

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

**31 AUGUST 2018**

**(A company limited by guarantee)**

**A. W. APPROVAL**  
**COPY TO BE SIGNED**

**ArmstrongWatson®**  
**Accountants, Business & Financial Advisers**

**ENERGY COAST UTC**  
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**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2018**

<b>Members</b>	Gen II Engineering & Technology Training Ltd Lakes College West Cumbria (resigned 1 September 2018) Nuclear Decommissioning Authority University of Cumbria
<b>Governors</b>	Mr M Allison, Parent Governor (resigned 3 September 2018) Mr N Bailey, Governor Dr D Connor, Governor Mrs M Mills, Governor Mr C D Nattress, Governor (resigned 3 September 2018) Mr M Osbourne, Governor (resigned 19 March 2018) Mrs R S Pleasant, Governor (resigned 8 January 2018) Ms B Stephens, Chair Ms C Tingle, Principal Mr J B Robertson, Governor (resigned 19 March 2018) Mr M J Fox, Governor Mrs H A Barker, Governor (appointed 18 September 2017) Mr P J Freeman, Governor (appointed 18 September 2017) Mr A Bulloch, Governor (appointed 11 December 2017) Mrs C Hadfield, Governor (appointed 19 March 2018) Mr A R J Hughes, Governor (appointed 11 December 2017) Mr G Martin, Governor (appointed 18 September 2018)
<b>Company registered number</b>	07912940
<b>Company name</b>	Energy Coast UTC
<b>Principal and registered office</b>	Energy Coast UTC Blackwood Road Lillyhall Workington Cumbria CA14 4JW

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

**Advisers (continued)**

**Senior management  
team**

Ms C Tingle  
Mr M Redding  
Mr B Stevenson  
Mr I Russell

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**Independent auditors**

Armstrong Watson Audit Limited  
Chartered Accountants  
& Statutory Auditors  
Fairview House  
Victoria Place  
Carlisle  
Cumbria  
CA1 1HP

**Bankers**

National Westminster  
31 Pow Street  
Workington  
Cumbria  
CA14 3AE

**Solicitors**

Burnetts  
6 Victoria Place  
Carlisle  
Cumbria  
CA1 1ES

**ENERGY COAST UTC**  
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2017 to 31 August 2018. 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.

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 year 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.

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

**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**

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The Governing Body has three sub committees which are for Finance, Resources and Premises, Curriculum and Standards and Employer Engagement. The UTC Chair of Governors is Barbara Stephens and on the executive side the Principal is Cherry Tingle.

**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 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 Gen2 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**

In setting our objectives and planning our activities, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

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

**Achievements and performance**

**KEY PERFORMANCE INDICATORS AND REVIEW OF ACTIVITIES**

The UTC results at GCSE and post 16 have improved dramatically over the last two years.

Overall – Progress from baseline

Performance for 2018 cohort is in line with the targeted journey of the school. Most students (78%) make expected progress from their starting point across all subjects. Progress in English and Engineering is outstanding but progress in Maths and Science is not fast enough.

There are still issues with progress from starting points for disadvantaged students. Although disadvantaged students make the progress which would be expected of them in their time at the school they make less progress than their peers (1.37 grades progress compared to 2.45 for other pupils) but close to expected based on national outcomes (1.50 grades). There is no comparable data for prior years due to the introduction of baseline testing for this cohort.

Low prior attaining students made slightly less progress than targeted (1.17 grades) and expected (1.25 grades). However, this was a very small cohort (6 students).

Key areas to monitor going forward are:

Disadvantaged students	There are still gaps to close in this area and work is ongoing with teachers to ensure early identification of intervention needs for this cohort.
High Prior Attainers	It is important to ensure HPA students are adequately challenged – whilst they been poorly served by prior provision some of these students have the ability to make rapid progress and we must ensure we avoid complacency to make sure these students are achieving the highest grades possible. Not enough students have achieved the highest grades in the past and this needs to be addressed through raising aspirations. This also applies to students on the accelerated pathway.
Low Prior Attainers	Although this is a small cohort it is important to ensure that none of these students are overlooked and focus is maintained on this group.
Higher grades (5+) in Maths	More able students must be challenged to obtain higher grades in Maths - there are too many students attaining grade 4 and not being supported to achieve higher grades
Prediction accuracy (Maths/Science)	Predictions in Maths and Science were too high. Current cohort predictions need to be more robust. Leadership to focus on challenging basis for predictions.

