

Company Registration No. 08714780 (England and Wales)

UNIVERSITY TECHNICAL COLLEGE WARRINGTON
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

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UNIVERSITY TECHNICAL COLLEGE WARRINGTON

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

L Barber (Accounting Officer and Principal)
M Houghton (Chair of Trustees)
W J McCann
A McManus
S Park
J Patterson
R M Smith (Appointed 6 December 2016)
N Gilligan (Appointed 16 May 2017)
Colonel P Harrison (Appointed 4 December 2017)

Members

Prof. S Broomhead
M Houghton
Prof. A Gibson - MMU
Sellafield Ltd (Nominated person: J O'Brien)

Senior management team

- Principal	L Barber
- Vice principal	J Backhouse
- Vice principal	A Downing

Company secretary

M Ward

Company registration number

08714780 (England and Wales)

Registered office

UTC Warrington
Dallam Lane
Warrington
WA2 7NG

Independent auditor

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester
M1 6HT

Bankers

Lloyds Bank PLC
Horsemarket Street
Warrington
WA1 1TP

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's reports of University Technical College Warrington for the period 1 September 2016 to 31 August 2017.

UTC Warrington's object ("the Object") is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, which includes provision for technical education. UTC Warrington specialises in Science & Engineering and provides education for students aged 14-19.

Structure, governance and management

Constitution

UTC Warrington is a company limited by guarantee and an exempt charity, its memorandum and articles of association are the primary governing documents of the trust.

The Trustees of University Technical College Warrington are also the Directors for the purposes of company law. The Academy Trust is known as UTC Warrington. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Each Member of UTC Warrington undertakes to contribute to the assets of the charitable 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.

Trustees' indemnities

UTC Warrington maintains Governors' and officers' liability insurance, which gives appropriate cover for any legal action, brought against its Trustees. UTC Warrington has also granted indemnities to each of its Trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities, which the Trustees or other officers may incur to third parties during the course of acting as Trustees or officers' of UTC Warrington.

Method of recruitment and appointment or election of trustees

Under the terms of its Articles and Funding Agreement, UTC Warrington must provide to the Secretary of State the names of all new or replacement Charity Trustees and Members of the Academy Trust. Stating whether they have been appointed or elected, the date of their appointment or election and, where applicable, the name of the Charity Trustee or Member they replaced as soon as is practicable and in any event within 14 days of their appointment or election.

UTC Warrington must not appoint any new or replacement Charity Trustees or Members until it has first informed them, and they have agreed that their names will be shared with the Secretary of State to enable them to assess their suitability.

UTC Warrington must not amend or remove the provisions in its Articles relating to the appointment, election, resignation or removal of Charity Trustees or Members ("the Governance Articles") without the Secretary of State's consent.

Policies and procedures adopted for the induction and training of trustees

During the year under review, the Trust Board met on a termly basis at board meetings with members of the board also representing committees of the Trust Board. Trustees attend an annual induction, which includes a skills audit and general training/updates, the outcome of the skills audit then forms a training plan for the year dependent on their individual and group needs. All new Trustees are given a tour of the college and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as a Trustee.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

The organisational structure consists of three levels: The Trust Board, (which includes Members and Trustees), the Senior Leadership Team, including the extended Senior Leadership Team, which includes Directors of Faculties. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trust Board are responsible for appointing the Principal & Chief Executive, setting general policy, adopting an annual plan and budget, monitoring the use of budgets and making major decisions about the direction of UTC Warrington.

The Senior Leadership Team comprises of the Principal & Chief Executive and Vice Principal(s). The Principal & Chief Executive also acts as the Accounting Officer. These Senior Leaders control the Academy at an executive level implementing the policies laid down by the Trustees and reporting to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although recruitment for posts in the Senior Leadership Team always contain a Trustee on the panel. Some spending control is devolved to Budget Holders, who are generally members of the middle management team. Any limits above are countersigned by a member of the Senior Leadership Team.

The Middle Management Team includes Faculty Leaders. Along with the Senior Leadership Team these managers are responsible for the day to day operation of the Academy, organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Academy Trust comprise the Trustees and Senior Leadership Team as disclosed on page 1.

The day to day running of the remuneration policy is delegated to the Principal & Chief Executive and monitored by the Pay Committee. All details for setting pay and remuneration of key management personnel are set out in the staff appraisal policy & pay policy, which are reviewed annually by the Board of Trustees.

