

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

31 AUGUST 2016

(A company limited by guarantee)

ArmstrongWatson[®]
Accountants, Business & Financial Advisers

ENERGY COAST UTC
(A company limited by guarantee)

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ENERGY COAST UTC
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE UTC, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	Gen II Engineering & Technology Training Ltd Lakes College West Cumbria Nuclear Decommissioning Authority University of Cumbria
Governors	Mr M Allison, Parent Governor Mr N Bailey, Governor (appointed 1 September 2016) Dr D Connor, Governor Mr A Crowder, Chair (resigned 31 August 2016) Miss E Flowers, Governor Mr G Jones, Principal (resigned 11 November 2015) Mr A Lindsay, Governor (resigned 31 August 2016) Mrs M Mills, Co-opted Mrs H Moore, Parent Governor (resigned 31 August 2016) Mr C D Nattress, Governor Mr M Osbourne, Governor (appointed 1 September 2016) Mrs R S Pleasant, Governor Mr R B Rimmer, Governor Mr M J Smith, Governor Mr J Chapman, Staff Governor (resigned 31 October 2016) Ms B Stephens, Chair (appointed 11 November 2016) Mr J Ferguson, Int. Principal (appointed 1 January 2016, resigned 31 August 2016) Ms C Tingle, Principal (appointed 1 September 2016) Mr M J Tinnion, Governor (resigned 31 August 2016)
Company registered number	07912940
Company name	Energy Coast UTC
Principal and registered office	Energy Coast UTC Blackwood Road Lillyhall Workington Cumbria CA14 4JW

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE UTC, ITS GOVERNORS AND ADVISERS
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Advisers (continued)

Company secretary	Mrs K Reay (resigned 31 August 2016)
Senior management team	Business Director: Mrs N Frazer (resigned 26 February 2016) Mr M Southward of Lakes College (Interim) Mr M Redding (appointed 15 November 2016)
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

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**GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

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

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.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

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

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

For the 2015-16 financial year there was no pay policy in place. This has subsequently been written and adopted.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

ORGANISATIONAL STRUCTURE

The Governing Body established two sub committees which became operational by 2014. These are for Finance, Resources and Premises; and Curriculum and Standards. The UTC Chair of Governors Andy Crowder stood down at the end of the year and has been replaced by Barbara Stephens in November 2016. On the executive side, the Principal, Gary Jones, left by mutual agreement early in the 2015/16 academic year and for the remainder of the year the UTC had interim executive leadership. A new Principal, Cherry Tingle, was appointed to commence in September 2016.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The UTC 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, with Lakes College also providing some support on Financial Management and HR.

Objectives and Activities

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 class-room based learning with practical skills and a strong emphasis on Science, Technology, Engineering and Maths (STEM).

ACTIVITIES FOR ACHIEVING OBJECTIVES

The Energy Coast UTC delivers the core academic provision at both GCSE and A Level, with students receiving vocational BTEC related training in the workshop facilities at Energus and Lakes College under agreement with these partner organisations.

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PUBLIC BENEFIT

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

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

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

Achievements and performance

KEY FINANCIAL PERFORMANCE INDICATORS

Main Strengths

At the end of KS4 students' attainment is close to or above national in English, Maths, Sciences, Engineering. It is below national in Construction, French and Geography.

	% A*-C	National 2016	% D*-P	National 2016
English Language	60	60		
English Literature	53	75		
Any English	67			
Maths	65	61		
Chemistry	95	90		
Biology	100	91		
Physics	100	91		
Combined Science	68	49		
Geography	21	66		
French	4	70		
Engineering			100	95
Construction			12	88
Additional Maths	100	94		

At the end of KS5 students' attainment is inconsistent, with Engineering results being outstanding and Maths and Physics requiring improvement and Applied Science inadequate

	%A*/A% %D*/D%	National 2016	%A*-C %D*-M	National 2016	%A*- E %D*-P	National 2016
Engineering	80	29	90	42	100	70
Maths	0	42	0	70	100	97
Physics	0	30	20	69	100	96
Applied Science	0	30	0	71	29	98

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

REVIEW OF ACTIVITIES

Progress during time at the UTC

It should be noted that the vast majority of our students come from three local secondary schools, two of which are in Special Measures and one where progress and outcomes are a serious concern. Progress at KS3 in the area is therefore a real concern and student progress from baseline whilst at the UTC is therefore a very important measure. (KS2 - key stage 2, from education years 3 through 6, KS3 - years 7 through 9, KS4 - years 10 and 11, KS5 - years 12 and 13)

"When evaluating pupil progress between key stages 2 and 4, inspectors will take into account where pupils start part way through a phase or key stage (for example if they join a university technical college at age 14)." Ofsted 2016

We understand that Levels of Progress (LoP) is no longer a measure however progress is problematic for a UTC due to Y1 start.