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

*Subjects*

	Average	PP	Other	Boys	Girls	HPA	MPA	LPA
Maths	1.42	0.73	1.68	1.42	1.41	1.70	1.44	0.54
English Lang	2.67	2.02	2.93	2.52	3.06	3.03	2.49	2.14
English Lit	2.67	1.60	3.09	2.54	3.01	3.30	2.46	1.73
Biology	1.60	1.06	1.82	1.64	1.48	2.06	1.44	1.04
Chemistry	1.59	0.90	1.86	1.66	1.37	2.15	1.39	1.05
Physics	1.66	1.11	1.88	1.76	1.37	2.02	1.58	1.00
Engineering	3.86	2.88	4.09	3.87	3.81	4.27	3.59	2.86
Construction	2.20	0.65	3.18	2.03	2.71	3.88	2.62	0.61
Geography	1.42	0.85	1.65	1.42	1.43	1.85	1.33	0.57
French	0.78	0.97	0.72	0.66	1.02	0.75	0.74	0.36
IT	1.43	1.19	2.77	2.40	0.15	2.76	2.22	0.86
<b>Overall</b>	<b>2.15</b>	<b>1.37</b>	<b>2.45</b>	<b>2.13</b>	<b>2.19</b>	<b>2.58</b>	<b>2.03</b>	<b>1.17</b>

	Average	PP	Other	Boys	Girls	HPA	MPA	LPA
Maths	1.42	0.73	1.68	1.42	1.41	1.70	1.44	0.54
English	2.67	1.81	3.01	2.53	3.03	3.22	2.48	1.97
Science	1.62	1.02	1.85	1.69	1.40	2.08	1.47	1.03
Technical	3.47	2.18	3.90	3.43	3.58	4.07	3.31	2.71
Other	1.20	0.94	1.42	1.33	1.18	1.69	1.36	0.59
<b>Overall</b>	<b>2.15</b>	<b>1.37</b>	<b>2.45</b>	<b>2.13</b>	<b>2.19</b>	<b>2.58</b>	<b>2.03</b>	<b>1.17</b>

**MATHS PROGRESS**

Progress in Maths is too slow – this is primarily due to a lack of higher grades (5+) achieved by more able students. There has been a stick around the 3 to 4 threshold and not enough drive at higher levels. All pupils were approximately half a grade below where we would expect them to be. An issue with accuracy of predictions which were half a grade too high meant that this issue was not identified and addressed until it was too late.

**ENGLISH PROGRESS**

Progress in English is outstanding. Across all subgroups progress made from baseline is very strong although Disadvantaged students make less progress than their peers and work on this gap is needed.

**OTHER SUBJECTS**

Progress in Technical subjects (Engineering & Construction) is excellent reflecting the engagement of the students who have chosen to study Engineering.

Science progress is disappointing and is partly due to decisions regarding entries for all students in single sciences rather than combined science as in previous years. This decision was influenced by external employer partners who requested that students sit single sciences as a prerequisite for apprenticeships. This resulted in students who were unable to access elements of the curriculum being entered for what was (in hindsight) not the most suitable qualification. Entry profiles for the current year 11 are being reviewed closely.

Geography attainment continues to improve (APS 3.31 compared to 2.98 last year) whilst attainment is still much lower than other subject areas support has been put in place and teaching staff have changed. Geography is also now an Option for current students.

French attainment and progress is way below acceptable, attainment has improved from prior years but is still much lower than other subjects. There have been issues with teaching in this area and whilst all efforts were made to mitigate that this year the subject is no longer offered to students.



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

*Disadvantaged Students*

Progress of disadvantaged students is a full grade lower than that of other students in every subject area. Only in English and Engineering is the progress of disadvantaged pupils acceptable. This is a priority area to address.

*Gender*

Overall progress of boys and girls was almost identical from similar baselines. Progress in technical subjects and geography is consistent but there are significant gender differences in other subjects.

Girls lagged far behind boys in Maths progress (0.3 grades) and Science progress (0.4 grades). This is an area we must work to overcome.

Boys lagged far behind girls in English progress (0.6 grades) which is in line with the national picture (0.8 grades) but something which is a focus for 2019.

*Prior Attainment*

Pupils with High prior attainment make adequate progress (excluding French and Geography) but students do not make the accelerated progress we target them in Science, this is an area of focus for current students.

Progress for Medium prior ability students are both expected to be in line with expectation although Maths and Science are a little lower than other areas.

Progress of pupils with low prior attainment is not fast enough. There are only 6 students in this subgroup and excluding the one underperforming student the remaining five students made 1.29 grades of progress in line with expectation.

**THRESHOLD MEASURES**

Attainment of 4+ threshold measures in English (67% vs 71% nationally) and Maths (65% vs 69% nationally) separately are almost in line with national expectations. However, crossover achievement was very low (53% vs 65% nationally).

5+ Attainment in English (45% vs 54% nationally) was reasonable considering the low starting points of pupils in English.

5+ Attainment in Maths (28% vs 48% nationally) was not good enough and must be a focus for current students.

**PROGRESS 8**

Progress 8 measures show pupils making unacceptable progress from Key Stage 2. As we have established above this position was already established during KS3.

Adjusting progress 8 calculations for lack of pupil progress gives a far more positive picture of school performance. There are still issues with gaps between disadvantaged pupils and other pupils and it is still clear that students with low prior attainment did not make sufficient progress.

