

**ENERGY COAST UTC
ANNUAL REPORT AND FINANCIAL
STATEMENTS**

31 AUGUST 2017

(A company limited by guarantee)

ENERGY COAST UTC
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the UTC, its governors and advisers	1 - 2
Governors' report	3 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of Governors' responsibilities	14
Independent auditor's report	15 - 17
Independent reporting accountant's assurance report on regularity	18 - 19
Statement of financial activities incorporating income and expenditure account	20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements	23 - 45

ENERGY COAST UTC
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	Gen II Engineering & Technology Training Ltd Lakes College West Cumbria Nuclear Decommissioning Authority University of Cumbria
Governors	Mr M Allison, Parent Governor Mr N Bailey, Governor Dr D Connor, Governor Miss E Flowers, Governor (resigned 3 July 2017) Mrs M Mills, Governor Mr C D Nattress, Governor Mr M Osbourne, Governor (appointed 1 September 2016) Mrs R S Pleasant, Governor Mr R B Rimmer, Governor (resigned 16 December 2016) Mr M J Smith, Governor (resigned 8 December 2016) Mr J Chapman, Staff Governor (resigned 31 October 2016) Ms B Stephens, Chair (appointed 11 November 2016) Ms C Tingle, Principal (appointed 1 September 2016) Mr P Mostyn, Governor (appointed 4 April 2017) Mr J B Robertson, Governor (appointed 18 January 2017) Mr J Fox, Governor (appointed 4 April 2017) Mrs H A Barker, Governor (appointed 18 September 2017) Mr P J Freeman, Governor (appointed 18 September 2017)
Company registered number	07912940
Company name	Energy Coast UTC
Principal and registered office	Energy Coast UTC Blackwood Road Lillyhall Workington Cumbria CA14 4JW

ENERGY COAST UTC
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE UTC, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Company secretary	Mrs K Reay (resigned 31 August 2016)
Senior management team	Ms C Tingle Mr M Redding (appointed 15 November 2016) Mr B Stevenson Mr I Russell
Bankers	National Westminster 31 Pow Street Workington Cumbria CA14 3AE
Solicitors	Burnetts 6 Victoria Place Carlisle Cumbria CA1 1ES

ENERGY COAST UTC
(A company limited by guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

The UTC operates an academy specialising in Engineering for pupils aged 14 to 19 serving a catchment area of Allerdale and Copeland in West Cumbria. It has a PAN of 120 and had a roll of 267 students in the school census on October 2017.

Since the UTC qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, governance and management

CONSTITUTION

The academy is constituted under a Memorandum of Association dated 16 January 2012.

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

Details of the Governors who served during the are included in the Reference and administrative details on page 1.

MEMBERS' LIABILITY

Each member of the charitable company contributes 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:

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

GOVERNORS' INDEMNITIES

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

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 approached 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.

ENERGY COAST UTC
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

Governors receive training covering their legal responsibilities, equality and diversity, safeguarding (including the Prevent Duty), health and safety and teaching and learning.

ORGANISATIONAL STRUCTURE

The Governing Body established three sub committees which all became operational by 2016. These are for Finance, Resources and Premises, Curriculum and Standards and Employer Engagement. The UTC Chair of Governors Mike Smith stood down in October 2016 and has been replaced by Barbara Stephens. On the executive side, a new Principal, Cherry Tingle, took up post in September 2016.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

When taking pay decisions, The Energy Coast UTC has regard to the Pay Policy and to the member of staff's particular post within the staffing structure. All procedures for determining pay are consistent with the principles of public life - objectivity, openness and accountability. It is assured that there will be equal treatment for all members of staff in regard to protected characteristics.

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. Lakes College have also provided some support on Financial Management and HR. The trust ensures that relationships with these parties are compliant with the Academies Financial Handbook.

OBJECTIVES 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 which is 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 classroom based learning with practical skills and a strong emphasis on Science, Technology, Engineering and Maths (STEM).

The Energy Coast UTC 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.

The Energy Coast UTC has developed successful collaborations with employers including 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.

PUBLIC BENEFIT

Energy Coast UTC will assist in meeting community needs 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.

ENERGY COAST UTC
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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

KEY PERFORMANCE INDICATORS AND REVIEW OF ACTIVITIES

The UTC results at GCSE and post 16 have improved dramatically this year. Most student outcomes are now well above both local and national average for school year 2016/17.