UTC KS2-4 3+LoP expected progress in English Language = 63%, 72% in any English (national 73%) – and importantly progress from year 10 baseline is good – in English language 82% make at least 1 grade progress, any English 92%. This would equate to at least 3 grades progress KS2-4.

58% make at least 2 grades progress in language – this would equate to 5 grades progress KS2-4 and an excellent P8 (progress through 8 schools years from primary to secondary) score (national 4+ LoP= 40%). 27% of pupils made better than expected progress KS2- 4 in English language.

National expected progress KS2-4 in maths = 68%, greater than expected = 39%.

UTC KS2-4 expected progress in in maths = 49% however progress from year 10 baseline is good - in maths 78% make at least 1 grades progress.

49% make at least 2 grades progress – this would equate to 5 grades progress KS2-4 and an excellent P8 score (national 4+ = 39%)

13% of pupils made better than expected progress KS2-4 in maths

Progress KS2 – 4 and from baseline is above national in all other subjects except French and Geography – where 60% and 45% of students made at least one grade progress and where progress is improving

A demonstration of the progress being made by students at the UTC is the analysis of progress in two years - from baseline established at year 10 in-take.

Cumulative	+1 grade	+2 grade	+3 grade	+4 grade
English	82	58	38	9
Maths	78	49	34	5
Engineering	94	64	51	25
Biology	84	52	16	
Chemistry	89	84	42	3
Physics	100	63	32	5
Science	95	76	55	6
French	81	42	17	
Geography	43	29	15	

This is critical – progress in all subjects is good from baseline. The subjects where substantial improvements need to be made are Geography and French where the percentage making expected progress is 17% and 3% respectively.

For the 2016/17 year 11 students the UTC is again making progress with each student in key subjects. Based on KS2 prior attainment 60% of students are making expected progress in English, and 32% exceeding expected progress. Oct 16 assessment shows 32% grades 9-5 and 71% grades 9-4 . Predictions are 70% 9-5 this year. Predictions were very accurate in 2016.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

From KS2 progress in maths baseline used an old spec paper but 55% were at a grade 3 – 9 at the end of year 10. October 2016 assessment shows 33% at grades 9-5 and 48% at grades 9-4. Predictions are just under 70% this year. Predictions were very accurate in 2016.

In the Science subjects 66% of students are making expected progress at the end of year 10 - in Physics, 42% and 37% in Chemistry. October half term assessments show between 60-70% grades 9-5, 85% 9-4. Predictions 100% for separate sciences. Predictions were very accurate in 2016.

For the progress 8 measure the UTC has delivered -0.64 (DfE Analysis shows this to be -0.7).

The following figures are KS2–4 progress 8 score (figures in brackets from RAISE) however it must be remembered that the UTC students are only with us for 2/5 of that time. Please see figures above

	P8	Cohort size
All	-0.64 (-0.7)	79
Girls	-0.9 (-1.02)	16
Boys	-0.6 (-0.61)	63
PP	-0.9 (-1.02)	11
Non PP	-0.58 (-0.64)	68
SEND statement	-0.75 (-0.86)	27
SEND action	-0.4 (-0.35)	
AGT	-0.40	15
KS2 low	+0.40 (+0.4)	9
KS2 middle	-0.85 (-0.72)	50
KS2 high	-0.96 (-1.15)	20

SEND (Special Educational Needs & Disability)
AGT (Academically Gifted & Talented)

The UTC also had 11 students who did not have sufficient learning aims to fill all the progress 8 slots.

The analysis of Progress 8 and A*-C shows that female students perform better than male students. It also shows that disadvantaged students make worse progress than others. Progress from baseline does not however show these trends. Another area for further development is the performance of pupils with mid and higher performance at KS2. Students with lower KS2 prior attainment make more progress than other students.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

As previously stated progress at the UTC is critical for our students - who do not join us until year 10. The data below shows progress made by different groups and shows that progress made by girls, PP (Pupil Premium - additional funding for public schools) students, middle and high KS2 – all a concern with P8 figures – is much better than P8 would indicate. Obviously there is no national comparator.