Cohort	Full Cohort	Adjusted for starting position
ALL	-0.50	+0.50
Boys	-0.60	+0.44
Girls	-0.22	+0.65
PP	-0.93	-0.09
Non-PP	-0.33	+0.74
HPA	-0.65	+0.71
MPA	-0.44	+0.38
LPA	-0.34	-0.13

*Impact of non-attendees (CM, CJ, LQ)*

3 non attending students (see case studies) have a disproportionate impact on Progress 8 as these students have an average KS2 score of 4.5 and represent 4% of the cohort this year. Due to their circumstances we were confident that these students would be removed from the school figures this summer. We are still seeking to

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

have these students disapplied. The impact of these students is shown below:

Cohort	Full Cohort	Excluding Outliers
ALL	-0.50	-0.38
Boys	-0.60	-0.51
Girls	-0.22	-0.01
PP	-0.93	-0.76
Non-PP	-0.33	-0.22
MPA	-0.44	-0.22

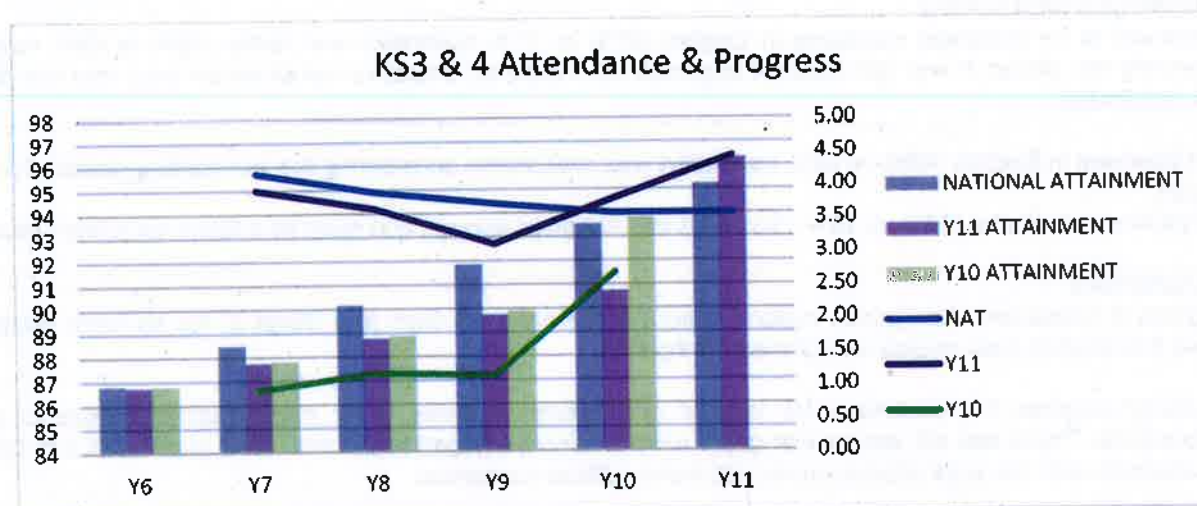
**Student behaviour, personal development and welfare**

**Behaviour**

Student behaviour in and around the UTC continues to be good.

**Attendance**

Attendance is still a concern in some areas, notably year 10 (new year 11) and disadvantaged. However attendance, even for these groups, is improving and is significantly improved from students previous schools.



**Statutory Sept – May attendance**

		National 2017	UTC national	UTC 2015/16	UTC 2016/17	UTC 2017/18
<b>National data (National data 2016) (Current)</b>	All	94.0%	92.2	93.6%	95.1%	93.6
	Boys	94.3%		94.4%	95.4%	93.8
	Girls	94.1%		91.7%	94.4%	93.5
	Disadvantaged	91.9%		89.5%	91.8%	90.6
	Non-disadvantaged	95.2%		94.6%	96.2%	94.9

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

Year 10 (new year 11) attendance remains an issue. When they were in year 9 at previous schools their attendance as a group was 90.5% - it is now 92.8% and adversely affected by some outliers.

**Teaching and Learning**

A part personalised CPD programme is in place this year, with additional sessions for all new staff. One member of staff is on a support plan.

**Student numbers**

Current student numbers are 283 as of the October 2018 census

**Finance**

The financial situation of the UTC remains extremely challenging. Three main risks continue to apply: cost of external provision, student numbers and pupil number adjustment (PNA) clawback.

The ESFA have provided some additional funding for this year – please see finance committee minutes and separate agenda item.

**Summary:**

- The outstanding PNA of £234k is deferred until 2021
- Granted £440,000 in recoverable deficit funding up to August 2019 to cover deficits of £275k in 2017/18 and projected £165k in 2018/19
- We drew down £275k in 2017/18. We have £165k potentially available to draw down in 2018/19
- As of Sept 2018, we have 283 students rather than the 311 in the budget, but an increase of 19 students from Sept 2017 census
- With other known changes now current projected deficit of £277k which the £165k will not cover
- Meeting with ESFA occurred 24/9 to discuss and waiting further detail regarding support

**External provision**

Concerns remain regarding the costs of external provision and also the provision itself

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

**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. Due to a large number of students gaining apprenticeships student numbers are also forecast to be lower than necessary for the 2018-19 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 and the deficit funding, which are accounted for as liabilities in the current year. Additionally, the need for the UTC to recruit sufficient learners to make it viable remains a significant risk.