Remuneration of key management personnel is set at an individual level, and where possible the Trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines (i.e. National Teachers or Local Government Pay Scales), helping Trustees conclude that each individual's remuneration is at an appropriate level, and also linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The Board are always mindful of the charitable status of UTC Warrington and recognise the fact that the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensures that the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Related parties and other connected charities and organisations

UTC Warrington is sponsored by Manchester Metropolitan University. Connected organisations include; Sellafield Ltd, Amec Foster Wheeler and Warrington & Co. whom are connected via Members or Trustee's.

All Trustees' have completed related Party Questionnaires and the Clerk keeps a register of related parties/ declarations of interest, which are also included on the academy website.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and activities

Objects and aims

UTC Warrington aims to create an outstanding academic and technical institution, with support from our employer and university partners, to achieve the following objectives:

- Address the skills gap, as identified by the Energy and Engineering industries and government;
- Be known as a pioneering institution for outstanding quality STEM (Science Technology, Engineering & Maths) education in Warrington; filling the void which currently exists;
- Prepare a generation of skilled, career-ready young people with the necessary technical, academic and softer skills to succeed;
- Establish a modern, progressive college with an innovative and forward-thinking curriculum, valued by students and employers alike;
- Support female engineers into the profession, working alongside high profile aspirational women in Engineering;
- Retain and develop an effective staff team, who have strong relationships with students and are prepared to go the 'extra mile.'

Objectives, strategies and activities

Public benefit

UTC Warrington is a Single Academy Trust catering for students aged 14 to 19, striving to promote and support the advancement of education within the Warrington area. UTC Warrington provides an extensive programme of academic and technical education - all designed to contribute to the overall education of our students focussing on areas such as Science, Technology, Engineering, Arts and Mathematics. The vision is for students to be inspired by the relevance and challenge of solving real-life problems and developing the skills and confidence to succeed throughout their journey into their working lives.

UTC Warrington works with:

- Manchester Metropolitan University, our University sponsor;
- A large network of local employers;
- Local primary and secondary educational establishments

UTC Warrington also aims to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities. For example:

- Use of a state of the art lecture theatre;
- Use of high quality engineering equipment/machinery and/or science laboratories;
- Use of high quality conferencing and catering spaces.

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees believe that the Academy Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

The aim for the financial year was to meet the target recruitment of students for entry in September 2017 to ensure that UTC Warrington operates within its aims and to achieve good examination achievements at the end of the second academic year.

UTC Warrington fell marginally below its student recruitment target; however, due to the lagged funding mechanism applied by the ESFA, the college is confident in ensuring financial sustainability and re-adjusting its long-term budgets.

Visits from the Department for Education have been very positive, indicating the college is well prepared for its first Ofsted inspection.

Key performance indicators

Key performance indicators have been set to achieve the following:

- student recruitment numbers to capacity (according to PAN);
- operating within an agreed (and funded) budget from the Department for Education; efficient use of the ESFA capital funding allocation.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Going concern

The Trustees 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 charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. The trustees have identified three material uncertainties in making their assessment.

1. The ESFA has recently amended the budget for 17/18 based upon actual pupil numbers and therefore the budget presently forecasts a deficit of £138,000 for the year to 31 August 2018. The Trustees have submitted a revised budget to the ESFA with a view to redressing some of the shortfall. The revised budget shows a surplus of £58,000 for 17/18. The deficit plan will be under constant review by the Board. More recent forecasts suggest that 17/18 results are likely to be in deficit by £27,000 following the pupil number adjustment. However, with careful management of costs and the potential reversal of the pupil number clawback following the increase in year 9 applicants, it is expected that the Academy will return to a small surplus by 18/19. The Trustees therefore consider that they have a reasonable expectation that the Academy will be able to implement these plans and thereby have sufficient resources to continue in operational existence for the foreseeable future.
2. The Academy owes £2,054,000 back to the ESFA in respect of a prior period claim for the cost of the property, whereby the amount including VAT, was initially received. The ESFA is seeking repayment of this amount at a rate of £400,000 per month from January 2018. The Academy has already reclaimed £220,000 from HMRC and considers that a further VAT refund of £220,000 is due. A refund of £1,600,000 is due from the third party building contractor and has commenced negotiations to arrange the repayment of these amounts. In addition, the Trustees have obtained confirmation from the ESFA that repayment can be deferred until February 2018. The timing of these cash flows represent a fundamental uncertainty and the ability of the Academy to continue for the foreseeable future is dependent upon receipt of the refunds prior to the repayment to ESFA.

In addition, the Academy received a £200,000 transitional funding grant. The transitional funding grant has a number of conditions, one of which is to identify opportunities to form a Multi Academy Trust which is in the best interest of the Multi Academy Trust and also the individual Academy. Under the terms of the advance, the Academy was required to put forward the name of a MAT Partner by 31 December 2017 and to produce a business case to join a MAT by September 2018. At the date of these financial statements, no such MAT partner had been identified and the £200,000 advance may therefore be deemed repayable.