Year 11 15/16	1+ grades	2+ grades	3+ grades	4+ grades	Cohort size
All	87.6%	56.6%	25.3%	4.8%	79
Girls	93.8%	61.1%	23.9%	7.1%	16
Boys	86%	55.5%	25.6%	4.2%	63
PP	91.1%	59.5%	20.2%	6.3%	11
Non PP	88%	56.1%	25.1%	4.5%	68
SEND statement	100%	72.7%	27.2%	18.1%	4
SEND action	85.1%	59.2%	18.5%	0%	23
Non SEN	87.4%	56.1%	25.6%	4.7%	
AGT	87%	52%	26.8%	7.3%	15
KS2 low	88%	60%	26.4%	4%	9
KS2 middle	86.7%	53.9%	24.6%	4.4%	50
KS2 high	91.8%	60.1%	26%	6.5%	20

Year 11 16/17	1+ grades	2+ grades	3+ grades	4+ grades	Cohort size
Progress from Baseline to Autumn Assessment					
All	40.9%	19%	6.7%	1.3%	79
Girls	40%	18.7%	6.4%	0.96%	16
Boys	41%	19.2%	6.8%	1.6%	63
PP	35.7%	18.6%	5.2%	1.03%	11
Non PP	42.2%	19.1%	7.1%	1.4%	68
SEND statement	35.3%	17.2%	3.4%	0%	27
Non SEN	41.7%	19.3%	7.1%	1.6%	52
AGT					15
KS2 low	25.6%	16.2%	6.9%	0%	9
KS2 middle	41.3%	18.9%	6.4%	1.7%	50
KS2 high	42.2%	19.5%	7.1%	1.1%	20

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

INVESTMENT POLICY AND PERFORMANCE

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

Financial review

GOING CONCERN

After making appropriate enquiries and in discussions with the EFA, the Board of Governors have a reasonable expectation that the UTC has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

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 grants of £2,507,579 includes Start-Up grants of £213,020 and Capital grants of £78,367. Voluntary income of £88,633 was received during the year, the majority being sponsorship monies from local organisations. Catering income generated a further £91,965 during the year to unrestricted funds.

Total expenditure of funds during the year was £3,301,979, with a resulting deficit on funds, after pension scheme adjustment, for the year of £605,021.

Net assets at 31 August 2016 amounted to £5,506,196 being represented by restricted fixed asset fund of £5,550,250 and a deficit on restricted funds of £44,054.

PRINCIPAL RISKS AND UNCERTAINTIES

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

RESERVES POLICY

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

DEFICIT

The restricted fund in deficit partly relates to the local government pension scheme reserve amounting to £64,000 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 2016

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.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

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

This report was approved by order of the Board of Governors as the company directors, on 16.12.16 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 Board of Governors has met 5 times during the year. Attendance during the year at meetings of the board of Governors was as follows:

Name	Total meetings attended	Out of a possible
Alan Lindsay	3	5
Andrew Crowder	3	5
Beccy Pleasant	2	5
Chris Nattress	5	5
Donna Connor	4	5
Elaine Flowers	4	5
Gary Jones	1	1
Helen Moore	5	5
John Chapman	1	5
John Ferguson	2	2
Malcolm Allison	4	5
Marie Mills	2	5
Mike Smith	2	5
Rob Rimmer	4	5
Vanessa Ray	1	1

The Finance Committee has met 3 times during the year. Attendance during the year at meetings of the board was as follows:

Name	Total meetings attended	Out of a possible
Andrew Crowder	2	3
Beccy Pleasant	3	3
Cherry Tingle	1	1
Chris Nattress	1	3
John Ferguson	2	3
Mike Smith	1	2
Rob Rimmer	3	3

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal has responsibility for ensuring that the UTC delivers good value for money in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the UTC's use of its resources has provided good value for money during each academic year. They report 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:

Raising Student Attainment

Demonstrated by the rising trend from students' benchmarked performance at Key Stage 3 to predicted outcomes at Key Stage 4.

The UTC has implemented, developed and embedded a bespoke system for tracking and monitoring both individual students and groups of students.