**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 2017-18 was £1.931m, with voluntary income of £51k, the majority being sponsorship monies from local organisations.

Total expenditure of funds during the year was £2.728m.

Net assets at 31 August 2018 amounted to £4.293m being represented by Restricted Fixed Asset fund of £4.889m

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 £108,000 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.

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

**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.

**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 10.12.18 and signed on its behalf by:

  
.....  
Ms B Stephens  
Chair of Governors



**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 Academies Financial Handbook 2018 now requires that the management accounts for the trust are scrutinised by the board of trustees six times a year, and the direction we have received from the Education & Skills Funding Agency suggests that this should be achieved by meeting six times per year. This has been discussed by the Board, which currently meets four times per year, and the trustees decided that it is not necessary to meet on an additional two occasions per year in order to achieve the requisite level of scrutiny. In addition to meetings of the full Board, the Finance, Resources and Audit Committee also meets on four occasions per year, and all members of the Finance Committee receive the management accounts by email every month. In addition, the Principal and the Business Director meet formally to review the financial position every month, and are joined by the Chair of the Finance Committee whenever possible. The Board considered that this meets the ESFA requirements for oversight and scrutiny.

The Full board of Governors have met 4 times during the year. Attendance during the year at meetings of the board of Governors was as follows:

Malcolm Allison	25%
Neil Bailey	75%
Hazel Barker	50%
Alistair Bulloch (appointed 11 December 2017)	67%
Donna Connor (Vice Chair)	100%
Mike Fox	100%
Pat Freeman	100%
Catherine Hadfield (appointed 19 March 2018)	100%
Andrew Hughes (appointed 11 December 2017)	100%
Marie Mills	75%
Helen Moore	100%
Chris Nattress (resigned 3 September 2018)	75%
Michael Osborne (resigned 19 March 2018)	67%
Beccy Pleasant (resigned 8 January 2018)	100%
John Robertson (resigned 19 March 2018)	67%
Barbara Stephens (Chair)	100%
Cherry Tingle (Principal)	75%

The Finance, Premises and Personnel Governors have met 4 times during the year. Attendance during the year at meetings was as follows:

Neil Bailey (Chair)	100%
Andrew Heron	100%
Beccy Pleasant (resigned 8 January 2018)	50%
Barbara Stephens	75%
Cherry Tingle	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

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**GOVERNANCE STATEMENT (continued)**

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.

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

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

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

**GOVERNANCE STATEMENT (continued)**

- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The reviewer'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.

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 reviewer 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 2017, six deficiencies in controls were identified. All of these have now been addressed.

**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 10.12.18 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

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

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

**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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 & 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:

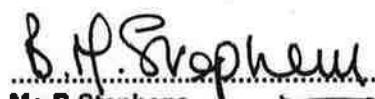
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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:** 10.12.18

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

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

**OPINION**

We have audited the financial statements of Energy Coast UTC (the 'UTC') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the UTC's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 24 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 24, these events or conditions, along with the other matters as set forth in the notes 1.5 and 24 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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

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

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 the financial year 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of 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 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 MEMBERS OF  
ENERGY COAST UTC**

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

**USE OF OUR REPORT**

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 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 company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Karen A Rae (FCCA)  
for and on behalf of  
**Armstrong Watson Audit Limited**  
Chartered Accountants  
& Statutory Auditors  
Carlisle  
Date: 12 December 2018

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

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

In accordance with the terms of our engagement letter dated 25 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Energy Coast UTC during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 & SKILLS FUNDING AGENCY (continued)**

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Karen A Rae*

Karen A Rae (FCCA)  
for and on behalf of

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

Date: 12 December 2018

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

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	50,655	-	50,655	94,010
Charitable activities	5	-	1,942,213	8,753	1,950,966	2,466,419
Other trading activities	3	53,002	40,593	22,043	115,638	104,286
Investments	4	81	-	-	81	727
<b>TOTAL INCOME</b>		<b>53,083</b>	<b>2,033,461</b>	<b>30,796</b>	<b>2,117,340</b>	<b>2,665,442</b>
<b>EXPENDITURE ON:</b>						
Raising funds		53,083	23,111	-	76,194	96,211
Charitable activities		-	2,326,036	325,364	2,651,400	3,219,552
<b>TOTAL EXPENDITURE</b>	6	<b>53,083</b>	<b>2,349,147</b>	<b>325,364</b>	<b>2,727,594</b>	<b>3,315,763</b>
<b>NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		-	(315,686)	(294,568)	(610,254)	(650,321)
Actuarial gains/(losses) on defined benefit pension schemes	22	-	83,000	-	83,000	(36,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>-</b>	<b>(232,686)</b>	<b>(294,568)</b>	<b>(527,254)</b>	<b>(686,321)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		-	(363,740)	5,183,615	4,819,875	5,595,153
Prior year adjustment (Note 16)		-	-	-	-	(88,957)
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>-</b>	<b>(596,426)</b>	<b>4,889,047</b>	<b>4,292,621</b>	<b>4,819,875</b>

The notes on pages 25 to 47 form part of these financial statements.