However, the Academy responded to the ESFA in October 2017 stating that no such potential MAT partner exists at the present time but are progressing with formation of their own MAT and that the goal of MAT formation is still possible by September 2018. The indications from the ESFA suggest that this is acceptable and a meeting is being arranged early 2018 to confirm these proposals. The Trustees believe that the Academy is meeting all the relevant criteria of the funding and that no reclaim will be made.

The Trustees are confident that repayment of all funds owed to the ESFA can be deferred until such time as the refunds have been received from HMRC and the third building contractor. In addition, they consider that no repayment of the transitional grant will be required. These consideration, along with their proposed plans to reduce the operating deficit, result in a reasonable expectation that the Academy will have adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of the approval of the financial statements.

If the academy were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce balance sheet values to their recoverable amounts and to provide for future liabilities that may arise and to reclassify fixed assets as current assets.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Financial review

During the year to 31 August 2017 the academy has aimed to implement the foundations of which it will operate for the foreseeable future.

The build of the academy was approaching completion at the year end with costs incurred in the year of £1,202,732 giving a net book value of £9,938,408 of fixed assets at year end (2016 - £9,446,489).

There were no unrestricted fund balances as at the balance sheet date. Restricted general funds were overdrawn by £112,874 (2016: £51,523). This can be expected with the academy becoming established at an early stage in its life.

The fixed asset restricted funds are at the same value as the NBV of the fixed assets stated above.

The academy has a net current liabilities position of £69,874 (2016: £81,477 net current assets) and cash reserves of £57,786 (2016: £21,729) at the balance sheet date.

Within the financial year, UTC Warrington has established a full set of key financial policies to meet its obligations.

Guidance from the Academies Financial Handbook has been used to form an internal financial manual. A Finance & Resources Committee has been established to provide support and scrutiny, ensuring adequate financial controls are in place and there is a monthly link-governance meeting between key finance personnel and a Trustee with responsibility for finance.

UTC Warrington has kept a risk register which has been reviewed on a monthly basis. The biggest risks identified are on-going student recruitment, retention of students, financial sustainability (including cash flow) and student outcomes (in order to achieve a successful first Ofsted inspection). Failure to recruit enough students will result in financial claw back from the ESFA, which could affect longer term plans.

Reserves policy

The Trustees will review the reserve levels of UTC Warrington annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees will always try to match income with expenditure in the current year and set and manage a balanced budget). UTC Warrington will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the students.

The Trustees will review the reserve levels of UTC Warrington annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

At the balance sheet date, the academy had total funds of £9,825,534 of which none were unrestricted.

The Trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the students.

Investment policy and powers

UTC Warrington held no investments within the financial year.

Principal risks and uncertainties

The Trustees have assessed the major risks to which UTC Warrington is exposed, in particular those relating to the specific teaching, outcomes, student recruitment, finances and operational matters such as facilities. The Trustees held risk workshops and regularly reviewed a risk register. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of college grounds and internal financial controls in order to manage risk). UTC Warrington has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

- To scrutinise and evaluate any changes to projected student numbers and impact on future funding.
- To monitor and scrutinise a Fixed Asset Register to protect current investment.
- To implement a training programme for Trustees around financial management.

Funds held as custodian trustee on behalf of others

There are no assets being held.

Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 20 December 2017 and signed on its behalf by:



J Patterson
Trustee

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that UTC Warrington 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 Trustees has delegated the day-to-day responsibility to the Principal & Chief Executive, 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 UTC Warrington and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 12 times during the year. Attendance during the period at meetings of the Board of Trustees, including committee meetings was as follows:

Trustees	Meetings attended	Out of possible
L Barber (Accounting Officer and Principal)	7	7
M Houghton (Chair of Trustees)	4	4
W J McCann	5	7
A McManus	4	4
S Park	2	4
J Patterson	7	7
R M Smith (Appointed 6 December 2016)	4	4
N Gilligan (Appointed 16 May 2017)	0	3
Colonel P Harrison (Appointed 4 December 2017)		

The key changes in the composition of the trust board within the financial year were the appointments of R M Smith and N Gilligan. There has been breadth and depth of coverage across the trust board resulting in support and challenge of the leadership team, oversight of financial management through sub-committee meetings and strong link-governance, and ensuring that the strategic vision is delivered.