English and Maths GCSE

Cohort	Cohort Size	National Average 2016	UTC 2016	School Target	Results
Grade 4+ in English (C+ comparison)					
All	119	74%	68%	77%	82%
Boys	78	67%	65%	72%	78%
Girls	41	81%	76%	88%	88%
Disadvantaged	22	-	43%	72%	73%
Non-disadvantaged	96	80%	73%	78%	84%
SEND	1	-	17%	-	100%
High Ability	49	97%	80%	95%	86%
Middle Ability	64	79%	64%	82%	83%
Lower Ability	6	28%	56%	47%	33%
Grade 4+ in maths (C+ comparison)					
All	119	68%	64%	81%	79%
Boys	78	67%	63%	80%	81%
Girls	41	69%	65%	83%	76%
Disadvantaged	22	-	36%	75%	59%
Non-disadvantaged	96	75%	70%	83%	84%
SEND	1	-	17%	-	100%
High Ability	49	97%	85%	97%	94%
Middle Ability	64	70%	64%	89%	73%
Lower Ability	6	17%	11%	47%	17%

All subjects GCSE	No Entries	C+ / 4+	A+ / 7+
English Language	118	75%	7%
English Literature	118	69%	14%
Maths	118	80%	7%
Geography	115	24%	3%
Additional Science	95	67%	2%
Core Science	96	66%	3%
Physics	22	100%	9%
Chemistry	22	100%	32%
Biology	22	100%	32%
French	79	20%	0%
Engineering	103	94%	10%
Construction	13	62%	0%
Overall	119		

ENERGY COAST UTC
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Post 16

A level

Physics, A-Level Maths, Applied Science	UTC 2016	2017 Result
Value Added score	-0.90	-0.41
Lower confidence limit	-1.30	-1.11
Upper confidence limit	-0.51	0.08
Average Points Score	3.98	12.58
Average Grade (A Level equiv)	U	E+
Number of A level entries	82	31
A-Level equiv entries	20.0	

Academic

Physics, A-Level Maths, Applied Science, L3

Maths	UTC 2016	2017 Result
Value Added score	-0.86	-0.42
Lower confidence limit	-1.25	-1.07
Upper confidence limit	-0.48	0.06
Average Points Score	4.75	13.33
Average Grade (A Level equiv)	U	E+
Number of academic entries	104	45
A-Level equiv entries	27.0	

Applied General

Business Studies	UTC 2016	2017 Result
Value Added score	-0.73	-0.88
Lower confidence limit	-1.28	-1.45
Upper confidence limit	-0.19	-0.30
Average Points Score	31.33	28.20
Average Grade (A Level equiv)	C	C-
Number of applied general entries	25	25
A-Level equiv entries	21.5	

Tech Level

Engineering	UTC 2016	2017 Result
Completion & Attainment	0.58	1.29
Average Points Score	37.36	42.50
Average Grade (A Level equiv)	B-	B+
Number of tech level entries	32	30
A-Level equiv entries	68.0	

Overall - Average Students

	UTC 2016	2017 Result
Number of Quals		3.33
A Level equivalents		3.88
APS (A Level equiv)		34.23
Average Grade (A Level)		C+
Average L3VA (grades)	-0.47	0.58
Average L3VA (grades) EXCL Tech Levels	-0.83	-0.63

ENERGY COAST UTC
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Attendance

Attendance has improved significantly this year and is now above national for the 2016/17 year.

Attendance figures against national school year 16/17

	2015/16%	2016/17%
All	93.5	94.9
National (all)	94.8	
Disadvantaged	89.0	92.6
National (D)	91.5	

Persistent Absence

	2015/16%	2016/17%
Autumn Term	15.6	13.6
Spring Term	12.5	8.9
National (secondary)	13.1	

GOING CONCERN

After making appropriate enquiries, and in discussion with the ESFA, the Board of Governors have a reasonable expectation that the UTC has adequate resources to continue in operational existence for the foreseeable future. The UTC has faced significant financial difficulties this year and will be required to repay a pupil number adjustment of £319k from this and previous years. The delayed repayment of this amount is being discussed with the ESFA. Due to a large number of students gaining apprenticeships, student numbers are also forecast to be lower than necessary for the 2017 – 18 financial year and discussions are continuing with the ESFA. The ESFA have been extremely supportive in discussing the medium term difficulties and the support they will provide. For this reason the UTC 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.

Financial review

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.

MATERIAL INVESTMENTS POLICY

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

PRINCIPAL RISKS AND UNCERTAINTIES

At the time of the audit negotiations are still ongoing with the Education and Skills Funding Agency about the repayment terms of the clawback, which is accounted for as a liability in the current year. Additionally, the possibility of the UTC to recruit sufficient learners to make it viable remains a significant risk.

