

REPORT OF THE GOVERNORS, STRATEGIC REPORT AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014  
FOR

UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH

Wilkins Kennedy LLP  
Chartered Accountants  
Statutory Auditor  
Greytown House  
221-227 High Street  
Orpington  
Kent  
BR6 0NZ

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UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH

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FOR THE YEAR ENDED 31 AUGUST 2014

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UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH

REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2014

|                                  |   |
|----------------------------------|---|
| <b>MEMBERS</b>                   | University of Greenwich<br>Royal Borough of Greenwich<br>Wates Construction Limited   |
| <b>GOVERNORS</b>                 | Professor T Barnes<br>Mr M Sharp<br>Dr R Marshall (appointed 1.10.2014)<br>Mr R Price<br>Cllr C Roberts (appointed 2.9.2013)<br>Mr R Shroll<br>Ms F Reilly<br>Ms A Cousins<br>Ms T Mahoney<br>Mr C Philpott<br>Ms J Jackman |
| <b>SENIOR MANAGEMENT TEAM</b>    | Dr R Marshall (Interim Principal)   |
| <b>REGISTERED OFFICE</b>         | Room QA 382 Queen Anne Court<br>University of Greenwich<br>Greenwich<br>London<br>SE10 9LS  |
| <b>REGISTERED COMPANY NUMBER</b> | 07742547 (England and Wales)  |
| <b>AUDITORS</b>                  | Wilkins Kennedy LLP<br>Chartered Accountants<br>Statutory Auditor<br>Greytown House<br>221-227 High Street<br>Orpington<br>Kent<br>BR6 0NZ  |
| <b>SOLICITOR</b>                 | Legal Department<br>Royal Borough of Greenwich<br>The Woolwich Centre<br>London<br>SE18 6HQ   |
| <b>BANKER</b>                    | HSBC Bank plc<br>15 Wellington Street<br>Woolwich<br>London<br>SE18 6PH   |

**UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH**

**REPORT OF THE GOVERNORS  
FOR THE YEAR ENDED 31 AUGUST 2014**

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The Governors present their report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report and a director's report under company law.

The Trust operates an academy for pupils aged 14 to 19 servicing a catchment area in Royal Borough of Greenwich. It has a pupil capacity of 300 and had a roll of 282 in the school census on 15/05/2014.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust is a company limited by guarantee with no share capital (registration no. 07742547) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. The Governors act as the Trustees for the charitable activities of the University Technical College, Royal Borough of Greenwich and are also Directors of the charitable company for the purposes of company law. The charitable company is known as University Technical College, Royal Borough of Greenwich. Details of the Governors who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

University Technical College, Royal Borough of Greenwich was incorporated on 16 August 2011 and obtained Academy status from 9 October 2012.

**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.

**Principal activities**

The principal activity of the University Technical College, Royal Borough of Greenwich is 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. The school provides a quality, free education for young people aged 14 to 19, who are interested in careers in engineering, construction and related industries.

**Recruitment and appointment of new trustees**

The members of the Academy Trust shall comprise the signatories to the Memorandum, the Employer Sponsors, 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose, the Chairman of the Governors and any person appointed under Article 16.

The number of Governors shall be not less than 3, but shall not be subject to a maximum. The first Governors shall be those named in the initial Memorandum. The Academy Trust shall have the following Governors; up to 10 Governors as appointed by members provided that in making such appointments the members shall ensure that representatives of the University and Employer Sponsors form a majority of the total number of Governors; any Staff Governors; up to 1 LA Governor; a minimum of 2 Parent Governors; the Principal, any Additional Governors if appointed under Article 62, 62A or 68A; and any Further Governors if appointed under Article 63 or Article 68A. The Academy may also have up to 3 Co-opted Governors, a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been so appointed. The Governors may not co-opt an employee of the Academy Trust as a Co-opted Governor if the number of Governors who are employed by the Academy Trust would thereby exceed one third of the total number of Governors (including the Principal).

Each of the persons entitled to appoint members above shall have the right, from time to time by written notice delivered to the Office, to remove any Member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of Governor and Governor may be re-appointed or re-elected.

REPORT OF THE GOVERNORS  
FOR THE YEAR ENDED 31 AUGUST 2014

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## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Induction and training of new trustees**

All new Governors will receive an introduction including tours of the School site, and the opportunity to attend a professionally run new governor induction course 'Governor Training and Development, School Leadership and Management'. Governors will also be provided with adequate opportunities to undertake and receive suitable training so as to enable them to undertake their role more effectively. To this end the Governing Body maintains a Service Level Agreement with the Royal Borough of Greenwich Children's Services Department. This Agreement allows for any or all of the members of the Governing body to attend any of the training courses provided. All new Governors are actively encouraged to take advantage of this Agreement so as to gain a better understanding of the role and responsibilities of being a School Governor. Additionally Governors with specific roles within the Governing Body are strongly encouraged to undertake specific training. The Clerk to the Governors will be the nominated Link Governor who acts as liaison between Governor Services and the Governing body.

### **Organisational structure**

At the Royal Greenwich University Technical College the majority of the roles and responsibilities of the Governing Body will be delegated to a small number of committees, as defined in the School's Standing Orders. The full Governing Body will retain responsibility for certain aspects, again as defined in the Standing Orders. Members of the Senior Leadership Team (SLT), in addition to the Principal, will attend Governors' meetings as appropriate. The Governors will be responsible for the strategic management of the School; deciding and setting key aspects of the School, including strategic direction, annual budgets, senior staff appointments, policy changes etc. Operational management will be the responsibility of the Principal and staff. The latter will be carried out at a number of levels; i.e. by the Senior Leadership Team, Heads of Faculty, Deputy Heads of Faculty, Heads of Year and Subject Leaders. School policies will be developed by senior members of the School's staff, to reflect both the strategic direction agreed by the Governors and also statutory requirements. All policies will be approved and adopted by the Governing Body, and implemented as procedures and systems by the SLT and other designated members of staff. During the period 1st September 2013 until 31 August 2014 the Governing Body met 5 times.