The board have demonstrated strong leadership and management which has been referenced by several external sources including a DfE Education Advisor, and link-governance is particularly strong in both curriculum and finance. The Trust Board have self-evaluated their own effectiveness through completion of a skills analysis, which has formed a Trustee CPD programme. Through our teaching school partner, the board have identified National Leaders of Governance who they intend to develop a long term relationship with to develop their governance procedures.

Data is produced by way of monthly reports from the Chief Executive covering detailed information around student and financial performance, data is also provided at Trust Board meetings including sub-committees where matters are discussed in more detail. The board finds this acceptable as they receive granular level detail regularly which is then discussed.

Governance procedures were scrutinised by the Department for Education at several junctures throughout the year, we also employed a number of external consultants for reviews of governance. In addition to this, we had a validation visit from the ESFA around Financial Management & Governance.

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to support and challenge the Principal and Senior Leadership Team in the areas of budget, audit, pay, facilities, HR and staffing.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The finance and general purposes committee is a sub-committee of the main board of trustees. Its purpose is to oversee the Financial Management of the school with particular remit with regards to finance (including audit) personnel and premises.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
L Barber (Accounting Officer and Principal)	2	3
M Houghton (Chair of Trustees)	1	1
A McManus	3	3
S Park	3	3

Review of value for money

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available.

The Accounting Officer for UTC Warrington has delivered improved value for money during the year by seeking to use the most cost effective solutions.

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 on-going process designed to identify and prioritise the risks to the achievement of academy trust 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 UTC Warrington for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which UTC Warrington is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing UTC Warrington's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The risk and control framework

UTC Warrington'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. It includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Resources 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.

During the period under review, an internal auditor was appointed and a programme of internal audit was delivered.

The internal auditor's role includes providing advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the auditor will report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The internal audit programme included checks in the following areas:

- Audit arrangements
- Budget planning, monitoring and reporting
- Internal control
- Governance
- Risk management
- Purchasing
- Income
- Payroll
- Cash control
- Assets
- Catering
- Lettings
- Pupil Premium

The programme of internal audit was delivered as intended and a programme has been devised for 17-18. The internal auditors view from the final visit "There are no items of an urgent nature to bring to the attention of the Academy."

Review of effectiveness

As Accounting Officer, the Principal & Chief Executive 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 auditor;
- the work of the internal auditor;
- the work of the executive managers within UTC Warrington who have responsibility for the development and maintenance of the internal control framework.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the external auditors and the executive managers and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 20 December 2017 and signed on its behalf by:



L Barber
Accounting Officer and Principal



J Patterson
Trustee

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

As Accounting Officer of UTC Warrington, I have considered my responsibility to notify the UTC Warrington Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the UTC Warrington 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 trust's funding agreement and the Academies Financial Handbook 2016.

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



L Barber
Accounting Officer

20 December 2017

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for University Technical College Warrington and are also the directors of University Technical College Warrington for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees 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 accounts 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 trustees 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 that grants received from ESFA/DfE have been applied for the purposes intended.

The trustees 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 20 December 2017 and signed on its behalf by:



J Patterson
Trustee

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY TECHNICAL COLLEGE WARRINGTON

Opinion

We have audited the accounts of University Technical College Warrington for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

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

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 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC'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.

Emphasis of matter in relation to going concern

We draw your attention to the disclosures made in note 1.2 of the financial statements concerning the Academy's ability to continue as a going concern, in particular the timing of refunds to the ESFA and the proposed budget deficit plan of the Academy. The matters explained in note 1.2 indicate the existence of material uncertainties which may cast doubt on the Academy's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Academy were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY TECHNICAL COLLEGE WARRINGTON (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust'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 trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY TECHNICAL COLLEGE WARRINGTON (CONTINUED)

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. 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's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Robertson (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

20 December 2017

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UNIVERSITY TECHNICAL COLLEGE WARRINGTON AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by University Technical College Warrington during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to University Technical College Warrington and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the University Technical College Warrington and 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 University Technical College Warrington and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of University Technical College Warrington's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of University Technical College Warrington's funding agreement with the Secretary of State for Education dated 26 March 2015 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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 academy trust's income and expenditure.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants in England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements University Technical College Warrington for the year ended 31 August 2017 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UNIVERSITY TECHNICAL COLLEGE WARRINGTON AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1 - From the audit substantive procedures carried out it became apparent that authorisation and tendering policies were generally not being adhered to. There was a lack of evidence in relation to order, invoice and payment authorisation (including payroll payments). In a number of instances documentation was not available for inspection, namely purchase orders, tendering documents and approved supplier information. Credit card receipts were also missing for some of the sample selected.

Matter 2 - The academy did not have a gifts register in place throughout the period.

Matter 3 - Our review highlighted two governors attending meetings before they were appointed as company directors. The Handbook states that there should not be de-facto trustees or shadow directors.