ENERGY COAST UTC
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

FINANCIAL 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 for 2016-17 was £2.538m, with voluntary income of £104k, the majority being sponsorship monies from local organisations.

Total expenditure of funds during the year was £3.315m

Net assets at 31 August 2017 amounted to £4.908m being represented by Restricted Fixed Asset fund of £5.272m

The UTC operates and manages a risk register. With regard to risk the significant factors remain student numbers and the cost of external provision.

DEFICIT

The restricted fund in deficit partly relates to the local government pension scheme reserve amounting to £140,000 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.

Plans for future periods

FUTURE DEVELOPMENTS

The UTC is 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. In addition the UTC ensure students have work ready skills and knowledge gathered through the exposure to the UTCs employment led projects and range of enrichment activities.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The UTC carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Governors.

The UTC has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the UTC's Equal opportunities policy, the UTC has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the UTC's offices.

ENERGY COAST UTC
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

DISCLOSURE OF INFORMATION TO AUDITORS

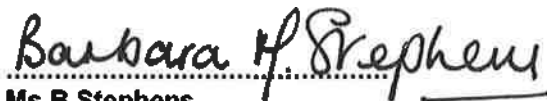
Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company'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.

The Governors' report was approved by order of the Board of Governors, as the company directors, on 11/12/17 and signed on its behalf by:



Ms B Stephens
Chair of Governors

ENERGY COAST UTC
(A company limited by guarantee)

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 Full board of Governors have met 6 times during the year. Attendance during the year at meetings of the board of Governors was as follows:

Malcolm Allison	62.5%
Neil Bailey	100%
Donna Connor (Vice Chair)	100%
Elaine Flowers - resigned 3 July 2017	100%
Mike Fox - appointed 4 April 2017	67%
Marie Mills	62.5%
Helen Moore	100%
Paul Mostyn - appointed 4 April 2017	0%
Chris Nattress	87.5%
Michael Osborne - appointed 1 September 2016	62.5%
Beccy Pleasant	87.5%
Rob Rimmer - resigned 16 December 2016	67%
John Robertson - appointed 18 January 2017	100%
Mike Smith - resigned 8 December 2016	50%
Barbara Stephens (Chair)	100%
Cherry Tingle - appointed 1 September 2016	87.5%

The Finance, Premises and Personnel Governors have met 5 times during the year. Attendance during the year at meetings was as follows:

Neil Bailey (Chair)	80%
Andrew Heron	100%
Beccy Pleasant	60%
Rob Rimmer - resigned 16 December 2016	50%
Barbara Stephens - appointed 11 November 2016	80%
Cherry Tingle - appointed 1 September 2016	100%

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 appropriate. The Accounting Officer for the UTC has delivered improved value for money during the year by:

Regular budget and risk monitoring by the Finance team, Chair of Finance Committee and Principal. Any necessary remedial action is taken to address any significant variances that may impact on budget outturn.

ENERGY COAST UTC
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Where appropriate tender exercises are undertaken to ensure that high value contracts are assessed against the marketplace to ensure that long term contracts attain value for money. Exercises for the provision of cleaning, electricity, broadband, facilities management, multi functional devices and transport carried out in 2017.

ACADEMY TRUST FINANCES

The major financial issue for the UTC relates to clawback of pupil number adjustment (PNA) monies from the Education and Skills Funding Agency (ESFA) and the cost of external provision. Conversations are continuing with ESFA regarding repayment of PNA.

Work to reduce the 2017/18 budget is ongoing. Going forward there remains financial pressure on the ECUTC due to the lower than required recruitment numbers.

The full governing body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy Trust remains a 'going concern'. The governing body also receives and approves the annual accounts and the external auditors report, so ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources.

Please see key performance indicators and review of activities for statistics on subject grades and attendance

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 2016 to 31 August 2017 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

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 auditor's 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:
a review of contracts with SLA's.

ENERGY COAST UTC
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Board of Governors, via the Audit Committee, has considered the Academies Financial Handbook requirements for internal scrutiny and has decided to appoint a team of auditors to carry out this work.

On a termly basis, the auditor reports to the Board of Governors through the audit committee 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. Contained within the auditors' management report from August 2016, ten significant deficiencies in internal controls were identified. Seven of these have now been addressed and of the remaining three, one will be addressed as soon as the year end process is closed, and the other two are in progress and will be completed this year.