### **Connected organisations**

The Royal Greenwich University Technical College enjoys an effective partnership with its sponsors including The University of Greenwich, Wates Construction, Transport for London and The Royal Borough of Greenwich. The sponsors actively support the UTC in the delivery of the curriculum with staff and resources as well as providing opportunities for work experience. The sponsors also offer pathways for apprenticeships, direct employment, higher education and training.

## **OBJECTIVES AND ACTIVITIES**

### **Objectives and aims**

The principal object of the school 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.

The Principal Guiding Aim is to ensure that each student has an equal opportunity to experience a whole curriculum that is balanced, relevant and broadly based and which will promote the intellectual, cultural, moral, spiritual, aesthetic and physical development of the individual to the benefit of his or herself, the school and the wider community.

### **Our Aims**

Below is a brief outline of our aims and an outline as to how we wish to develop the Royal Greenwich UTC, our students and our curriculum.

#### **1. Pledge of an opportunity for every student that successfully completes their studies at Royal Greenwich UTC of an apprenticeship, a place at University or further education institution, or industry relevant employment.**

Student coursework will be targeted at ensuring academic success, filling skills gaps and developing employability skills for the sector. To help students make informed choices we have developed an exceptional personalised careers guidance scheme that combines traditional advice, taster opportunities through business focused projects with input by our business partners in the form of mentoring and guru sessions from industry leaders.

REPORT OF THE GOVERNORS  
FOR THE YEAR ENDED 31 AUGUST 2014

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**Our Aims - continued**

**2. Developing the whole individual, building employability and skills for success.**

While academic and technical skills are a key part of future success, our approach to education is even broader. We aim to create confident, independent, creative and enterprising problem solvers who are able to communicate ideas, think things through, control the consequences of their actions, influence people and persuade them of courses of action they feel strongly about.

This additional approach will be present throughout the college day and will be taught alongside the traditional subjects through project based and enrichment activities.

**3. An employer led curriculum for learning, life and employability.**

At all levels the curriculum will be co-designed and supported by employer, university and further education partners focussing on the engineering and construction industries, with a core of commercial business education. The curriculum is further broadened by ensuring that young people with design flair and creativity can develop towards careers in product and interior design, gaining an understanding of the materials and methods they will be using. In order to develop a sustainable future for every student, a personalised curriculum will be provided with a clear plan of achieving career objectives.

Students will also be given opportunities to work on live, pioneering industrial projects with the lead businesses on the project. In doing so, they will have opportunities to be responsive, creative and entrepreneurial, all of which will encourage them to apply what they learn in the classroom into real life situations.

**4. Focussing on the fields of Engineering and Construction particularly for sustainable transport 'green' technologies and 'eco-building' technologies.**

Royal Greenwich UTC will specialise its curriculum in both Engineering and Construction, underpinned by green technologies and sustainable construction techniques. Over £10 million has been invested in providing the resources and facilities to students so that they can excel in their studies in these industries. Another main feature of Royal Greenwich UTC will be its focus on developing transferable employability skills and a personal professional conduct approach, thus ensuring that students understand how the industry functions and are able to contribute.

**5. Providing opportunities and motivating students who study at Royal Greenwich UTC through the application of a comprehensive, high quality, technical education.**

Royal Greenwich UTC will provide a high quality technical education by enabling students to specialise in an area of technical interest when they enter the college alongside their GCSE studies. Students of all abilities and backgrounds are warmly welcomed to study at Royal Greenwich UTC. Students will have access to sector related work placements, apprenticeships, mentors and internships. This ensures that students are always motivated and well aware of the end goal of their studies.

**6. Promoting and developing community regeneration.**

As a key part of its operations, Royal Greenwich UTC will work with employer partners to identify local skills gaps and offer opportunities for people to access continuing education and training opportunities. The core curriculum of Royal Greenwich UTC will be designed to support the needs of local employers and to further the community regeneration projects in the area.

The Apprenticeship Centre will be an important part of how we achieve this. Use of the centre will be built into the curriculum and its role will be promoted and developed beyond this. Eventually the Apprenticeship Centre will be open to the public and will enable local firms to support local people in accessing local jobs.

**Equal opportunities policy**

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

**Disabled persons**

The Academy complies fully with Equalities Act (formally DDA regulations) and is equipped to welcome and/or teach any child or adult with a disability.

**UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH**

**REPORT OF THE GOVERNORS  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**PUBLIC BENEFIT**

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

**Admission arrangements for the school**

In line with its declared vision and ethos the UTC intends to recruit a comprehensive and balanced intake of students across the ability range in each year of entry. There will be 150 Year 10 and 150 year 12 places available for September 2013. If more than 150 applications in each year group are received applicants will be selected using the criteria specified in the UTC admissions policy which is published on the website.

**STRATEGIC REPORT**

**ACHIEVEMENT AND PERFORMANCE**

Royal Greenwich UTC has high aspirations for its students and a drive for continuous improvement. The School's analysis of examination/test performance will be thorough, and much use will be made of performance and benchmarking data from a range of sources

**Going concern**

After making appropriate enquiries, the governing body has a reasonable expectation that the Academy trust 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 Statement of Accounting Policies.

**Key performance indicators**

The key performance indicators reviewed at Governing Body meetings include income from the EFA in the form of the general annual grant and other funding streams. The levels of depreciation and capital reinvestment together with actual and projected cash flow and reserves have also been monitored. These items are all reported in the financial statements.

**FINANCIAL REVIEW**

**Financial report for the year**

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2014, total expenditure of £3,591k (2013: £186k) was met by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £57k (2013: income over expenditure, £15k).

At 31 August 2014 the net book value of fixed assets was £8,515k (2013: £48k). Movements in tangible fixed assets are shown in Note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Royal Borough of Greenwich Local Government Pension Fund, in which the Academy participates, showed a deficit of £86k at 31 August 2014.

**UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH**

**REPORT OF THE GOVERNORS  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**FINANCIAL REVIEW - continued**

**Reserves policy**

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to four weeks' expenditure, approximately £252k (2013: £235k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves of £11k (2013: £nil) (total funds less the amount held in fixed assets and restricted funds).

The Governors are aiming to increase their general reserves over the coming years.