Reporting Accountant

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester
M1 6HT

Dated: 20 December 2017

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	3	-	3,139	1,077,853	1,080,992	9,002,357
Charitable activities:						
- Funding for educational operations	4	16,724	1,627,562	-	1,644,286	170,000
Other trading activities	5	-	52,693	-	52,693	-
Investments	6	169	-	-	169	168
Total income and endowments		<u>16,893</u>	<u>1,683,394</u>	<u>1,077,853</u>	<u>2,778,140</u>	<u>9,172,525</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	-	1,767,759	580,813	2,348,572	312,222
Total expenditure	7	<u>-</u>	<u>1,767,759</u>	<u>580,813</u>	<u>2,348,572</u>	<u>312,222</u>
Net income/(expenditure)		16,893	(84,365)	497,040	429,568	8,860,303
Transfers between funds		(16,893)	22,014	(5,121)	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	20	-	1,000	-	1,000	-
Net movement in funds		-	(61,351)	491,919	430,568	8,860,303
Reconciliation of funds						
Total funds brought forward		-	(51,523)	9,446,489	9,394,966	534,663
Total funds carried forward		-	(112,874)	9,938,408	9,825,534	9,394,966

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Comparative year information Year ended 31 August 2016	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2016 £
Income and endowments from:					
Donations and capital grants	3	40,000	-	8,962,357	9,002,357
Charitable activities:					
- Funding for educational operations	4	-	170,000	-	170,000
Investments	6	168	-	-	168
Total income and endowments		<u>40,168</u>	<u>170,000</u>	<u>8,962,357</u>	<u>9,172,525</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	-	310,795	1,427	312,222
Total expenditure	7	<u>-</u>	<u>310,795</u>	<u>1,427</u>	<u>312,222</u>
Net income/(expenditure)		40,168	(140,795)	8,960,930	8,860,303
Transfers between funds		(40,168)	39,163	1,005	-
Reconciliation of funds					
Total funds brought forward		-	50,109	484,554	534,663
Total funds carried forward		<u>-</u>	<u>(51,523)</u>	<u>9,446,489</u>	<u>9,394,966</u>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	12	9,938,408	9,446,489
Current assets			
Stocks	13	6,423	-
Debtors	14	2,312,191	3,361,637
Cash at bank and in hand		57,786	21,729
		<u>2,376,400</u>	<u>3,383,366</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(2,446,274)	(3,301,889)
Net current assets		<u>(69,874)</u>	<u>81,477</u>
Total assets less current liabilities		<u>9,868,534</u>	<u>9,527,966</u>
Creditors: amounts falling due after more than one year	16	-	(133,000)
Net assets excluding pension liability		<u>9,868,534</u>	<u>9,394,966</u>
Defined benefit pension liability	20	(43,000)	-
Net assets		<u>9,825,534</u>	<u>9,394,966</u>
Funds of the academy trust:			
Restricted funds	18		
- Fixed asset funds		9,938,408	9,446,489
- Restricted income funds		(69,874)	(51,523)
- Pension reserve		(43,000)	-
Total restricted funds		<u>9,825,534</u>	<u>9,394,966</u>
Unrestricted income funds	18	-	-
Total funds		<u>9,825,534</u>	<u>9,394,966</u>

The accounts set out on pages 20 to 42 were approved by the board of trustees and authorised for issue on 20 December 2017 and are signed on its behalf by:


J Patterson
Trustee

Company Number 08714780

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	21		160,767		(53,522)
Cash flows from investing activities					
Dividends, interest and rents from investments		169		168	
Capital grants from DfE and ESFA		947,853		8,962,357	
Payments to acquire tangible fixed assets		(1,072,732)		(8,963,362)	
			(124,710)		(837)
Change in cash and cash equivalents in the reporting period			36,057		(54,359)
Cash and cash equivalents at 1 September 2016			21,729		76,088
Cash and cash equivalents at 31 August 2017			57,786		21,729

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

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

University Technical College Warrington meets the definition of a public benefit entity under FRS 102.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.2 Going concern

The Trustees 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 charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. The trustees have identified three material uncertainties in making their assessment.