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 been advised of the implications of the result of their review of the system of internal control by the Finance, Resources and Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 11/12/17 and signed on their behalf, by:


.....
Ms B Stephens
Chair of Governors


.....
Ms C Tingle, Principal
Accounting Officer

ENERGY COAST UTC
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Energy Coast UTC I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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


.....
Ms C Tingle, Principal
Accounting Officer

Handwritten signature

ENERGY COAST UTC
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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 and Skills 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 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/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 and signed on its behalf by:


Ms B Stephens
Chair of Governors

Date: 11. DEC. 17

ENERGY COAST UTC
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE GOVERNORS OF
ENERGY COAST UTC**

OPINION

We have audited the financial statements of Energy Coast UTC for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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. 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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the UTC's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to notes 1.5 and 25 in the financial statements, which indicates that there is an overall deficit on restricted funds due to the inclusion of a clawback liability in respect of pupil numbers, the repayment terms of which are currently being negotiated with the Education and Skills Funding Agency. As stated in notes 1.5 and 25, these events or conditions, along with the other matters as set forth in the notes 1.5 and 25 indicate that a material uncertainty exists that may cast significant doubt on the UTC's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

ENERGY COAST UTC
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE GOVERNORS OF
ENERGY COAST UTC**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the UTC and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the 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, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

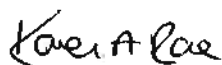
ENERGY COAST UTC
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE GOVERNORS OF
ENERGY COAST UTC**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Karen A Rae (FCCA)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants
& Statutory Auditors
Carlisle
Date: 12 December 2017

ENERGY COAST UTC
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 25 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Energy Coast UTC and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Energy Coast UTC and the ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 to ensure they 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 entered into in accordance with the Handbook;
- reviewing the minutes of the meetings of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires 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 AND SKILLS 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matters arising:

- For a short period of time early in the academic year the Academy continued to operate under contracts which had been previously entered into in excess of delegated authority and where there was no evidence that due consideration had been given to conflicts of interest and the requirements of the Academies Financial Handbook with regard to purchasing services at cost. The Academy notified the Education and Skills Funding Agency during the first term of the academic year and took immediate action to resolve these issues through an internal investigation and has rectified any breaches. These contracts have been replaced and are now fully compliant with the Academies Financial Handbook.

Karen A Rae

Karen A Rae (FCCA)
For and on behalf of

Armstrong Watson Audit Limited
Chartered Accountants
& Statutory Auditors
Carlisle

Date: 12 December 2017

ENERGY COAST UTC
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	-	94,010	-	94,010	88,633
Charitable activities	5	-	2,327,117	228,259	2,555,376	2,540,530
Other trading activities	3	82,864	21,422	-	104,286	108,261
Investments	4	727	-	-	727	1,534
TOTAL INCOME		83,591	2,442,549	228,259	2,754,399	2,738,958
EXPENDITURE ON:						
Raising funds		70,601	25,610	-	96,211	118,135
Charitable activities		12,990	2,697,968	508,594	3,219,552	3,183,844
TOTAL EXPENDITURE	6	83,591	2,723,578	508,594	3,315,763	3,301,979
NET EXPENDITURE BEFORE TRANSFERS						
Transfers between Funds	17	-	(281,029)	(280,335)	(561,364)	(563,021)
		-	(2,657)	2,657	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		-	(283,686)	(277,678)	(561,364)	(563,021)
Actuarial losses on defined benefit pension schemes	22	-	(36,000)	-	(36,000)	(42,000)
NET MOVEMENT IN FUNDS		-	(319,686)	(277,678)	(597,364)	(605,021)
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	(44,054)	5,550,250	5,506,196	6,111,217
TOTAL FUNDS CARRIED FORWARD		-	(363,740)	5,272,572	4,908,832	5,506,196


The notes on pages 23 to 45 form part of these financial statements.


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

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		5,169,771		5,550,250
CURRENT ASSETS					
Debtors	15	212,842		319,880	
Cash at bank and in hand		248,648		151,182	
		<u>461,490</u>		<u>471,062</u>	
CREDITORS: amounts falling due within one year	16	(582,429)		(451,116)	
NET CURRENT (LIABILITIES)/ASSETS			(120,939)		19,946
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,048,832</u>		<u>5,570,196</u>
Defined benefit pension scheme liability	22	(140,000)		(64,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>4,908,832</u>		<u>5,506,196</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	(223,740)		19,946	
Restricted fixed asset funds	17	5,272,572		5,550,250	
Restricted income funds excluding pension liability		<u>5,048,832</u>		<u>5,570,196</u>	
Pension reserve		(140,000)		(64,000)	
Total restricted income funds			<u>4,908,832</u>		<u>5,506,196</u>
TOTAL FUNDS			<u>4,908,832</u>		<u>5,506,196</u>