**Investment policy**

Under the Memorandum and Articles of Association, the academy has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

**Financial position**

The Academy held fund balances at 31 August 2014 of £8,445 (2013: £495k) comprising £8,434k (2013: £495k) of restricted funds and £11k (2013: nil) of unrestricted general funds. Of the restricted funds £8,515k is represented by tangible fixed assets.

The pension reserve which is considered part of restricted funds was £86k in deficit.

**FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The financial risks which the University Technical College, Royal Borough of Greenwich is exposed to relate primarily to

- Change in government and legislation
- Potential of reduced funding and cash flow
- Reduction in student numbers

A risk arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £86k.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties that the University Technical College, Royal Borough of Greenwich faces are mitigated by the risk management process that the academy trust has in place.

**Risk management**

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Governors are introducing systems, including operational procedures internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 8.

**FUTURE DEVELOPMENTS**

The Royal Greenwich University Technical College will work to maintain the performance of its students at all levels. Additionally, it will continue its efforts to improve the achievements of its students, not only in academic subjects but also in extra-curricular activities and in essential life skills; so as to increase the number of opportunities open to its students when they move on to higher education and ultimately employment. The Governors recognize that through good financial management they wish to be able to maintain and improve the quality of the built environment of the school including staff and student facilities.

A planned maintenance programme will be developed and implemented to maintain and improve the college facilities. The Royal Greenwich UTC has new and refurbished buildings providing students with an ultra-modern educational environment and industry standard facilities. All resources and equipment provided will be used to ensure that students can excel at their GCSEs and A levels as well as learn employability and technical skills. A key feature of Royal Greenwich UTC is the innovative Apprenticeship Centre where students and employers meet and interact. There will be space for discussions on job opportunities and career paths with industry experts, a jobs board and careers guidance materials will always be available. Royal Greenwich UTC will also provide facilities for students so that they can relax, socialise and take part in extra-curricular activities.



UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH

REPORT OF THE GOVERNORS  
FOR THE YEAR ENDED 31 AUGUST 2014

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**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the governors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy trust's auditors are unaware, and each governor has taken all the steps that they ought to have taken as a governor in order to make them aware of any audit information and to establish that the academy trust's auditors are aware of that information.

**AUDITORS**

The auditors, Wilkins Kennedy LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
Professor T Barnes - Governor

Date: 22nd May 2015

**UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH**

**GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2014**

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**Scope of Responsibility**

As governors, we acknowledge we have overall responsibility for ensuring that University Technical College, Royal Borough of Greenwich 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 of loss.

The board of the 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 University Technical College, Royal Borough of Greenwich 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**

During the year in question the Governing Body met 5 times. Throughout the year the Governors undertook their duties in the strategic management and monitoring of UTC activities. The Principal provided comprehensive reports on all facets of the UTC's work. The Governors exercised the necessary degree of challenge and support required in their capacity as 'critical friends'.

The Governors established a Finance and Personnel Committee who monitored expenditure in line with the agreed budget plan for the year to ensure the UTC operated within the resources available. The Governing Body appointed a Responsible Officer to periodically undertake audit reviews of various aspects of the day-to-day financial activities

Attendance during the year at meetings of the Governing Body was as follows:

| <b>Governor</b> | <b>Meetings attended</b> | <b>Out of a possible</b> |
|-----------------|--------------------------|--------------------------|
| Prof T Barnes   | 5                        | 5                        |
| Mr M Sharp      | 5                        | 5                        |
| Mr R Shroll     | 4                        | 5                        |
| Ms F Reilly     | 5                        | 5                        |
| Prof C Philpot  | 3                        | 5                        |
| Cllr C Roberts  | 2                        | 5                        |
| Mr R Price      | 3                        | 5                        |
| Ms J Jackman    | 4                        | 5                        |
| Ms A M Cousins  | 4                        | 5                        |
| Ms T Mahoney    | 3                        | 5                        |

The Governing Body has full representation from its sponsors, parents and staff. The Governing Body also enjoys the additional support and expertise from colleagues with experience in business, higher education and the Baker Dearing Trust. The Governing Body subscribes to the Royal Greenwich Governor Support Service which provides the professional clerking service together with induction and ongoing training development courses.

**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 University Technical College, Royal Borough of Greenwich for the period 1 September 2013 to 31 August 2014 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 academy trust 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

GOVERNANCE STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2014

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**The Risk and Control Framework**

The Academy Trust'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 Governing Body;
- regular reviews 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 Governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Fiona Reilly, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The RO will be providing on a termly basis; the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. Some recommendations were made relating to reporting of financial information and these have been addressed. No material control issues were identified.

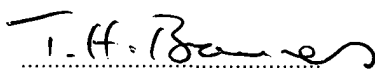
**Review of Effectiveness**

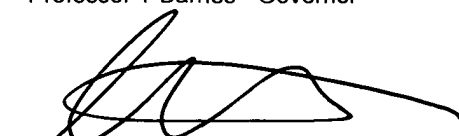
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:-

- the work of the Responsible Officer
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust 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 and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 15th December 2014 and signed on its behalf by:

  
.....  
Professor T Barnes - Governor

  
.....  
Dr R Marshall - Accounting Officer

UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH

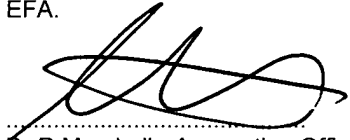
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2014

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As accounting officer of University Technical College, Royal Borough of Greenwich I have considered my responsibility to notify the academy trust board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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.

I confirm that I and the academy trust board of governors 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.

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 Governors and the EFA.



Dr R Marshall - Accounting Officer

Date: 22/5/15

UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH

STATEMENT OF GOVERNORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2014

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The governors (who act as trustees of University Technical College, Royal Borough of Greenwich and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Governors 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 academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for that period. In preparing those financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the academy 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 academy trust 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.

ON BEHALF OF THE BOARD:



Professor T Barnes - Governor

Date: 22<sup>nd</sup> Jan 2015

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH**

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We have audited the financial statements of University Technical College, Royal Borough of Greenwich for the year ended 31 August 2014 on pages fifteen to thirty one. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2014 issued by the Education Funding Agency (EFA).