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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	Restated 2017 £
<b>FIXED ASSETS</b>				
Tangible assets	13		4,872,555	5,169,771
<b>CURRENT ASSETS</b>				
Debtors	14	141,564		123,885
Cash at bank and in hand		38,297		248,648
		<u>179,861</u>		<u>372,533</u>
<b>CREDITORS: amounts falling due within one year</b>	15	(651,795)		(582,429)
<b>NET CURRENT LIABILITIES</b>			<u>(471,934)</u>	<u>(209,896)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,400,621</u>	<u>4,959,875</u>
Defined benefit pension scheme liability	22	(108,000)		(140,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>4,292,621</u></u>	<u><u>4,819,875</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted income funds:				
Restricted income funds	17	(488,426)		(223,740)
Restricted fixed asset funds	17	4,889,047		5,183,615
Restricted income funds excluding pension liability		<u>4,400,621</u>		<u>4,959,875</u>
Pension reserve		<u>(108,000)</u>		<u>(140,000)</u>
Total restricted income funds			<u><u>4,292,621</u></u>	<u><u>4,819,875</u></u>
<b>TOTAL FUNDS</b>			<u><u>4,292,621</u></u>	<u><u>4,819,875</u></u>

The financial statements on pages 22 to 47 were approved by the Governors, and authorised for issue, on 10.12.18 and are signed on their behalf, by:

  
 Ms B Stephens  
 Chair of Governors

  
 Ms Cherry Tingle, Principal  
 Accounting Officer

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	Restated 2017 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	(210,432)	96,739
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		81	727
<b>Net cash provided by investing activities</b>		81	727
<b>Change in cash and cash equivalents in the year</b>		(210,351)	97,466
Cash and cash equivalents brought forward		248,648	151,182
<b>Cash and cash equivalents carried forward</b>	20	38,297	248,648

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

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

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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

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

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

**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 2018**

**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
Furniture and fixtures	-	5 years straight line
Plant and machinery	-	15 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 2018**

**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 14. 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 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the UTC's wholly owned subsidiary are held at face value less any impairment.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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 2018 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**(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 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
Donations	-	14,470	-	14,470	1,129
Sponsorship	-	36,185	-	36,185	92,881
	-	50,655	-	50,655	94,010
<i>Total 2017</i>	-	94,010	-	94,010	



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**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Restated Total funds 2017 £</i>
Letting income	266	-	266	430
Catering income	46,513	-	46,513	67,510
Other income	6,223	62,636	68,859	36,346
	<u>53,002</u>	<u>62,636</u>	<u>115,638</u>	<u>104,286</u>
<i>Total 2017</i>	<u>82,864</u>	<u>21,422</u>	<u>104,286</u>	

**4. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Restated Total funds 2017 £</i>
Bank interest received	81	-	81	727
	<u>727</u>	<u>-</u>	<u>727</u>	
<i>Total 2017</i>	<u>727</u>	<u>-</u>	<u>727</u>	

**5. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Restated Total funds 2017 £</i>
Educational operations	-	1,930,915	1,930,915	2,449,521
School trips	-	20,051	20,051	16,898
	<u>-</u>	<u>1,950,966</u>	<u>1,950,966</u>	<u>2,466,419</u>
<i>Total 2017</i>	<u>-</u>	<u>2,466,419</u>	<u>2,466,419</u>	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,792,521	1,792,521	2,143,725
Devolved Capital Formula	-	8,753	8,753	139,302
Start up Grant Part A	-	40,000	40,000	60,000
Start up Grant Part B	-	-	-	21,925
Other government grants	-	89,641	89,641	84,569
	-	1,930,915	1,930,915	2,449,521
<b>Total 2017</b>	-	2,449,521	2,449,521	

**Other government grants**

	2018 £	2017 £
Pupil Premium	41,086	40,718
LA SEN Grant	17,146	11,386
16-19 Bursary	11,300	11,908
Rates Relief	20,109	20,557
<b>Total</b>	<b>89,641</b>	<b>84,569</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					
Direct costs	-	-	76,194	76,194	96,211
Support costs	-	-	-	-	-
Educational operations:					
Direct costs	1,271,025	-	861,199	2,132,224	2,639,551
Support costs	152,340	138,652	228,184	519,176	567,011
	<u>1,423,365</u>	<u>138,652</u>	<u>1,165,577</u>	<u>2,727,594</u>	<u>3,302,773</u>
Total 2017	<u>1,447,714</u>	<u>146,516</u>	<u>1,708,543</u>	<u>3,302,773</u>	