The financial statements on pages 20 to 45 were approved by the Governors, and authorised for issue, on 11/12/17 and are signed on their behalf, by:


 Ms B Stephens
 Chair of Governors


 Ms C Tingle, Principal
 Accounting Officer

ENERGY COAST UTC
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	19	96,739	5,307
Cash flows from Investing activities:			
Dividends, interest and rents from investments		727	1,534
Net cash provided by investing activities		727	1,534
Change in cash and cash equivalents in the year		97,466	6,841
Cash and cash equivalents brought forward		151,182	144,341
Cash and cash equivalents carried forward	20	248,648	151,182

Energy Coast UTC

ENERGY COAST UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Energy Coast UTC constitutes a public benefit entity as defined by FRS 102.

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 the Department for Education where the asset acquired or created is held for a specific purpose.

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

ENERGY COAST UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the UTC has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the UTC which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

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

ENERGY COAST UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future. This is subject to continued support by the Education and Skills Funding Agency disclosed in Note 24. The Governors have reasonable confidence that this support will be provided and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

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

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 incorporating income and expenditure account.

1.7 Operating leases

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

1.8 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.

ENERGY COAST UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the UTC anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the UTC's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the UTC's wholly owned subsidiary are held at face value less any impairment.

ENERGY COAST UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The UTC trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Local Government Defined Benefit Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

(b) Depreciation

Establishing useful economic lives for depreciation purposes. The annual depreciation charge depends primarily on the estimated lives of each type of asset and estimated of residual values. Governors regularly review the useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation charges for the period. Details of the depreciation policies are included in the accounting policies 1.6.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	1,129	-	1,129	5,923
Grants received	-	-	-	-	7,500
Sponsorship	-	92,881	-	92,881	75,210
	-	94,010	-	94,010	88,633
Total 2016	-	88,633	-	88,633	

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Letting income	430	-	430	1,209
Catering income	67,510	-	67,510	91,965
Other income	14,924	21,422	36,346	15,087
	<u>82,864</u>	<u>21,422</u>	<u>104,286</u>	<u>108,261</u>
<i>Total 2016</i>	<u>108,261</u>	<u>-</u>	<u>108,261</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest received	727	-	727	1,534
	<u>727</u>	<u>-</u>	<u>727</u>	
<i>Total 2016</i>	<u>1,534</u>	<u>-</u>	<u>1,534</u>	

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Educational operations	-	2,538,478	2,538,478	2,507,579
School trips	-	16,898	16,898	32,951
	<u>-</u>	<u>2,555,376</u>	<u>2,555,376</u>	<u>2,540,530</u>
<i>Total 2016</i>	<u>-</u>	<u>2,540,530</u>	<u>2,540,530</u>	

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,176,190	2,176,190	2,142,619
Capital grant	-	228,259	228,259	78,367
Start up Grant Part A	-	60,000	60,000	110,000
Start up Grant Part B	-	21,925	21,925	103,020
Other government grants	-	52,104	52,104	73,573
	-	2,538,478	2,538,478	2,507,579
Total 2016	-	2,507,579	2,507,579	

Other government grants

	2017 £	2016 £
Pupil Premium	40,718	9,349
LA SEN Grant	11,386	6,550
16-19 Bursary fund	-	13,946
Transportation grant	-	43,728
Total	52,104	73,573

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	96,211	96,211	118,135
Educational operations:					
Direct costs	1,223,582	-	1,415,969	2,639,551	2,673,630
Support costs	224,132	146,516	196,363	567,011	510,214
	1,447,714	146,516	1,708,543	3,302,773	3,301,979
Total 2016	1,374,880	141,886	1,785,213	3,301,979	

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

7. DIRECT COSTS

	Educational operations £	Total 2017 £	Total 2016 £
Interest cost on pension	2,000	2,000	-
EFA clawback	321,622	321,622	173,000
Educational services	118,326	118,326	165,024
Staff recruitment	23,487	23,487	19,774
Staff training and development	15,813	15,813	6,527
Pension deficit	(1,533)	(1,533)	-
Contracts with other educational providers	339,393	339,393	598,308
Examination fees	63,269	63,269	63,281
Supply and staff restructuring costs	92,197	92,197	84,675
Wages and salaries	873,615	873,615	874,818
National insurance	91,123	91,123	67,812
Pension cost	191,645	191,645	113,748
Depreciation	508,594	508,594	506,664
	<u>2,639,551</u>	<u>2,639,551</u>	<u>2,673,631</u>
<i>At 31 August 2016</i>	<u>2,673,630</u>	<u>2,673,630</u>	