This report is made solely to the academy trust'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 academy trust'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 academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Governors Responsibilities set out on page eleven, the governors (who are also the directors of the charitable company 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Governors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2014 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 Academies Accounts Direction 2014 issued by the EFA.

**Opinion on other matter prescribed by the Companies Act 2006**

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

**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.

Michelle Wilkes (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy LLP  
Chartered Accountants  
Statutory Auditor  
Greytown House  
221-227 High Street  
Orpington  
Kent  
BR6 0NZ

Date: .....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH**

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We have audited the financial statements of University Technical College, Royal Borough of Greenwich for the year ended 31 August 2014 on pages fifteen to thirty one. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2014 issued by the Education Funding Agency (EFA).

This report is made solely to the academy trust'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 academy trust'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 academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Governors Responsibilities set out on page eleven, the governors (who are also the directors of the charitable company 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Governors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2014 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 Academies Accounts Direction 2014 issued by the EFA.

**Opinion on other matter prescribed by the Companies Act 2006**

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

**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.

*Wilkins Kennedy LLP*

Michelle Wilkes (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy LLP  
Chartered Accountants  
Statutory Auditor  
Greytown House  
221-227 High Street  
Orpington  
Kent  
BR6 0NZ

Date: 15/12/14

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by University Technical College, Royal Borough of Greenwich during the period 1 September 2013 to 31 August 2014 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, Royal Borough of Greenwich and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to University Technical College, Royal Borough of Greenwich and 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, Royal Borough of Greenwich and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of University Technical College, Royal Borough of Greenwich's accounting officer and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts direction 2014. 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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies: Accounts Direction 2014 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 matter 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.

As a firm we have taken the decision to use the Mercia work programme for regularity audit as approved by the ICAEW. The work undertaken to draw to our conclusion includes:

- Identification and assessment of the design and operational effectiveness of controls in place.
- Assessment and review of the policies and procedures in place and implementation thereof.
- Assessment that the policies and procedures have been implemented.
- Considered the activity represented by the expenditure and considered whether any may represent a breach of terms included within the funding agreement and the academy's charitable objects.
- Confirmed that the results of procedures throughout the audit did not provide any evidence that related party transactions and controlling party, if any, is incomplete.
- Considered whether the movements, including the level of disposals, and depreciation of fixed assets appear reasonable in view of our knowledge of the academy, its funding and consent received for disposals.
- Verified a sample of grants receivable to grant documentation, especially noting any restrictions as to timing or other recognition of the income, and any claw back clauses.
- Considered whether income appeared to be derived from activities outside of the academy's charitable objects and wider framework of authorities.
- Ensured that bank accounts are operated within the terms of the governing document, delegated powers, and the bank mandates.
- Considered the systems in place to ensure compliance with terms of funding and other relevant authorities (e.g. terms of the Academies Financial Handbook or terms relevant to non-core funding streams).
- Ensured that the overall level of retained funds is acceptable in view of the academy's needs and plans, and that the accumulated funds are justifiable and permissible under the terms of funding.



INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH AND THE EDUCATION FUNDING AGENCY

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Wilkins Kennedy LLP*

Wilkins Kennedy LLP  
Chartered Accountants  
Greytown House  
221-227 High Street  
Orpington  
Kent  
BR6 0NZ

Date: 19/12/14

UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 AUGUST 2014**

|  |       | Unrestricted<br>fund<br>£'000 | Restricted<br>funds<br>£'000 | Fixed Asset<br>reserve<br>£'000 | Total<br>2014<br>funds<br>£'000 | Total<br>2013<br>funds<br>£'000 |
|--|-------|-------------------------------|------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  | Notes |                               |                              |                                 |                                 |                                 |
| <b>INCOMING RESOURCES</b>  |       |                               |                              |                                 |                                 |                                 |
| <b>Incoming resources from generated funds</b>                             |       |                               |                              |                                 |                                 |                                 |
| Voluntary income   | 2     | 7                             | -                            | 8,647                           | 8,654                           | -                               |
| Activities for generating funds  | 3     | 81                            | -                            | -                               | 81                              | -                               |
| <b>Incoming resources from charitable activities</b>                       |       |                               |                              |                                 |                                 |                                 |
| Academy's educational operations   | 4     | -                             | 2,873                        | -                               | 2,873                           | 681                             |
| <b>Total incoming resources</b>  |       | 88                            | 2,873                        | 8,647                           | 11,608                          | 681                             |
| <b>RESOURCES EXPENDED</b>  |       |                               |                              |                                 |                                 |                                 |
| <b>Charitable activities</b>   |       |                               |                              |                                 |                                 |                                 |
| Academy's educational operations   | 6     | -                             | 2,998                        | 573                             | 3,571                           | 171                             |
| Governance costs   | 7     | -                             | 20                           | -                               | 20                              | 15                              |
| <b>Total resources expended</b>  | 5     | -                             | 3,018                        | 573                             | 3,591                           | 186                             |
| <b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>                  |       |                               |                              |                                 |                                 |                                 |
|  |       | 88                            | (145)                        | 8,074                           | 8,017                           | 495                             |
| Gross transfers between funds  | 16    | (77)                          | 77                           | -                               | -                               | -                               |
| Net incoming/(outgoing) resources before other recognised gains and losses |       | 11                            | (68)                         | 8,074                           | 8,017                           | 495                             |
| <b>Other recognised gains/losses</b>                                       |       |                               |                              |                                 |                                 |                                 |
| Actuarial gains/losses on defined benefit schemes                          |       | -                             | (67)                         | -                               | (67)                            | -                               |
| <b>NET MOVEMENT IN FUNDS</b>   |       | 11                            | (135)                        | 8,074                           | 7,950                           | 495                             |
| <b>RECONCILIATION OF FUNDS</b>   |       |                               |                              |                                 |                                 |                                 |
| Total funds brought forward  |       | -                             | 54                           | 441                             | 495                             | -                               |
| <b>TOTAL FUNDS CARRIED FORWARD</b>   |       | <u>11</u>                     | <u>(81)</u>                  | <u>8,515</u>                    | <u>8,445</u>                    | <u>495</u>                      |

**CONTINUING OPERATIONS**

All incoming resources and resources expended arise from continuing activities.

All recognised gains and losses are included in the Statement of Financial Activities.