**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational operations	<u>2,132,224</u>	<u>519,176</u>	<u>2,651,400</u>	<u>3,206,562</u>
Total 2017	<u>2,639,551</u>	<u>567,011</u>	<u>3,206,562</u>	

**Analysis of direct costs**

	Educational operations £	Total 2018 £	Total 2017 £
Pension income	4,000	4,000	2,000
ESFA clawback	-	-	321,622
Educational services	136,672	136,672	118,326
Staff recruitment	7,299	7,299	23,487
Staff training and development	5,743	5,743	15,813
Pension deficit	-	-	(1,533)
SLA	311,135	311,135	339,393
Examination fees	70,967	70,967	63,269
Supply and staff restructuring costs	70,211	70,211	92,197
Wages and salaries	890,112	890,112	873,615
National insurance	94,794	94,794	91,123
Pension cost	215,907	215,907	191,645
Depreciation	325,364	325,364	508,594
	<u>2,132,224</u>	<u>2,132,224</u>	<u>2,639,551</u>
At 31 August 2017	<u>2,639,551</u>	<u>2,639,551</u>	

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**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)**

**Analysis of support costs**

	Educational operations £	Total 2018 £	Total 2017 £
Staff costs	152,340	152,340	199,132
Advertising and marketing	39,612	39,612	34,538
Staff recruitment	53,748	53,748	48,701
Consultation	36,734	36,734	74,144
Bank charges	970	970	1,004
Insurance	5,280	5,280	6,400
Heat and light	32,579	32,579	29,747
Maintenance of premises and equipment	82,798	82,798	88,444
Travel and subsistence	6,317	6,317	6,799
Rates	23,275	23,275	28,325
Computer costs	64,064	64,064	49,777
Governance costs	21,459	21,459	12,990
	<u>519,176</u>	<u>519,176</u>	<u>580,001</u>
<i>At 31 August 2017</i>	<u>580,001</u>	<u>580,001</u>	

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	325,364	508,594
Auditors' remuneration	<u>14,000</u>	<u>12,990</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,040,597	1,061,199
Social security costs	104,814	105,102
Operating costs of defined benefit pension schemes	207,743	189,216
	<u>1,353,154</u>	<u>1,355,517</u>
Staff restructuring costs	18,112	22,070
Supply teacher costs	52,099	70,127
	<u>1,423,365</u>	<u>1,447,714</u>

Staff restructuring costs comprise:

Severance payments	18,112	22,070
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**b. Non-statutory/non-contractual staff severance payments**

Included in wages and salaries are non-statutory/non-contractual severance payments totalling £5,334 (2017 - £9,820) paid to one individual during the year.

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	21	21
Administration and support	12	12
Management	1	1
	<u>34</u>	<u>34</u>

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 related employer's pension contributions amounted to £16,961 (2017 - £15,162).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. STAFF COSTS (continued)**

**e. Key management personnel**

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 £278,836 (2017 - £250,011).

**10. GOVERNORS' REMUNERATION AND EXPENSES**

One or more Governors has been paid remuneration or has received other benefits from an employment with the UTC. 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:

		2018 £'000	2017 £'000
Ms C Tingle, Principal	Remuneration	100-105	90-95
	Pension contributions paid	15-20	15-20
Mr M Fox	Remuneration	35-40	35-40
	Pension contributions paid	5-10	5-10

No expenses were reimbursed to governors (2017 - £nil)

During the year, no Governors received any benefits in kind (2017 - £nil).

**11. 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.

**12. OTHER FINANCE INCOME**

	2018 £	2017 £
Interest income on pension scheme assets	16,000	2,000
Interest on pension scheme liabilities	(20,000)	(4,000)
	<u>(4,000)</u>	<u>(2,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. TANGIBLE FIXED ASSETS**

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2017	5,265,008	618,702	174,849	610,631	6,669,190
Additions	-	-	-	28,148	28,148
At 31 August 2018	<u>5,265,008</u>	<u>618,702</u>	<u>174,849</u>	<u>638,779</u>	<u>6,697,338</u>
<b>Depreciation</b>					
At 1 September 2017	505,098	371,222	34,971	588,128	1,499,419
Charge for the year	171,230	123,740	11,656	18,738	325,364
At 31 August 2018	<u>676,328</u>	<u>494,962</u>	<u>46,627</u>	<u>606,866</u>	<u>1,824,783</u>
<b>Net book value</b>					
At 31 August 2018	<u>4,588,680</u>	<u>123,740</u>	<u>128,222</u>	<u>31,913</u>	<u>4,872,555</u>
At 31 August 2017	<u>4,759,910</u>	<u>247,480</u>	<u>139,878</u>	<u>22,503</u>	<u>5,169,771</u>

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 in Workington from which the UTC operates.