8. SUPPORT COSTS

	Governance £	Educational operations £	Total 2017 £	Total 2016 £
Legal and professional	-	-	-	10,750
Advertising and marketing	-	34,538	34,538	10,150
Staff recruitment	-	48,701	48,701	45,541
Consultation	-	74,144	74,144	43,463
Bank charges	-	1,004	1,004	884
Insurance	-	6,400	6,400	8,800
Heat and light	-	29,747	29,747	29,029
Maintenance of premises and equipment	-	88,444	88,444	81,837
Travel and subsistence	-	6,799	6,799	4,075
Auditor's remuneration	12,990	-	12,990	10,500
Rates	-	28,325	28,325	31,020
Computer costs	-	49,777	49,777	44,045
Wages and salaries	-	187,583	187,583	153,539
National insurance	-	13,978	13,978	8,725
Pension cost	-	(2,429)	(2,429)	27,856
	<u>12,990</u>	<u>567,011</u>	<u>580,001</u>	<u>510,214</u>
<i>At 31 August 2016</i>	<u>10,500</u>	<u>499,714</u>	<u>510,214</u>	

ENERGY COAST UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	508,594	506,664
Auditors' remuneration	12,990	10,500
	<u>521,584</u>	<u>517,164</u>

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,061,199	1,028,357
Social security costs	105,102	76,537
Operating costs of defined benefit pension schemes	189,216	141,604
	<u>1,355,517</u>	<u>1,246,498</u>
Supply teachers costs	70,127	84,675
Staff restructuring costs	22,070	43,707
	<u><u>1,447,714</u></u>	<u><u>1,374,880</u></u>

Staff restructuring costs comprise:

Severance payments	<u>22,070</u>	<u>43,707</u>
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Included in wages and salaries are non-statutory/non-contractual severance payments totalling £22,070 (2016 - £43,707) paid to one individual during the year.

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

	2017 No.	2016 No.
Teachers	21	18
Administration and support	12	10
Management	1	1
	<u>34</u>	<u>29</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	0	1
In the band £90,001 - £100,000	1	0

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 related employer's pension contributions amounted to £15,162 (2016 - £2,488).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £250,011 (2016 - £195,460).

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. GOVERNORS' REMUNERATION AND EXPENSES

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2017	2016
		£'000	£'000
Mr G Jones (Principal until 11 November 2015)	Remuneration		65-70
	Pension contributions paid		0-5
Mr J Chapman	Remuneration		45-50
	Pension contributions paid		5-10
Ms C Tingle, Principal	Remuneration	90-95	
	Pension contributions paid	15-20	
Mr M Fox	Remuneration	35-40	
	Pension contributions paid	5-10	

No expenses were reimbursed to governors (2016 - £nil)

During the year, no Governors received any benefits in kind (2016 - £nil).

12. GOVERNORS' AND OFFICERS' INSURANCE

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

13. OTHER FINANCE INCOME

	2017	2016
	£	£
Interest income on pension scheme assets	2,000	2,000
Interest on pension scheme liabilities	(4,000)	(2,000)
	(2,000)	-

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	5,136,893	174,849	618,702	610,631	6,541,075
Additions	128,115	-	-	-	128,115
At 31 August 2017	5,265,008	174,849	618,702	610,631	6,669,190
Depreciation					
At 1 September 2016	335,446	23,314	247,480	384,585	990,825
Charge for the year	169,652	11,657	123,742	203,543	508,594
At 31 August 2017	505,098	34,971	371,222	588,128	1,499,419
Net book value					
At 31 August 2017	4,759,910	139,878	247,480	22,503	5,169,771
At 31 August 2016	4,801,447	151,535	371,222	226,046	5,550,250

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 operates at Workington.

During the year Leasehold property additions were funded by capital grants received from the ESFA.

15. DEBTORS

	2017 £	2016 £
Trade debtors	464	3,837
Other debtors	6,643	55,320
Prepayments and accrued income	205,735	260,723
	<u>212,842</u>	<u>319,880</u>

16. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	63,057	91,145
Other taxation and social security	26,196	20,509
Other creditors	21,106	15,103
Accruals and deferred income	472,070	324,359
	<u>582,429</u>	<u>451,116</u>

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. CREDITORS: Amounts falling due within one year (continued)

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	40,851	135,644
Resources deferred during the year	21,631	40,851
Amounts released from previous years	(40,851)	(135,644)
	<u>21,631</u>	<u>40,851</u>
Deferred income at 31 August 2017	<u>21,631</u>	<u>40,851</u>

At the balance sheet date the UTC was holding funds received in advance for pupils in the 2017/18 academic year amounting to £9,878 and rates relief amounting to £11,814.