The notes form part of these financial statements


UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH (REGISTERED NUMBER: 07742547)

**BALANCE SHEET  
AT 31 AUGUST 2014**

|  |       | 2014<br>£'000 | 2013<br>£'000 |
|--|-------|---------------|---------------|
|  | Notes |               |               |
| <b>FIXED ASSETS</b>                              |       |               |               |
| Tangible assets                                  | 11    | 8,515         | 48            |
| <b>CURRENT ASSETS</b>                            |       |               |               |
| Debtors  | 12    | 244           | 582           |
| Cash in hand                                     |       | <u>162</u>    | <u>57</u>     |
|  |       | 406           | 639           |
| <b>CREDITORS</b>                                 |       |               |               |
| Amounts falling due within one year              | 13    | (390)         | (192)         |
| <b>NET CURRENT ASSETS</b>                        |       | <u>16</u>     | <u>447</u>    |
| <b>TOTAL ASSETS LESS<br/>CURRENT LIABILITIES</b> |       | 8,531         | 495           |
| <b>PENSION LIABILITY</b>                         | 17    | (86)          | -             |
| <b>NET ASSETS</b>                                |       | <u>8,445</u>  | <u>495</u>    |
| <b>FUNDS</b>                                     | 16    |               |               |
| Unrestricted funds:                              |       |               |               |
| General fund                                     |       | 11            | -             |
| Restricted funds:                                |       |               |               |
| General Restricted                               |       | 5             | 15            |
| Fixed Asset reserve                              |       | 8,515         | 480           |
| Pension reserve                                  |       | <u>(86)</u>   | <u>-</u>      |
|  |       | 8,434         | 495           |
| <b>TOTAL FUNDS</b>                               |       | <u>8,445</u>  | <u>495</u>    |

The financial statements were approved by the Board of Governors on 15<sup>th</sup> December 2014 and were signed on its behalf by:

  
.....  
Professor T Barnes -Governor

  
.....  
Mr R Shroll -Governor

The notes form part of these financial statements

UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2014

|   |             | 2014<br>£'000     | 2013<br>£'000     |
|---|-------------|-------------------|-------------------|
| Net cash inflow from operating activities               | Notes<br>21 | 9,145             | 105               |
| Capital expenditure and financial investment            | 22          | (9,040)           | (48)              |
|   |             | <u>          </u> | <u>          </u> |
| Increase in cash in the period                          |             | <u>105</u>        | <u>57</u>         |
| <hr/>   |             |                   |                   |
| Reconciliation of net cash flow to movement in net debt | 23          |                   |                   |
| Increase in cash in the period                          |             | <u>105</u>        | <u>57</u>         |
| Change in net funds resulting from cash flows           |             | <u>105</u>        | <u>57</u>         |
| Movement in net funds in the period                     |             | 105               | 57                |
| Net funds at 1 September                                |             | <u>57</u>         | <u>-</u>          |
| Net funds at 31 August                                  |             | <u>162</u>        | <u>57</u>         |

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2014

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**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, The Charity Commission Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**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 company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

**Incoming resources**

All incoming resources are included on the Statement of Financial Activities when the academy trust is legally entitled to the income and the amount can be quantified with reasonable accuracy.

**Grants receivable**

Grants, where conditions have been met to establish entitlement, are included in the statement of financial activities on a receivable basis. Where grants are received but conditions establishing entitlement have not been met, these are deferred. The balance of income receivable for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

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

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

**Donations**

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

**Other income**

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

**Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy is recognised in the statement of financial activities as incoming resources and resources expended at their estimated value to the Academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

Where it has been ascertained that the risks and rewards of property subject to long lease agreements lie substantially with the Academy, a reasonable estimate of the gross value is included within fixed assets and, with an appropriate credit to voluntary income (gift in kind), within the restricted fixed asset fund. The valuation is at an estimation of depreciated replacement cost on the basis that the assets represent specialised property and the open market value for existing use is not readily available.

**Interest receivable**

Interest receivable is included within the statement of financial activities on a receivable basis.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2014

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1. ACCOUNTING POLICIES - continued

**Resources expended**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of irrecoverable VAT.

**Governance costs**

Governance costs include the costs attributable to the Academy's compliance and constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses. Such costs include both direct and allocated support costs.

**Allocation and apportionment of costs**

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned. Central staff costs and depreciation are directly attributable to the one principle activity of the academy.

**Tangible fixed assets**

Tangible fixed assets acquired since the Academy was established are included in the accounts at cost. Assets costing less than £1,000 are written off in the period of acquisition. All other assets are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). The depreciation on such assets is charged to the restricted fund in the Statement of Financial Activities.

**Depreciation**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

The principal annual rates used for other assets are:

|                         |       |
|-------------------------|-------|
| Buildings               | 2%    |
| Furniture and equipment | 20%   |
| ICT equipment           | 33.3% |
| Plant and machinery     | 20%   |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**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.

UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2014

**1. ACCOUNTING POLICIES - continued**

**Fund accounting**

General funds represent those resources which may be used towards meeting any of the objects of the Academy at the discretion of the Governors.

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

Restricted funds comprise all other restricted funds received and include grants from the EFA and DfE.

**Pension costs and other post-retirement 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.

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 quinquennial valuations using a prospective benefit method. As stated in Note 20, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until the vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**2. VOLUNTARY INCOME**

|                          | 2014<br>£'000 | 2013<br>£'000 |
|--------------------------|---------------|---------------|
| Donations                | 12            | -             |
| Building and IT donation | 8,635         | -             |
| Trips                    | <u>7</u>      | <u>-</u>      |
|                          | <u>8,654</u>  | <u>-</u>      |

**3. ACTIVITIES FOR GENERATING FUNDS**

|                 | 2014<br>£'000 | 2013<br>£'000 |
|-----------------|---------------|---------------|
| Catering income | 44            | -             |
| Other income    | <u>37</u>     | <u>-</u>      |
|                 | <u>81</u>     | <u>-</u>      |