**14. DEBTORS**

	2018 £	Restated 2017 £
Trade debtors	2,101	464
Other debtors	18,403	6,643
Prepayments and accrued income	121,060	116,778
	<u>141,564</u>	<u>123,885</u>

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

	2018 £	2017 £
Trade creditors	43,965	63,057
Other taxation and social security	25,438	28,196
Other creditors	295,497	21,106
Accruals and deferred income	286,895	472,070
	<u>651,795</u>	<u>582,429</u>

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

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	40,851	40,851
Resources deferred during the year	24,897	21,631
Amounts released from previous years	(40,851)	(40,851)
Deferred income at 31 August 2018	<u>24,897</u>	<u>21,631</u>

At the balance sheet date the UTC was holding funds received in advance for pupils in the 2018/19 academic year amounting to £12,155 and rates relief amounting to £11,613.

**16. PRIOR YEAR ADJUSTMENT**

The comparative figures have been restated to reclassify £88,957 previously included as a capital grant to prepayments and accrued income. This has resulted in a decrease in brought forward restricted fixed asset funds at 1 September 2017 of £88,957. The Trustees consider this to accurately reflect the nature of the transaction as this was income receivable from the ESFA to pay an outstanding retention on a capital build.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS**

	Restated Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds - all funds	-	53,083	(53,083)	-	-	-
<b>Restricted funds</b>						
Other Educational Income	69,940	111,299	(182,251)	-	-	(1,012)
General Annual Grant (GAG)	(318,997)	1,882,162	(2,072,163)	-	-	(508,998)
Start up grants	-	40,000	(40,000)	-	-	-
Morgan Sindall Literacy Donation	824	-	(824)	-	-	-
Morgan Sindall Numeracy Donation	24,493	-	(2,909)	-	-	21,584
Pension reserve	(140,000)	-	(51,000)	-	83,000	(108,000)
	<u>(363,740)</u>	<u>2,033,461</u>	<u>(2,349,147)</u>	<u>-</u>	<u>83,000</u>	<u>(596,426)</u>
<b>Restricted fixed asset funds</b>						
Assets transferred from						
ESFA	5,171,265	-	(324,139)	20,818	-	4,867,944
Devolved Capital Formula	12,350	8,753	-	-	-	21,103
School laptops	-	22,043	(1,225)	(20,818)	-	-
	<u>5,183,615</u>	<u>30,796</u>	<u>(325,364)</u>	<u>-</u>	<u>-</u>	<u>4,889,047</u>
Total restricted funds	<u>4,819,875</u>	<u>2,064,257</u>	<u>(2,674,511)</u>	<u>-</u>	<u>83,000</u>	<u>4,292,621</u>
Total of funds	<u>4,819,875</u>	<u>2,117,340</u>	<u>(2,727,594)</u>	<u>-</u>	<u>83,000</u>	<u>4,292,621</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.

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.

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

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.

During the year the UTC received donations specifically for the purchase of laptops. The full amount was used to purchase laptops in the year. Due to the nature of the transactions the balance of this fund at year end has been transferred into 'Assets transferred from the ESFA'.

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 2018.

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds - all funds	-	83,591	(83,591)	-	-	-
<b>Restricted funds</b>						
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>
<b>Restricted fixed asset funds</b>						
Assets transferred from EFA	5,550,250	129,609	(508,594)	-	-	5,171,265
Devolved Capital Formula	-	9,693	-	2,657	-	12,350
Total restricted funds	<u>5,506,196</u>	<u>2,581,851</u>	<u>(3,232,172)</u>	<u>-</u>	<u>(36,000)</u>	<u>4,819,875</u>
Total of funds	<u>5,506,196</u>	<u>2,665,442</u>	<u>(3,315,763)</u>	<u>-</u>	<u>(36,000)</u>	<u>4,819,875</u>

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**A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds - all funds	-	83,591	(83,591)	-	-	-
	-	53,083	(53,083)	-	-	-
<b>Restricted funds</b>						
Other Educational Income	192,946	189,269	(383,227)	-	-	(1,012)
General Annual Grant (GAG)	(173,000)	4,110,441	(4,443,782)	(2,657)	-	(508,998)
Start up grants	-	121,925	(121,925)	-	-	-
Morgan Sindall Literacy Donation	-	14,375	(14,375)	-	-	-
Morgan Sindall Numeracy Donation	-	40,000	(18,416)	-	-	21,584
Pension reserve	(64,000)	-	(91,000)	-	47,000	(108,000)
	<u>(44,054)</u>	<u>4,476,010</u>	<u>(5,072,725)</u>	<u>(2,657)</u>	<u>47,000</u>	<u>(596,426)</u>
<b>Restricted fixed asset funds</b>						
Assets transferred from EFA	5,550,250	129,609	(832,733)	20,818	-	4,867,944
Devolved Capital Formula	-	18,446	-	2,657	-	21,103
	-	22,043	(1,225)	(20,818)	-	-
	<u>5,550,250</u>	<u>170,098</u>	<u>(833,958)</u>	<u>2,657</u>	<u>-</u>	<u>4,889,047</u>
	<u>5,506,196</u>	<u>4,646,108</u>	<u>(5,906,683)</u>	<u>-</u>	<u>47,000</u>	<u>4,292,621</u>
<b>Total of funds</b>	<u>5,506,196</u>	<u>4,782,782</u>	<u>(6,043,357)</u>	<u>-</u>	<u>47,000</u>	<u>4,292,621</u>