Attendance

The UTC tracks the attendance of all students

Current attendance for academic year is as follows:

		Average attendance
Year 10	95.32%	KS4 = 95.07%
Year 11	94.82%	

National average 2015/2016 = 95.4%

		Average attendance
Year 12	96.98%	95.06%
Year 13	93.14%	

Average attendance for whole school 95.06%

Academy Trust Finances

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.

Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources

Where appropriate tender exercise are undertaken to ensure that high value contracts are assessed against the marketplace to ensure that long term contracts remain comprehensive.
e.g. Currently re-negotiating a reduction in SLA's with two major providers.

Receiving Controls and Managing risks

Regular budget 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.

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GOVERNANCE STATEMENT (continued)

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 2015 to 31 August 2016 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 2015 to 31 August 2016 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 Board has identified that this system can and should be improved. At the start of the year the Principal recommended that the risk system is not sufficiently robust to sustain the UTC as it grows and develops. Therefore with the authority and support of the Governors he embarked on the development of a new risk management framework but at the start of 2015/16 this has not yet been completed.

THE RISK AND CONTROL FRAMEWORK

The UTC's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the Finance, Resources and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Armstrong Watson Audit Limited, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the UTC's financial systems. On a termly basis, the auditors report to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

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

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the UTC who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has 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 16.12.16 and signed on their behalf, by:


Ms B Stephens
Chair of Governors


Ms C Tingle, Principal
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

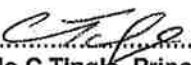
As Accounting Officer of Energy Coast UTC I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between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

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the 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 2015. It should be noted that I have been in post as Accounting Officer from 1 September 2016.

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

Matters arising:

- there has been a lack of evidence maintained for the period by the previous Accounting Officer to show the UTC has obtained Value for Money;
- there have been breaches within the Scheme of Delegation for the authorisation and payment of expenditure invoices;
- contracts were entered into in excess of delegated authority and there is no evidence that due consideration was given to conflicts of interest and the requirements of the Academies Financial Handbook with regard to purchasing services at cost;
- misstatement of the 2014/15 year end results due to significant service level contract expenditure excluded from the accounting records;
- evidence of an ex gratia payment being made without appropriate consent.


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

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**STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of Energy Coast UTC and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Governors and signed on its behalf by:


Ms B Stephens
Chair of Governors

Date: 16.12.16

ENERGY COAST UTC
(A company limited by guarantee)

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

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

This report is made solely to the charitable UTC'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 UTC'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 UTC and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with 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 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

ENERGY COAST UTC
(A company limited by guarantee)

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Jean Carroll (Senior Statutory Auditor)
for and on behalf of

Armstrong Watson Audit Limited
Chartered Accountants
& Statutory Auditors
Carlisle

Date: 16 December 2016

ENERGY COAST UTC
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 21 October 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Energy Coast UTC's funding agreement with the Secretary of State for Education dated July 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

The work undertaken to draw our conclusion includes:

- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- review of extra-contractual payments for staff 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 FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matters arising:

- there has been a lack of evidence maintained for the period by the previous Accounting Officer to show the UTC has obtained Value for Money;
- there have been breaches within the Scheme of Delegation for the authorisation and payment of expenditure invoices;
- contracts were entered into in excess of delegated authority and there is no evidence that due consideration was given to conflicts of interest and the requirements of the Academies Financial Handbook with regard to purchasing services at cost;
- misstatement of the 2014/15 year end results due to significant service level contract expenditure excluded from the accounting records;
- evidence of an ex gratia payment being made without appropriate consent.



Jean Carroll (Reporting Accountant)
For and on behalf of

Armstrong Watson Audit Limited
Chartered Accountants
& Statutory Auditors
Carlisle

Date: 16 December 2016

ENERGY COAST UTC
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	88,633	-	88,633	36,651
Charitable activities	5	-	2,462,163	78,367	2,540,530	1,627,338
Other trading activities	3	108,261	-	-	108,261	65,678
Investments	4	1,534	-	-	1,534	1,570
TOTAL INCOME		109,795	2,550,796	78,367	2,738,958	1,731,237
EXPENDITURE ON:						
Raising funds		109,795	8,340	-	118,135	76,306
Charitable activities		-	2,677,180	506,664	3,183,844	1,822,895
TOTAL EXPENDITURE	6	109,795	2,685,520	506,664	3,301,979	1,899,201
NET EXPENDITURE BEFORE TRANSFERS						
Transfers between Funds	17	-	(134,724)	(428,297)	(563,021)	(167,964)
		-	25,830	(25,830)	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		-	(108,894)	(454,127)	(563,021)	(167,964)
Actuarial losses on defined benefit pension schemes	22	-	(42,000)	-	(42,000)	(1,000)
NET MOVEMENT IN FUNDS		-	(150,894)	(454,127)	(605,021)	(168,964)
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	106,840	6,004,377	6,111,217	6,280,181
TOTAL FUNDS CARRIED FORWARD		-	(44,054)	5,550,250	5,506,196	6,111,217