UNIVERSITY TECHNICAL COLLEGE,  
ROYAL BOROUGH OF GREENWICH

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2014

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

|                                      | Unrestricted<br>Funds<br>£'000 | Restricted<br>General<br>Funds<br>£'000 | 2014 Total<br>£'000 | 2013 Total<br>£'000 |
|--------------------------------------|--------------------------------|---|---------------------|---------------------|
| <b>DfE/ EFA revenue Grants</b>       |                                |   |                     |                     |
| General Annual Grant (GAG)           | -                              | 2,365                                   | 2,365               | -                   |
| Start Up Grants                      | -                              | 341                                     | 341                 | 201                 |
| Other DfE/ EFA grants                | -                              | 70                                      | 70                  | -                   |
| EFA hardware grant                   | -                              | -                                       | -                   | 480                 |
|                                      | -                              | 2,776                                   | 2,776               | 681                 |
| <b>Other Government Grants</b>       |                                |   |                     |                     |
| Local Authority Grants               | -                              | 69                                      | 69                  | -                   |
|                                      |                                | 69                                      | 69                  | -                   |
| <b>Other Grants</b>                  |                                |   |                     |                     |
| Construction Industry Training Board | -                              | 25                                      | 25                  | -                   |
| Other training grants                | -                              | 3                                       | 3                   | -                   |
|                                      | -                              | 28                                      | 28                  | -                   |
| <b>Total Grants</b>                  | -                              | 2,873                                   | 2,873               | 681                 |

5. RESOURCES EXPENDED

|  | Staff costs<br>£'000 | Non-pay expenditure<br>Premises<br>£'000 | Other costs<br>£'000 | 2014<br>Total<br>£'000 | 2013<br>Total<br>£'000 |
|--|----------------------|--|----------------------|------------------------|------------------------|
| <b>Charitable activities</b>                       |                      |  |                      |                        |                        |
| <b>Academy's educational operations</b>            |                      |  |                      |                        |                        |
| Direct costs                                       | 1,730                | -  | 732                  | 2,462                  | 109                    |
| Allocated support costs                            | 303                  | 193                                      | 613                  | 1,109                  | 62                     |
|  | 2,033                | 193                                      | 1,345                | 3,571                  | 171                    |
| Governance costs including allocated support costs | -                    | -  | 20                   | 20                     | 15                     |
|  | 2,033                | 193                                      | 1,365                | 3,591                  | 186                    |

Net resources are stated after charging/(crediting):

|                             | 2014<br>£'000 | 2013<br>£'000 |
|-----------------------------|---------------|---------------|
| Auditors' remuneration      | 6             | 3             |
| Depreciation - owned assets | 573           | -             |



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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2014

6. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

|  | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | 2014<br>Total<br>funds<br>£'000 | 2013<br>Total<br>funds<br>£'000 |
|--|--------------------------------|------------------------------|---------------------------------|---------------------------------|
| <b>Direct costs</b>                    |                                |                              |                                 |                                 |
| Teaching and educational support staff | -                              | 1,730                        | 1,730                           | 105                             |
| Depreciation                           | -                              | 288                          | 288                             | -                               |
| Technology costs                       | -                              | 97                           | 97                              | 1                               |
| Educational supplies                   | -                              | 214                          | 214                             | -                               |
| Examination fees                       | -                              | -                            | -                               | 1                               |
| Staff development                      | -                              | 30                           | 30                              | 2                               |
| Other direct costs                     | -                              | 103                          | 103                             | -                               |
|  | -                              | 2,462                        | 2,462                           | 109                             |
| <b>Allocated support costs</b>         |                                |                              |                                 |                                 |
| Support staff costs                    | -                              | 303                          | 303                             | 7                               |
| Depreciation                           | -                              | 285                          | 285                             | -                               |
| Recruitment and support                | -                              | 44                           | 44                              | 33                              |
| Maintenance of premises and equipment  | -                              | 5                            | 5                               | 1                               |
| Cleaning                               | -                              | 77                           | 77                              | -                               |
| Rent and rates                         | -                              | 34                           | 34                              | -                               |
| Energy costs                           | -                              | 48                           | 48                              | -                               |
| Insurance                              | -                              | 34                           | 34                              | 1                               |
| Catering                               | -                              | 141                          | 141                             | -                               |
| Other support costs                    | -                              | 138                          | 138                             | 20                              |
|  | -                              | 1,109                        | 1,109                           | 62                              |
|  | -                              | 3,571                        | 3,571                           | 171                             |

7. GOVERNANCE COSTS

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Auditors' remuneration                    | 6             | 3             |
| Auditors' remuneration for non-audit work | 1             | -             |
| Legal and professional fees               | 12            | 11            |
| Other                                     | 1             | 1             |
|   | 20            | 15            |

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FOR THE YEAR ENDED 31 AUGUST 2014

**8. GOVERNORS' REMUNERATION AND BENEFITS**

Principal and staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy in respect of their role as Governors. The two staff Governors who received remuneration, including pensions, are:

| Name                   | 2014              | 2013<br>(6 months) |
|------------------------|-------------------|--------------------|
| Mr M Sharp (Principal) | £110,000-£115,000 | £60,001-£65,000    |
| Ms J Jackman           | £40,000-£45,000   | nil                |

**Governors' expenses**

During the year to 31 August 2014, expenses totalling £3,316 (2013: £3,177) were reimbursed to two Governors (2013: one) for travel, entertainment, IT equipment and other school equipment.

£93 (2013: nil) is included in debtors at the year end for expenses that were overpaid to Mr M Sharp.

Related party transactions involving the Governors are set out in note 22.

**9. STAFF COSTS**

|                       | 2014<br>£'000       | 2013<br>£'000     |
|-----------------------|---------------------|-------------------|
| Wages and salaries    | 1,489               | 91                |
| Social security costs | 121                 | 12                |
| Other pension costs   | <u>233</u>          | <u>9</u>          |
|                       | 1,843               | 112               |
| Supply teacher costs  | <u>190</u>          | <u>-</u>          |
|                       | <u><u>2,033</u></u> | <u><u>112</u></u> |

The average number of persons (including senior management team) employed by the academy trust during the year expressed as full time equivalents was as follows:

|                   | 2014             | 2013            |
|-------------------|------------------|-----------------|
| Teachers          | 28               | 1               |
| Admin and support | 9                | -               |
| Management        | <u>4</u>         | <u>-</u>        |
|                   | <u><u>41</u></u> | <u><u>1</u></u> |

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

|                     | 2014            | 2013            |
|---------------------|-----------------|-----------------|
| £80,001 - £90,000   | 1               | -               |
| £90,001 - £100,000  | -               | 1               |
| £100,001 - £110,000 | <u>1</u>        | <u>-</u>        |
|                     | <u><u>2</u></u> | <u><u>1</u></u> |

The employees above participated in the Teachers' Pension Scheme. During the year to 31 August 2014, pension contributions for these members of staff amounted to £22,686 (2013: £8,554).