1. The ESFA has recently amended the budget for 17/18 based upon actual pupil numbers and therefore the budget presently forecasts a deficit of £138,000 for the year to 31 August 2018. The Trustees have submitted a revised budget to the ESFA with a view to redressing some of the shortfall. The revised budget shows a surplus of £58,000 for 17/18. The deficit plan will be under constant review by the Board. More recent forecasts suggest that 17/18 results are likely to be in deficit by £27,000 following the pupil number adjustment. However, with careful management of costs and the potential reversal of the pupil number clawback following the increase in year 9 applicants, it is expected that the Academy will return to a small surplus by 18/19. The Trustees therefore consider that they have a reasonable expectation that the Academy will be able to implement these plans and thereby have sufficient resources to continue in operational existence for the foreseeable future.
2. The Academy owes £2,054,000 back to the ESFA in respect of a prior period claim for the cost of the property, whereby the amount including VAT, was initially received. The ESFA is seeking repayment of this amount at a rate of £400,000 per month from January 2018. The Academy has already reclaimed £220,000 from HMRC and considers that a further VAT refund of £220,000 is due. A refund of £1,600,000 is due from the third party building contractor and has commenced negotiations to arrange the repayment of these amounts. In addition, the Trustees have obtained confirmation from the ESFA that repayment can be deferred until February 2018. The timing of these cash flows represent a fundamental uncertainty and the ability of the Academy to continue for the foreseeable future is dependent upon receipt of the refunds prior to the repayment to ESFA.

In addition, the Academy received a £200,000 transitional funding grant. The transitional funding grant has a number of conditions, one of which is to identify opportunities to form a Multi Academy Trust which is in the best interest of the Multi Academy Trust and also the individual Academy. Under the terms of the advance, the Academy was required to put forward the name of a MAT Partner by 31 December 2017 and to produce a business case to join a MAT by September 2018. At the date of these financial statements, no such MAT partner had been identified and the £200,000 advance may therefore be deemed repayable.

However, the Academy responded to the ESFA in October 2017 stating that no such potential MAT partner exists at the present time but are progressing with formation of their own MAT and that the goal of MAT formation is still possible by September 2018. The indications from the ESFA suggest that this is acceptable and a meeting is being arranged early 2018 to confirm these proposals. The Trustees believe that the Academy is meeting all the relevant criteria of the funding and that no reclaim will be made.

The Trustees are confident that repayment of all funds owed to the ESFA can be deferred until such time as the refunds have been received from HMRC and the third building contractor. In addition, they consider that no repayment of the transitional grant will be required. These considerations, along with their proposed plans to reduce the operating deficit, result in a reasonable expectation that the Academy will have adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of the approval of the financial statements.

If the academy were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce balance sheet values to their recoverable amounts and to provide for future liabilities that may arise and to reclassify fixed assets as current assets.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 are allocated on the portion of the asset's use.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. 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 each asset on a straight-line or reducing balance basis over its expected useful life, as follows:

Leasehold land and buildings	50 years straight line
Computer equipment	4 years straight line
Fixtures, fittings & equipment	5% - 25% reducing balance

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.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.6 Liabilities

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 academy trust 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.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust 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. Prepayments are not financial instruments.

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 cost. 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 instrument.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 Taxation

The academy trust 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 academy trust 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.

1.11 Pensions benefits

Retirement benefits to employees of the academy trust 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 academy trust.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust 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 20, 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 are 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 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.

1.12 Fund accounting

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

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 Education and Skills Funding Agency.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 Critical accounting estimates and areas of judgement

Accounting 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 academy 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.

Local Government Pension 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Useful economic lives of tangible assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Private sponsorship	-	-	-	40,000
Capital grants	-	1,077,853	1,077,853	8,962,357
Other donations	-	3,139	3,139	-
	-	1,080,992	1,080,992	9,002,357

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,123,658	1,123,658	-
Start up grants	-	255,500	255,500	-
Other DfE / ESFA grants	-	248,404	248,404	170,000
	-	1,627,562	1,627,562	170,000
Other funds				
Other incoming resources	16,724	-	16,724	-
Total funding	16,724	1,627,562	1,644,286	170,000

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Catering income	-	40,144	40,144	-
School trips	-	12,549	12,549	-
	-	52,693	52,693	-

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Other investment income	169	-	169	168

7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Academy's educational operations					
- Direct costs	986,352	-	126,851	1,113,203	243,364
- Allocated support costs	266,457	737,268	231,644	1,235,369	68,858
	1,252,809	737,268	358,495	2,348,572	312,222