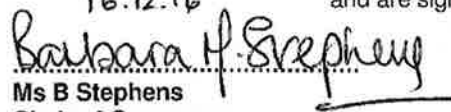
The notes on pages 24 to 43 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	2015 £
FIXED ASSETS				
Tangible assets	14		5,550,250	6,004,377
CURRENT ASSETS				
Debtors	15	319,880	274,558	
Cash at bank and in hand		151,182	144,341	
		<u>471,062</u>	<u>418,899</u>	
CREDITORS: amounts falling due within one year	16	(451,116)	(303,059)	
NET CURRENT ASSETS			<u>19,946</u>	<u>115,840</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,570,196</u>	<u>6,120,217</u>
Defined benefit pension scheme liability	22	(64,000)		(9,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>5,506,196</u>	<u>6,111,217</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	17	19,946	115,840	
Restricted fixed asset funds	17	5,550,250	6,004,377	
Restricted income funds excluding pension liability		<u>5,570,196</u>	<u>6,120,217</u>	
Pension reserve		(64,000)	(9,000)	
Total restricted income funds			<u>5,506,196</u>	<u>6,111,217</u>
TOTAL FUNDS			<u>5,506,196</u>	<u>6,111,217</u>

The financial statements were approved by the Governors, and authorised for issue, on 16.12.16 and are signed on their behalf, by:


Ms B Stephens
Chair of Governors


Ms C Tingle, Principal
Accounting Officer

The notes on pages 24 to 43 form part of these financial statements.

ENERGY COAST UTC
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	<u>5,307</u>	<u>(27,966)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		<u>1,534</u>	<u>1,570</u>
Net cash provided by investing activities		<u>1,534</u>	<u>1,570</u>
Change in cash and cash equivalents in the year		<u>6,841</u>	<u>(26,396)</u>
Cash and cash equivalents brought forward		<u>144,341</u>	<u>170,737</u>
Cash and cash equivalents carried forward		<u><u>151,182</u></u>	<u><u>144,341</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Fund accounting

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

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

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

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 there is certainty of receipt and it is measurable.

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

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

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.

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

Charitable activities and Governance costs are costs incurred on the UTC's educational operations, including support costs and costs relating to the governance of the UTC apportioned to charitable activities.

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 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.

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.

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.

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

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

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

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the UTC; this is normally upon notification of the interest paid or payable by the Bank.

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.

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 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 has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the UTC in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgement

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

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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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 useful economic lives of each type of asset and estimates of residual values. The 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 note 1.6.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	-	5,923	-	5,923	300
Grants received	-	7,500	-	7,500	-
Sponsorship	-	75,210	-	75,210	33,970
Similar incoming resources	-	-	-	-	2,381
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	88,633	-	88,633	36,651
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £2,381 was to unrestricted funds and £34,270 was to restricted funds.

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Letting income	1,209	-	1,209	18,197
Catering income	91,965	-	91,965	47,481
Other income	15,087	-	15,087	-
	<u>108,261</u>	<u>-</u>	<u>108,261</u>	<u>65,678</u>

In 2015, of the total income from other trading activities, £65,678 was to unrestricted funds and £ NIL was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest received	1,534	-	1,534	1,570

In 2015, of the total investment income, £1,570 was to unrestricted funds and £ NIL was to restricted funds.

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Educational operations	-	2,507,579	2,507,579	1,615,457
School trips	-	32,951	32,951	11,881
	<u>-</u>	<u>2,540,530</u>	<u>2,540,530</u>	<u>1,627,338</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,627,338 was to restricted funds.