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2014

**10. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost for the year ended 31 August 2014 was £1,084.

The Academy has also purchased personal accident insurance for Governors. The cost for the year ended 31 August 2014 was £23.

**11. TANGIBLE FIXED ASSETS**

|                           | Leasehold<br>property<br>£'000 | Plant and<br>machinery<br>£'000 | Fixtures and<br>fittings<br>£'000 | Computer<br>equipment<br>£'000 | Totals<br>£'000 |
|---------------------------|--------------------------------|---------------------------------|-----------------------------------|--------------------------------|-----------------|
| <b>COST</b>               |                                |                                 |                                   |                                |                 |
| At 1 September 2013       | -                              | -                               | -                                 | 48                             | 48              |
| Additions                 | <u>7,225</u>                   | <u>830</u>                      | <u>603</u>                        | <u>382</u>                     | <u>9,040</u>    |
| At 31 August 2014         | <u>7,225</u>                   | <u>830</u>                      | <u>603</u>                        | <u>430</u>                     | <u>9,088</u>    |
| <br><b>DEPRECIATION</b>   |                                |                                 |                                   |                                |                 |
| Charge for year           | <u>145</u>                     | <u>166</u>                      | <u>119</u>                        | <u>143</u>                     | <u>573</u>      |
| <br><b>NET BOOK VALUE</b> |                                |                                 |                                   |                                |                 |
| At 31 August 2014         | <u>7,080</u>                   | <u>664</u>                      | <u>484</u>                        | <u>287</u>                     | <u>8,515</u>    |
| At 31 August 2013         | <u>-</u>                       | <u>-</u>                        | <u>-</u>                          | <u>48</u>                      | <u>48</u>       |

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                | 2014<br>£'000 | 2013<br>£'000 |
|--------------------------------|---------------|---------------|
| Trade debtors                  | 8             | -             |
| Other debtors                  | 2             | 480           |
| VAT                            | 117           | 24            |
| Prepayments and accrued income | <u>117</u>    | <u>78</u>     |
|                                | <u>244</u>    | <u>582</u>    |

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FOR THE YEAR ENDED 31 AUGUST 2014

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                 | 2014<br>£'000 | 2013<br>£'000 |
|---------------------------------|---------------|---------------|
| Trade creditors                 | 166           | -             |
| Social security and other taxes | 42            | 2             |
| Other creditors                 | 32            | 105           |
| Accruals and deferred income    | 150           | 85            |
|                                 | <u>390</u>    | <u>192</u>    |

|                                      | 2014<br>£000 |
|--------------------------------------|--------------|
| Deferred income at 1 September 2013  | 70           |
| Resources deferred in the year       | 22           |
| Amounts released from previous years | (70)         |
| Deferred income at 31 August 2014    | <u>22</u>    |

At the balance sheet date the Academy Trust was holding funds received in advance for SEN funding relating to financial year 2014/15 and trip income received in advance.

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

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

|                     | Unrestricted<br>fund<br>£'000 | Restricted<br>funds<br>£'000 | Fixed Asset<br>reserve<br>£'000 | Total<br>2014<br>funds<br>£'000 | Total<br>2013<br>funds<br>£'000 |
|---------------------|-------------------------------|------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Fixed assets        | -                             | -                            | 8,515                           | 8,515                           | 48                              |
| Current assets      | 16                            | 390                          | -                               | 406                             | 639                             |
| Current liabilities | (5)                           | (385)                        | -                               | (390)                           | (192)                           |
| Pension liability   | -                             | (86)                         | -                               | (86)                            | -                               |
|                     | <u>11</u>                     | <u>(81)</u>                  | <u>8,515</u>                    | <u>8,445</u>                    | <u>495</u>                      |

16. MOVEMENT IN FUNDS

|                                     | Balance at<br>1 September<br>2013<br>£000 | Incoming<br>Resources<br>£000 | Resources<br>Expended<br>£000 | Gains,<br>Losses and<br>Transfers<br>£000 | 31 August<br>2014<br>£000 |
|-------------------------------------|---|-------------------------------|-------------------------------|---|---------------------------|
| <b>Restricted General<br/>Funds</b> |   |                               |                               |   |                           |
| General Annual Grant<br>(GAG)       | 39  | 2,365                         | (2,476)                       | 77  | 5                         |
| Start Up Grant                      | -   | 341                           | (341)                         | -   | -                         |
| Other DfE/ EFA grants               | 15  | 70                            | (85)                          | -   | -                         |
| LEA grants                          | -   | 69                            | (69)                          | -   | -                         |
| CITB grant                          | -   | 25                            | (25)                          | -   | -                         |
| Other grants                        | -   | 3                             | (3)                           | -   | -                         |
|                                     | <u>54</u>                                 | <u>2,873</u>                  | <u>(2,999)</u>                | <u>77</u>                                 | <u>5</u>                  |

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2014

**16. MOVEMENT IN FUNDS - continued**

**Restricted Fixed Asset Funds**

|  |            |               |                |             |              |
|--|------------|---------------|----------------|-------------|--------------|
| DFE/ EFA Capital Grants                      | 393        | -             | -              | (393)       | -            |
| Assets transferred on completion of building | -          | 8,647         | (429)          |             | 8,248        |
| General fixed assets                         | 48         | -             | (144)          | 393         | 297          |
|  | <u>441</u> | <u>8,647</u>  | <u>(573)</u>   | <u>-</u>    | <u>8,515</u> |
| Pension fund                                 | -          | -             | (19)           | (67)        | (86)         |
|  | <u>-</u>   | <u>-</u>      | <u>(19)</u>    | <u>(67)</u> | <u>(86)</u>  |
| <b>Total Restricted Funds</b>                | <u>495</u> | <u>11,520</u> | <u>(3,591)</u> | <u>10</u>   | <u>8,434</u> |
| <b>Total Unrestricted Funds</b>              | <u>-</u>   | <u>88</u>     | <u>-</u>       | <u>(77)</u> | <u>11</u>    |
| <b>Total Funds</b>                           | <u>495</u> | <u>11,608</u> | <u>(3,591)</u> | <u>(67)</u> | <u>8,445</u> |

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

General Annual Grant: Income received from the EFA to cover the normal running costs of the Academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Start up grant: Income received from the EFA to cover the initial costs of setting up and opening the Academy.

