2015.

Contributions amounting to £11,344 were payable to the scheme at 31 August 2015 (2014 - Nil) 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.

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**24. PENSION COMMITMENTS (continued)**

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The UTC is unable to identify its share of the underlying assets and

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**24. PENSION COMMITMENTS (continued)**

liabilities of the scheme. Accordingly, the UTC has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The UTC has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £29,000, of which employer's contributions totalled £20,000 and employees' contributions totalled £9,000. The agreed contribution rates for future years are 14.2% for employers and 5.6-8.5% 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.

The UTC's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	52.60	15,000	-	-
Government bonds	18.30	5,000	-	-
Property	11.10	3,000	-	-
Other bonds	7.20	2,000	-	-
Cash/liquidity	2.80	1,000	-	-
Other	8.00	2,000	-	-
Total market value of assets		28,000		-
Present value of scheme liabilities		(37,000)		-
(Deficit)/surplus in the scheme		(9,000)		-

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(37,000)	-
Fair value of scheme assets	28,000	-
Net liability	(9,000)	-

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

	2015 £	2014 £
Interest on obligation	(1,000)	-

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**24. PENSION COMMITMENTS (continued)**

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

	2015 £	2014 £
Interest cost	1,000	-
Contributions by scheme participants	9,000	-
Past service costs	27,000	-
	<hr/>	<hr/>
Closing defined benefit obligation	37,000	-
	<hr/>	<hr/>

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

	2015 £	2014 £
Actuarial gains and (losses)	(1,000)	-
Contributions by employer	20,000	-
Contributions by employees	9,000	-
	<hr/>	<hr/>
	28,000	-
	<hr/>	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(1,000) (2014 - £NIL).

The UTC expects to contribute £29,000 to its Defined benefit pension scheme in 2016.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	4.00 %	- %
Rate of increase in salaries	3.70 %	- %
Rate of increase for pensions in payment / inflation	2.20 %	- %
Inflation assumption (CPI)	2.20 %	- %

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

	2015	2014
Retiring today		
Males	23.0	0
Females	25.6	0
Retiring in 20 years		
Males	25.8	0
Females	28.8	0

**ENERGY COAST UTC**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2015**

**24. PENSION COMMITMENTS (continued)**

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £	2011 £
Defined benefit obligation	(37,000)	-	-	-	-
Scheme assets	28,000	-	-	-	-
Deficit	(9,000)	-	-	-	-
Experience adjustments on scheme assets	(1,000)	-	-	-	-

The total pension costs to the academy during the year ended 31 August 2015 was £90,412 (2014 - £14,144), of which £63,752 (2014 - £14,144) relates to the TPS and £26,661 (2014 - £NIL) relates to LGPS.

**25. RELATED PARTY TRANSACTIONS**

Owing to the nature of the UTC's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor 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 following related party transactions took place in the period:

During the period the UTC purchased consultancy and marketing services from GEN II Engineering & Technology Training Ltd, a member of Energy Coast UTC, amounting to £87,468 (2014 - £38,900). There were no amounts outstanding at the year end date (2014 - £NIL). Mr M J Smith, Governor, is a Director and Chief Executive Officer of GEN II Engineering & Technology Training Ltd.

During the period the UTC were charged for the provision of teaching staff from Lakes College, a member of Energy Coast UTC, in line with a service level agreement, totalling £170,405 (2014 - £100,436 wages, marketing and catering recharges). At 31 August 2015, the amount owed to Lakes College was £NIL (2014 - £49,195). Mr C Nattress, Governor, is the Principal at Lakes College.

Mr N Couzens, Governor until 4th March 2015, is a Director of ENERGUS, a company the UTC purchased hospitality services from totalling £76,062 during the period (2014 - £4,195).

During the period the UTC received £42,000 (2014 - £NIL) from Morgan Sindall in sponsorship for uniforms and lanyards. £28,000 has been included in deferred income as this is for uniforms for the 2015/16 academic year. Mr A Crowder, Chairman of the Governors, is a Director of this company.

In entering into the above transactions the UTC has complied with the requirements of the EFA's Academies Financial Handbook.

**ENERGY COAST UTC**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**26. POST BALANCE SHEET EVENTS**

Mr G Jones, Principal, resigned with immediate effect on 11 November 2015. He has been replaced by Interim Principal, Mr J Ferguson.