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	2,142,619	2,142,619	1,020,535
Capital grant	-	78,367	78,367	289,300
Start up Grant Part A	-	110,000	110,000	70,000
Start up Grant Part B	-	103,020	103,020	216,341
Other government grants	-	73,573	73,573	19,281
	-	2,507,579	2,507,579	1,615,457

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £1,615,457 was to restricted funds.

Other government grants

	2016 £	2015 £
Pupil Premium	9,349	4,363
LA SEN Grant	6,550	8,611
16-19 Bursary fund	13,946	6,307
Transportation grant	43,728	-
	<u>73,573</u>	<u>19,281</u>
Total	<u>73,573</u>	<u>19,281</u>

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	118,135	118,135	76,306
Educational operations:					
Direct costs	1,626,571	-	1,047,059	2,673,630	1,460,254
Support costs	190,120	141,886	178,208	510,214	362,641
	<u>1,816,691</u>	<u>141,886</u>	<u>1,343,402</u>	<u>3,301,979</u>	<u>1,899,201</u>

In 2016, of the total expenditure, £109,795 (2015 - £71,504) was to unrestricted funds and £3,192,184 (2015 - £1,827,697) was to restricted funds.

ENERGY COAST UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. DIRECT COSTS

	Educational operations £	Total 2016 £	Total 2015 £
Interest cost on pension	-	-	1,000
EFA clawback	173,000	173,000	-
Educational services	165,023	165,023	121,957
Staff recruitment	19,774	19,774	1,613
Staff training and development	6,527	6,527	6,156
Contracts with other educational providers	156,497	156,497	22,102
Examination fees	63,281	63,281	33,811
Supply and staff restructuring costs	84,675	84,675	19,000
Wages and salaries	1,316,629	1,316,629	653,390
National insurance	67,812	67,812	45,956
Pension cost	113,748	113,748	71,108
Depreciation	506,664	506,664	484,161
	<u>2,673,630</u>	<u>2,673,630</u>	<u>1,460,254</u>

In 2015, the UTC incurred the following Direct costs:

£1,448,040 in respect of Educational operations

£12,214 in respect of School trips

8. SUPPORT COSTS

	Educational operations £	Total 2016 £	Total 2015 £
Legal and professional	10,750	10,750	10,693
Advertising and marketing	10,150	10,150	23,992
Staff recruitment	45,541	45,541	27,164
Consultation	43,463	43,463	19,520
Bank charges	884	884	459
Insurance	8,800	8,800	3,500
Heat and light	29,029	29,029	33,921
Maintenance of premises and equipment	81,837	81,837	72,510
Travel and subsistence	4,075	4,075	2,695
Auditor's remuneration	10,500	10,500	6,450
Rates	31,020	31,020	20,673
Computer costs	44,045	44,045	11,273
Wages and salaries	153,539	153,539	104,043
National insurance	8,725	8,725	6,444
Pension cost	27,856	27,856	19,304
	<u>510,214</u>	<u>510,214</u>	<u>362,641</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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8. SUPPORT COSTS (continued)

During the year ended 31 August 2016, the UTC incurred the following Governance costs:
£109,795 (2015 - £20,900) included within the table above in respect of Educational operations.

In 2015, the UTC incurred the following Support costs:
£341,741 in respect of Educational operations

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	506,664	484,161
Auditors' remuneration	10,500	6,450
	<u> </u>	<u> </u>

ENERGY COAST UTC
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,470,168	757,433
Social security costs	76,537	52,400
Operating costs of defined benefit pension schemes	141,604	90,412
	<u>1,688,309</u>	<u>900,245</u>
Supply teacher costs	84,675	-
Staff restructuring costs	43,707	19,000
	<u>1,816,691</u>	<u>919,245</u>

Staff restructuring costs comprise:

Severance payments	<u>43,707</u>	<u>19,000</u>
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The average number of persons employed by the UTC during the year was as follows:

	2016 No.	2015 No.
Teachers	18	9
Administration and support	10	8
Management	1	2
	<u>29</u>	<u>19</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	0
In the band £90,001 - £100,000	0	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2015 related employer's pension contributions amounted to £2,488 (2015 - £11,280).

Included in wages and salaries are non-statutory/non-contractual severance payments totalling £43,707 (2015 - £19,000). Individually these payments were £30,000 and £13,707.

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 £195,460 (2015 - £161,737).

Included in direct wages and salaries are Service Level Agreement costs totalling £441,811 for the provision of teaching (2015 - £113,563).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. GOVERNORS' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to no Governors (2015 - 1) in respect of defined benefit pension schemes.