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	4,872,555	4,872,555
Current assets	-	163,369	16,492	179,861
Creditors due within one year	-	(661,795)	-	(661,795)
Provisions for liabilities and charges	-	(108,000)	-	(108,000)
	<u>-</u>	<u>(596,426)</u>	<u>4,889,047</u>	<u>4,292,621</u>

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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	5,169,770	5,169,769
Current assets	-	358,693	102,802	372,534
Creditors due within one year	-	(582,433)	-	(582,428)
Provisions for liabilities and charges	-	(140,000)	-	(140,000)
	<u>-</u>	<u>(363,740)</u>	<u>5,272,572</u>	<u>4,819,875</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(610,254)	(650,321)
<b>Adjustment for:</b>		
Depreciation charges	325,364	508,594
Dividends, interest and rents from investments	(81)	(727)
(Increase)/decrease in debtors	(17,680)	195,922
Increase in creditors	69,366	166,385
Capital grants from DfE and other capital income	(28,147)	(128,114)
Defined benefit pension scheme finance cost	51,000	5,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(210,432)</u>	<u>96,739</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash in hand	38,297	283,718
Overdraft facility repayable on demand	-	(35,070)
<b>Total</b>	<u>38,297</u>	<u>248,648</u>

**21. CAPITAL COMMITMENTS**

At 31 August 2018 the UTC had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>102,802</u>

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**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 2018.

Contributions amounting to £20,497 were payable to the schemes at 31 August 2018 (2017 - £21,106) 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.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £126,083 (2017 - £121,392).

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](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The

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**22. PENSION COMMITMENTS (continued)**

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 2018 was £42,054 (2017 - £38,515), of which employer's contributions totalled £29,122 (2017 - £26,677) and employees' contributions totalled £12,932 (2017 - £11,838). 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 £24,000 to its Defined benefit pension scheme in 2018/2019.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.90 %	2.50 %
Rate of increase in salaries	3.70 %	3.70 %
Rate of increase for pensions in payment / inflation	2.30 %	2.20 %
Inflation assumption (CPI)	2.20 %	2.20 %

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

	2018	2017
Retiring today		
Males	23.2	23.1
Females	25.8	25.7
Retiring in 20 years		
Males	25.5	25.4
Females	28.5	28.4

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	344,000	312,000
Government bonds	123,000	116,000
Property	64,000	52,000
Other bonds	44,000	41,000
Cash/Liquidity	42,000	34,000
Other	88,000	82,000
Total market value of assets	<u>705,000</u>	<u>637,000</u>

The actual return on scheme assets was £32,000 (2017 - £8,000).

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

	2018 £	2017 £
Current service cost	(71,000)	(63,000)
Interest income	16,000	2,000
Interest cost	(20,000)	(4,000)
Admin expenses	(1,000)	(1,000)
Total	<u>(76,000)</u>	<u>(66,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	777,000	140,000
Current service cost	71,000	63,000
Interest cost	20,000	4,000
Employee contributions	13,000	12,000
Actuarial (gains)/losses	(68,000)	558,000
Closing defined benefit obligation	<u>813,000</u>	<u>777,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
Opening fair value of scheme assets	637,000	76,000
Interest income	16,000	2,000
Actuarial losses	16,000	522,000
Employer contributions	25,000	28,000
Employee contributions	13,000	12,000
Administration costs	(1,000)	(1,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	706,000	637,000
	<hr/>	<hr/>

**23. OPERATING LEASE COMMITMENTS**

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

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	6,439	6,439
Between 1 and 5 years	6,509	12,277
	<hr/>	<hr/>
Total	12,948	18,716
	<hr/>	<hr/>



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

**24. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust 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 Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and 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 £319,950 (2017 - £246,273). There were no amounts outstanding at the year end date (2017 - £NIL). Mr J Robertson, Governor until 19 March 2018, is a Director 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 £45,073 (2017 - £122,645 wages, marketing and catering recharges). There were no amounts outstanding at the year end date (2017 - £32,721). Mr C Nattress, Governor until 3 September 2018, is the Principal at Lakes College.

During the period the UTC received £46,000 (2017 - £64,375) from Morgan Sindall in sponsorship for uniforms. 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 £63,118 included within prepayments at the year end.

**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 alongside the additional deficit funding received to support the academy in year. At the time of the audit negotiations are still ongoing with the Education and Skills Funding Agency about the repayment terms of the clawback and deficit funding, 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.