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7	Expenditure	(Continued)	
	Net income/(expenditure) for the year includes:	2017	2016
		£	£
	Fees payable to auditor for:		
	- Audit	12,900	3,000
	- Other services	15,859	2,000
	Operating lease rentals	4,508	3,685
	Depreciation of tangible fixed assets	580,813	1,427
	Net interest on defined benefit pension liability	1,000	-
		<u>1,235,369</u>	<u>68,858</u>
8	Charitable activities	2017	2016
		£	£
	All from restricted funds:		
	Direct costs - educational operations	1,113,203	243,364
	Support costs - educational operations	1,235,369	68,858
		<u>2,348,572</u>	<u>312,222</u>
		2017	2016
		£	£
	Analysis of support costs		
	Support staff costs	266,457	-
	Depreciation and amortisation	580,813	1,427
	Premises costs	140,141	3,685
	Other support costs	202,016	35,672
	Governance costs	45,942	28,074
		<u>1,235,369</u>	<u>68,858</u>
9	Staff costs	2017	2016
		£	£
	Wages and salaries	923,846	190,632
	Social security costs	100,223	21,281
	Operating costs of defined benefit pension schemes	197,890	21,533
	Staff costs	<u>1,221,959</u>	<u>233,446</u>
	Supply staff costs	15,341	-
	Staff development and other staff costs	15,509	-
	Total staff expenditure	<u>1,252,809</u>	<u>233,446</u>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

(Continued)

Staff numbers

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

	2017 Number	2016 Number
Teachers	13	-
Administration and support	10	2
Management	3	2
	<u>26</u>	<u>4</u>

Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	2	-
£80,001 - £90,000	-	1
£101,001 - £110,000	1	-
	<u>3</u>	<u>1</u>

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 £261,104 (2016: £146,177).

10 Trustees' remuneration and expenses

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

The value of trustees' remuneration and other benefits was as follows:

L Barber (principal and trustee):

Remuneration: £100,000 - £110,000 (2016: £80,000 - £90,000)

Employer pension contributions paid £15,000 - £20,000 (2016: £10,000 - £15,000)

During the period ended 31 August 2017, travel and subsistence expenses totalling £319 were reimbursed or paid directly to 1 trustee (2016: £155 was reimbursed or paid directly to 1 trustee.)

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Trustees 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 trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

12 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2016	8,938,993	179,801	329,122	9,447,916
Additions	95,136	374,524	733,072	1,202,732
Valuation adjustment	(130,000)	-	-	(130,000)
At 31 August 2017	8,904,129	554,325	1,062,194	10,520,648
Depreciation				
At 1 September 2016	-	1,427	-	1,427
Charge for the year	176,683	138,581	265,549	580,813
At 31 August 2017	176,683	140,008	265,549	582,240
Net book value				
At 31 August 2017	8,727,446	414,317	796,645	9,938,408
At 31 August 2016	8,938,993	178,374	329,122	9,446,489

13 Stocks

	2017 £	2016 £
School uniform	6,423	-

14 Debtors

	2017 £	2016 £
Trade debtors	3,269	-
Other debtors	2,270,720	3,350,570
Prepayments and accrued income	38,202	11,067
	2,312,191	3,361,637

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15	Creditors: amounts falling due within one year	2017	2016
		£	£
	Trade creditors	105,192	70,827
	Other taxation and social security	27,041	20,727
	ESFA creditors	2,055,206	1,540,338
	Other creditors	176,154	155,198
	Accruals and deferred income	82,681	1,514,799
		<u>2,446,274</u>	<u>3,301,889</u>
16	Creditors: amounts falling due after more than one year	2017	2016
		£	£
	Other creditors	-	133,000
		<u>-</u>	<u>133,000</u>
17	Deferred income	2017	2016
		£	£
	Deferred income is included within:		
	Creditors due within one year	37,598	-
		<u>37,598</u>	<u>-</u>
	Deferred income at 1 September 2016	-	-
	Amounts deferred in the year	37,598	-
		<u>37,598</u>	<u>-</u>
	Deferred income at 31 August 2017	37,598	-

Deferred income represents amounts received in advance.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	-	1,123,658	(1,610,293)	216,761	(269,874)
Start up grants	-	255,500	-	(255,500)	-
Other DfE / ESFA grants	(51,523)	248,404	-	3,119	200,000
Other restricted funds	-	55,832	(113,466)	57,634	-
Funds excluding pensions	(51,523)	1,683,394	(1,723,759)	22,014	(69,874)
Pension reserve	-	-	(44,000)	1,000	(43,000)
	(51,523)	1,683,394	(1,767,759)	23,014	(112,874)
Restricted fixed asset funds					
DfE / ESFA capital grants	9,446,489	1,077,853	(580,813)	(5,121)	9,938,408
Total restricted funds	9,394,966	2,761,247	(2,348,572)	17,893	9,825,534
Unrestricted funds					
General funds	-	16,893	-	(16,893)	-
Total funds	9,394,966	2,778,140	(2,348,572)	1,000	9,825,534

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

- (i) General Annual Grant (GAG) must be used for the normal running costs of the academy.
- (ii) The other DfE/ESFA grants fund is used to track grants provided by local and central government departments.
- (iii) The other restricted funds tracks grants, donations and other income arising from sources other than grants provided by central and local government departments.
- (iv) The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.
- (v) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward as well as the current fixed assets held.