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

		2016 £'000	2015 £'000
Mr G Jones (Principal until 11 November 2015)	Remuneration	65-70	85-90
	Pension contributions paid	0-5	10-15
Mr J Chapman	Remuneration	45-50	
	Pension contributions paid	5-10	

No expenses were reimbursed to governors (2015 £1,331 to 1 governor).
During the year, no Governors received any benefits in kind (2015 - £1,260).

12. GOVERNORS' AND OFFICERS' INSURANCE

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

13. OTHER FINANCE INCOME

	2016 £	2015 £
Interest income on pension scheme assets	2,000	-
Interest on pension scheme liabilities	(2,000)	(1,000)
	<u>-</u>	<u>(1,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	5,136,893	174,849	618,702	558,094	6,488,538
Additions	-	-	-	52,537	52,537
At 31 August 2016	5,136,893	174,849	618,702	610,631	6,541,075
Depreciation					
At 1 September 2015	167,723	11,657	123,740	181,041	484,161
Charge for the year	167,723	11,657	123,740	203,544	506,664
At 31 August 2016	335,446	23,314	247,480	384,585	990,825
Net book value					
At 31 August 2016	4,801,447	151,535	371,222	226,046	5,550,250
At 31 August 2015	4,969,170	163,192	494,962	377,053	6,004,377

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

During the year computer equipment additions were funded by a capital grant received from the EFA.

15. DEBTORS

	2016 £	2015 £
Trade debtors	3,837	126
Other debtors	55,320	16,796
Prepayments and accrued income	260,723	257,636
	<u>319,880</u>	<u>274,558</u>

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	91,145	2,535
Other taxation and social security	20,509	15,422
Other creditors	15,103	11,344
Accruals and deferred income	324,359	273,758
	<u>451,116</u>	<u>303,059</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. CREDITORS: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	135,644	240,403
Resources deferred during the year	40,851	135,644
Amounts released from previous years	(135,644)	(240,403)
	<u>40,851</u>	<u>135,644</u>
Deferred income at 31 August 2016	<u>40,851</u>	<u>135,644</u>

At the balance sheet date the UTC was holding funds received in advance for pupils in the 2016/17 academic year.

17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	-	109,795	(109,795)	-	-	-
Restricted funds						
General Annual Grant (GAG)	-	2,142,619	(2,315,619)	-	-	(173,000)
Start up grants	-	213,020	(213,020)	-	-	-
Other educational income	115,840	195,157	(143,881)	25,830	-	192,946
Pension reserve	(9,000)	-	(13,000)	-	(42,000)	(64,000)
	<u>106,840</u>	<u>2,550,796</u>	<u>(2,685,520)</u>	<u>25,830</u>	<u>(42,000)</u>	<u>(44,054)</u>
Restricted fixed asset funds						
Assets transferred from EFA	6,004,377	78,367	(506,664)	(25,830)	-	5,550,250
Total restricted funds	<u>6,111,217</u>	<u>2,629,163</u>	<u>(3,192,184)</u>	<u>-</u>	<u>(42,000)</u>	<u>5,506,196</u>
Total of funds	<u>6,111,217</u>	<u>2,738,958</u>	<u>(3,301,979)</u>	<u>-</u>	<u>(42,000)</u>	<u>5,506,196</u>

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

RESTRICTED FUNDS

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

The transfer into restricted funds relates to a capital grant which was received towards the cost of new computer equipment and software licences. The value of the licences have been expended through the Statement of Financial Activities in the year.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

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 2015/16 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 Grant A is a grant for the purchase of a basic stock of teaching and learning materials including books, text books, software, stationery and PE equipment and other consumables.

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

Other educational income relates to other educational grants and sponsorship income received which are to be expended on specific purposes.

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

RESTRICTED FIXED ASSET FUNDS

The closing balance of the fund reflects the net book value of the assets purchased to date using these funds whether granted or gifted, along with grants received for which assets will be purchased in future periods.