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	-	83,591	(83,591)	-	-	-
Restricted funds						
Other Educational Income	192,946	77,970	(200,976)	-	-	69,940
General Annual Grant (GAG)	(173,000)	2,228,279	(2,371,619)	(2,657)	-	(318,997)
Start up grants	-	81,925	(81,925)	-	-	-
Morgan Sindall Literacy Donation	-	14,375	(13,551)	-	-	824
Morgan Sindall Numeracy Donation	-	40,000	(15,507)	-	-	24,493
Pension reserve	(64,000)	-	(40,000)	-	(36,000)	(140,000)
	<u>(44,054)</u>	<u>2,442,549</u>	<u>(2,723,578)</u>	<u>(2,657)</u>	<u>(36,000)</u>	<u>(363,740)</u>
Restricted fixed asset funds						
Assets transferred from EFA	5,550,250	218,566	(508,594)	-	-	5,260,222
Devolved Capital Formula	-	9,693	-	2,657	-	12,350
	<u>5,550,250</u>	<u>228,259</u>	<u>(508,594)</u>	<u>2,657</u>	<u>-</u>	<u>5,272,572</u>
Total restricted funds	<u>5,506,196</u>	<u>2,670,808</u>	<u>(3,232,172)</u>	<u>-</u>	<u>(36,000)</u>	<u>4,908,832</u>
Total of funds	<u>5,506,196</u>	<u>2,754,399</u>	<u>(3,315,763)</u>	<u>-</u>	<u>(36,000)</u>	<u>4,908,832</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds - all funds	-	109,795	(109,795)	-	-	-
	<u>-</u>	<u>109,795</u>	<u>(109,795)</u>	<u>-</u>	<u>-</u>	<u>-</u>

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

17. STATEMENT OF FUNDS (continued)

Restricted funds

Other Educational Income	115,840	195,157	(143,881)	25,830	-	192,946
General Annual Grant (GAG)	-	2,142,619	(2,315,619)	-	-	(173,000)
Start up grants	-	213,020	(213,020)	-	-	-
Pension reserve	(9,000)	-	(13,000)	-	(42,000)	(64,000)
	<u>106,840</u>	<u>2,550,796</u>	<u>(2,685,520)</u>	<u>25,830</u>	<u>(42,000)</u>	<u>(44,054)</u>

Restricted fixed asset funds

Assets transferred from EFA	6,004,377	78,367	(506,664)	(25,830)	-	5,550,250
	<u>6,004,377</u>	<u>78,367</u>	<u>(506,664)</u>	<u>(25,830)</u>	<u>-</u>	<u>5,550,250</u>
Total restricted funds	<u>6,111,217</u>	<u>2,629,163</u>	<u>(3,192,184)</u>	<u>-</u>	<u>(42,000)</u>	<u>5,506,196</u>
Total of funds	<u>6,111,217</u>	<u>2,738,958</u>	<u>(3,301,979)</u>	<u>-</u>	<u>(42,000)</u>	<u>5,506,196</u>

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 a toucan crossing.

General Annual Grant (GAG) must be used for the normal running costs of the UTC.

The General Annual Grant is in deficit due to EFA clawback in respect of pupil numbers for 2016/17 academic year. The UTC are currently in negotiation with the EFA and at the time of the audit repayment terms have not been determined.

Start Up Grants 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 materialise. The grant is also used to meet any transitional costs.

Morgan Sindall Literacy and Numeracy Donation relates to other educational grants and sponsorship income received which are to be expended on specific purposes.

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

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, along with grants received for which assets will be purchased in future periods.