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

The trust is carrying a net deficit of £69,874 on restricted general funds (excluding pension reserve). Refer to note 1.2 for details of how trust is taking action to return these funds to surplus.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds

(Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
Other DfE / ESFA grants	50,109	170,000	(310,795)	39,163	(51,523)
Restricted fixed asset funds					
DfE / ESFA capital grants	484,554	8,962,357	(1,427)	1,005	9,446,489
Total restricted funds	<u>534,663</u>	<u>9,132,357</u>	<u>(312,222)</u>	<u>40,168</u>	<u>9,394,966</u>
Unrestricted funds					
General funds	-	40,168	-	(40,168)	-
Total funds	<u>534,663</u>	<u>9,172,525</u>	<u>(312,222)</u>	<u>-</u>	<u>9,394,966</u>

19 Analysis of net assets between funds

	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	9,938,408	9,938,408
Current assets	128,491	2,376,400	-	2,376,400
Creditors falling due within one year	(128,491)	(2,446,274)	-	(2,446,274)
Defined benefit pension liability	-	(43,000)	-	(43,000)
	<u>-</u>	<u>(112,874)</u>	<u>9,938,408</u>	<u>9,825,534</u>

	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	9,446,489	9,446,489
Current assets	266,000	3,117,366	-	3,383,366
Creditors falling due within one year	(133,000)	(3,168,889)	-	(3,301,889)
Creditors falling due after one year	(133,000)	-	-	(133,000)
	<u>-</u>	<u>(51,523)</u>	<u>9,446,489</u>	<u>9,394,966</u>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

20 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £9,961 (2016: £9,961) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £120,490 (2016: £21,533).

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

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

20 Pensions and similar obligations

(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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 17% for employers and 5.5 to 12.5% 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.

Total contributions made	2017 £	2016 £
Employer's contributions	28,000	-
Employees' contributions	8,000	-
Total contributions	36,000	-
Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	2.7	-
Rate of increase for pensions in payment	2.4	-
Discount rate	2.5	-

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

	2017 Years	2016 Years
Retiring today		
- Males	22.3	-
- Females	24.5	-
Retiring in 20 years		
- Males	23.9	-
- Females	26.5	-

Scheme liabilities would have been affected by changes in assumptions as follows:

	2017 £'000	2016 £'000
0.5% increase in real discount rate	21	
0.5% increase in pension increase rate	21	

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Pensions and similar obligations

(Continued)

The academy trust's share of the assets in the scheme	2017 Fair value £	2016 Fair value £
Equities	20,000	-
Bonds	16,400	-
Cash	800	-
Property	2,800	-
Total market value of assets	40,000	-
Actual return on scheme assets - gain/(loss)	4,000	-
Amounts recognised in the statement of financial activities	2017 £	2016 £
Current service cost	50,000	-
Past service cost	21,000	-
Interest cost	1,000	-
Total operating charge	72,000	-
Changes in the present value of defined benefit obligations	2017 £	2016 £
Current service cost	50,000	-
Interest cost	1,000	-
Employee contributions	8,000	-
Actuarial loss	3,000	-
Past service cost	21,000	-
At 31 August 2017	83,000	-
Changes in the fair value of the academy trust's share of scheme assets	2017 £	2016 £
Actuarial gain	4,000	-
Employer contributions	28,000	-
Employee contributions	8,000	-
At 31 August 2017	40,000	-

The estimated value of employer contributions for the year ended 31 August 2018 is £24,000.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

21 Reconciliation of net income to net cash flows from operating activities

	2017 £	2016 £
Net income for the reporting period	429,568	8,860,303
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(1,077,853)	(8,962,357)
Investment income receivable	(169)	(168)
Defined benefit pension costs less contributions payable	43,000	-
Defined benefit pension net finance cost	1,000	-
Depreciation of tangible fixed assets	580,813	1,427
(Increase) in stocks	(6,423)	-
Decrease/(increase) in debtors	1,049,446	(3,160,074)
(Decrease)/increase in creditors	(988,615)	3,207,347
Valuation adjustment	130,000	-
Net cash provided by operating activities	160,767	(53,522)

22 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £	2016 £
Amounts due within one year	9,480	-
Amounts due in two and five years	37,920	-
	<u>47,400</u>	<u>-</u>

23 Capital commitments

	2017 £	2016 £
Expenditure contracted for but not provided in the accounts	4,226	-

24 Related party transactions

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

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.