Under the funding agreement with the Secretary of State, the UTC was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	5,550,250	5,550,250	6,004,377
Current assets	-	471,062	-	471,062	418,899
Creditors due within one year	-	(451,116)	-	(451,116)	(303,059)
Provisions for liabilities and charges	-	(64,000)	-	(64,000)	(9,000)
	-	(44,054)	5,550,250	5,506,196	6,111,217

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

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

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(563,021)	(167,964)
Adjustment for:		
Depreciation charges	506,664	484,161
Dividends, interest and rents from investments	(1,534)	(1,570)
Decrease in debtors	43,633	1,204,134
Increase/(decrease) in creditors	59,102	(1,265,427)
Capital grants from DfE and other capital income	(52,537)	(289,300)
Defined benefit pension scheme finance cost	13,000	8,000
Net cash provided by/(used in) operating activities	5,307	(27,966)

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	315,225	144,341
Overdraft facility repayable on demand	(164,043)	-
Total	151,182	144,341

21. CAPITAL COMMITMENTS

At 31 August 2016 the UTC had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	125,626	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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 2013.

Contributions amounting to £14,994 were payable to the schemes at 31 August 2016 (2015 - 11,344) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £101,904 (2015 - £63,789).

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).

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22. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £38,769 (2015 - £29,000), of which employer's contributions totalled £26,774 (2015 - £20,000) and employees' contributions totalled £11,995 (2015 - £9,000). The agreed contribution rates for future years are 14.2% for employers and 5.6-8.5% for employees.

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

The UTC expects to contribute £27,000 to its Defined benefit pension scheme in 2017.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	3.40 %	3.70 %
Rate of increase for pensions in payment / inflation	2.00 %	2.20 %
Inflation assumption (CPI)	1.90 %	2.20 %

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

	2016	2015
Retiring today		
Males	23.1	23.0
Females	25.7	25.6
Retiring in 20 years		
Males	25.9	25.8
Females	28.9	28.8

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22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	38,000	15,000
Government bonds	15,000	5,000
Property	8,000	3,000
Other bonds	6,000	2,000
Cash/liquidity	2,000	1,000
Other	7,000	2,000
Total market value of assets	<u>76,000</u>	<u>28,000</u>

The actual return on scheme assets was £10,000 (2015 - £NIL).

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(39,000)	-
Net interest cost	-	(1,000)
Past service cost	-	(27,000)
Administration expenses	(1,000)	-
Total	<u>(40,000)</u>	<u>(28,000)</u>
Actual return on scheme assets	<u>10,000</u>	<u>-</u>

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

	2016 £	2015 £
Opening defined benefit obligation	37,000	-
Current service cost	39,000	-
Interest cost	2,000	1,000
Contributions by employees	12,000	9,000
Actuarial losses	50,000	-
Past service costs	-	27,000
Closing defined benefit obligation	<u>140,000</u>	<u>37,000</u>

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22. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	28,000	-
Interest income	2,000	-
Actuarial gains and (losses)	8,000	(1,000)
Contributions by employer	27,000	20,000
Contributions by employees	12,000	9,000
Administration costs	(1,000)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	76,000	28,000
	<hr/>	<hr/>

23. RELATED PARTY TRANSACTIONS

During the period the UTC were charged for the provision of teaching staff, facilities and resources from GEN II Engineering & Technology Training Ltd, a member of Energy Coast UTC, amounting to £553,536 (2015 - £87,468). There were no amounts outstanding at the year end date (2015 - £NIL). Mr M J Smith, Governor, is a Director and Chief Executive Officer of GEN II Engineering & Technology Training Ltd.

During the period the UTC were charged for the provision of teaching staff from Lakes College, a member of Energy Coast UTC, in line with a service level agreement, totalling £122,913 (2015 - £170,405 wages, marketing and catering recharges). At 31 August 2016, the amount owed to Lakes College was £38,998 (2015 - £NIL). Mr C Nattress, Governor, is the Principal at Lakes College.

Consultancy of £4,180 was purchased from West Lakes Academy, an Academy which Mr C Nattress, Governor is also a Governor. No amounts were outstanding at the year end date.

During the period the UTC received £35,850 (2015 - £42,000) from Morgan Sindall in sponsorship for uniforms and lanyards. £16,300 has been included in deferred income as this is for uniforms for the 2016/17 academic year (2015 - £28,000). Mr A Crowder, Chairman of the Governors until 31 August 2016, is a Director of this company as is newly appointed governor Mr N Bailey.

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 has been paid in advance for the ten year lease. This is included in prepayments and will be released over the period of the lease which commenced in August 2016.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

24. GOING CONCERN

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

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

25. 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.

26. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the UTC's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