Under the funding agreement with the Secretary of State, the UTC was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	5,169,770	5,169,770
Current assets	-	358,693	102,802	461,495
Creditors due within one year	-	(582,433)	-	(582,433)
Provisions for liabilities and charges	-	(140,000)	-	(140,000)
	-	(363,740)	5,272,572	4,908,832

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	5,550,250	5,550,250
Current assets	-	471,062	-	471,062
Creditors due within one year	-	(451,116)	-	(451,116)
Provisions for liabilities and charges	-	(64,000)	-	(64,000)
	-	(44,054)	5,550,250	5,506,196

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(561,364)	(563,021)
Adjustment for:		
Depreciation charges	508,594	506,664
Dividends, interest and rents from investments	(727)	(1,534)
Decrease in debtors	106,965	43,633
Increase in creditors	166,385	59,102
Capital grants from DfE and other capital income	(128,114)	(52,537)
Defined benefit pension scheme finance cost	5,000	13,000
Net cash provided by operating activities	96,739	5,307

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	283,718	315,225
Overdraft facility repayable on demand	(35,070)	(164,043)
Total	248,648	151,182

ENERGY COAST UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. CAPITAL COMMITMENTS

At 31 August 2017 the UTC had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>102,802</u>	<u>125,626</u>

ENERGY COAST UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. 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 multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £21,106 were payable to the schemes at 31 August 2017 (2016 - 14,994) 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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £121,392 (2016 - £101,904).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £38,515 (2016 - £38,769), of which employer's contributions totalled £26,677 (2016 - £26,774) and employees' contributions totalled £11,838 (2016 - £11,995). 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 expects to contribute £20,000 to its Defined benefit pension scheme in 2017/2018.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.20 %
Rate of increase in salaries	3.70 %	3.40 %
Rate of increase for pensions in payment / inflation	2.20 %	2.00 %
Inflation assumption (CPI)	2.20 %	1.90 %

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

	2017	2016
Retiring today		
Males	23.1	23.1
Females	25.7	25.7
Retiring in 20 years		
Males	25.4	25.9
Females	28.4	28.9

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	312,000	38,000
Government bonds	116,000	15,000
Corporate bonds	41,000	8,000
Other bonds	52,000	6,000
Cash/Liquidity	34,000	2,000
Other	82,000	7,000
Total market value of assets	<u>637,000</u>	<u>76,000</u>

The actual return on scheme assets was £36,000 (2016 - £10,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(63,000)	(39,000)
Interest income	2,000	2,000
Interest cost	(4,000)	(2,000)
Admin expenses	(1,000)	(1,000)
Total	<u>(66,000)</u>	<u>(40,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	140,000	37,000
Current service cost	63,000	39,000
Interest cost	4,000	2,000
Employee contributions	12,000	12,000
Actuarial losses	558,000	50,000
Closing defined benefit obligation	<u>777,000</u>	<u>140,000</u>

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

22. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	76,000	28,000
Interest income	2,000	2,000
Actuarial losses	522,000	8,000
Employer contributions	26,000	27,000
Employee contributions	12,000	12,000
Administration costs	(1,000)	(1,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	637,000	76,000
	<hr/>	<hr/>

23. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	6,439	-
Between 1 and 5 years	12,277	-
	<hr/>	<hr/>
Total	18,716	-
	<hr/>	<hr/>

24. RELATED PARTY TRANSACTIONS

During the period the UTC were charged for the provision of teaching staff, facilities and resources from GEN2 Engineering & Technology Training Ltd, a member of Energy Coast UTC, amounting to £246,273 (2016 - £411,180). There were no amounts outstanding at the year end date (2016 - £NIL). Mr M J Smith, Governor until 8 December 2016, 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 £122,645 (2016 - £122,913 wages, marketing and catering recharges). At 31 August 2017, the amount owed to Lakes College was £32,721 (2016 - £38,998). Mr C Nattress, Governor, is the Principal at Lakes College.

During the period the UTC received £64,375 (2016 - £35,850) from Morgan Sindall in sponsorship for uniforms, Literacy and numeracy. Mr N Bailey, Governor is a Director of this company.

The UTC has entered into a lease with Lakes College in relation to the use by pupils of a 3G sports pitch at Lakes College. An amount of £78,897 was been paid in advance for the ten year lease. This was included in prepayments and is being released over the period of the lease which commenced in August 2016. The amount charged during the year amounted to £7,889 with £71,008 included within prepayments at the year end.

ENERGY COAST UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. GOING CONCERN

The Governors have considered the results for the year and the impact of the Education and Skills Funding Agency clawback in respect of pupil numbers on restricted funds. At the time of the audit negotiations are still ongoing with the Education and Skills Funding Agency about the repayment terms of the clawback, which is accounted for as a liability in the current year and has resulted in the overall deficit on restricted funds at the year end date.

The Governors consider the basis of going concern to be appropriate for the preparation of the financial statements since the Education and Skills Funding Agency have agreed to discuss the terms of the repayment although no definitive agreement has been reached.

26. 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.