Other DFE/EFA grants: This includes the pupil premium grant and reimbursement of the golden hello paid to new teachers.

CITB grant: This is income from the Construction Industry Training Board, to cover the cost of education projects in the Academy.

LEA grants: This includes SEN funding.

Other grants: This includes Enthuse awards for teacher training courses.

Transfer of funds is to cover additional costs over and above those covered by GAG.

**17. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal Borough of Greenwich. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £31,347 were payable to the schemes at 31 August and are included within creditors.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2014

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**17. PENSION COMMITMENTS - continued**

**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.

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

**Valuation of the Teachers' Pension Scheme**

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

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

**Teachers' Pension Scheme Changes**

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
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**17. PENSION COMMITMENTS – continued**

**Teachers' pension scheme - continued**

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 contribution made for the year ended 31 August 2014 was £115k, of which employer's contributions totalled £85k and employees contributions totalled £30k.

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 of Education. the guarantee came into force on 18 July 2013.

**Principle Actuarial assumptions**

|  | At 31 August 2014 | At 31 August 2013 |
|--|-------------------|-------------------|
|  | %                 | %                 |
| Rate of increase in salaries                         | 4.2               | 4.4               |
| Rate of increase for pensions in payment / inflation | 2.7               | 2.9               |
| Discount rate for scheme liabilities                 | 4.0               | 4.7               |
| Inflation assumption (CPI)                           | 2.7               | 2.9               |
| Commutation of pensions to lump sums                 | 50.0              | 50.0              |

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

|                      | At 31 August 2014 | At 31 August 2013 |
|----------------------|-------------------|-------------------|
| Retiring in 20 years |                   |                   |
| Males                | 25.8              | 25.7              |
| Females              | 27.0              | 26.9              |
| Retiring today       |                   |                   |
| Males                | 23.6              | 23.5              |
| Females              | 24.7              | 24.6              |

The academy's share of the assets and liabilities in the scheme and the expected rate of return were:-

|   | Expected return at<br>31 August 2014 | Value at 31<br>August 2014 | Expected return at<br>31 August 2013 | Value at 31<br>August 2013 |
|---|--------------------------------------|----------------------------|--------------------------------------|----------------------------|
|   | %                                    | £000                       | %                                    | £000                       |
| Equities                                | 6.7                                  | 45                         | 7.1                                  | 18                         |
| Bonds                                   | 3.6                                  | 40                         | 4.2                                  | 15                         |
| Property                                | 5.7                                  | 19                         | 3.7                                  | 5                          |
| Cash                                    | 2.9                                  | 2                          | 3.5                                  | 1                          |
| Unitised Insurance Policies             | 6.7                                  | 49                         | 7.1                                  | 21                         |
| Unit Trusts                             | 6.7                                  | 54                         | 7.1                                  | 20                         |
| Total market value of assets            |                                      | 209                        |                                      | 80                         |
| Present value of scheme liabilities     |                                      |                            |                                      |                            |
| Funded                                  |                                      | (295)                      |                                      | (109)                      |
| <b>Surplus/ (deficit) in the scheme</b> |                                      | <b>(86)</b>                |                                      | <b>(29)</b>                |

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**17. PENSION COMMITMENTS - continued**  
**Amounts recognised in the statement of financial activities**

|  | 2014<br>£000 | 2013<br>£000 |
|--|--------------|--------------|
| Current service cost (net of employee contributions) | (105)        | -            |
| Past service costs                                   | -            | -            |
| Total Operating Charge                               | <u>(105)</u> | <u>-</u>     |
| <b>Analysis of pension finance income/ (costs)</b>   |              |              |
| Expected return on pension scheme assets             | 9            | -            |
| Interest on pension liabilities                      | <u>(8)</u>   | <u>-</u>     |
| Pension finance income/ (costs)                      | <u>(104)</u> | <u>-</u>     |

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is an £86k loss.

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

|                        | 2014<br>£000 | 2013<br>£000 |
|------------------------|--------------|--------------|
| At 1 September 2013    | 109          |              |
| Current service cost   | 105          |              |
| Interest cost          | 8            |              |
| Employee Contributions | 30           |              |
| Actuarial (gain)/ loss | 43           |              |
| Benefits paid          | -            |              |
| At 31 August 2014      | <u>295</u>   |              |

**Movement in the fair value of academy's share of Scheme assets:**

|                           | 2014<br>£000 | 2013<br>£000 |
|---------------------------|--------------|--------------|
| At 1 September 2013       | 80           |              |
| Expected return on assets | 9            |              |
| Actuarial gain/(loss)     | 5            |              |
| Employer contributions    | 85           |              |
| Employee contributions    | 30           |              |
| Benefits paid             | -            |              |
| At 31 August 2014         | <u>209</u>   |              |

The estimated value of employer contributions for the year ended 31 August 2015 is £79k.

**The five-year history of experience adjustments is as follows:**

|  | 2014<br>£000 | 2013<br>£000 |
|--|--------------|--------------|
| Present value of defined benefit obligations             | 295          | 109          |
| Fair value of share of scheme assets                     | <u>(209)</u> | <u>(80)</u>  |
| Deficit  | <u>86</u>    | <u>29</u>    |
| <b>Experience adjustments on share of scheme assets:</b> |              |              |
| Amount £000  | 5            | -            |
| <b>Experience adjustments on scheme liabilities:</b>     |              |              |
| Amount £000  | -            | -            |



**UNIVERSITY TECHNICAL COLLEGE,  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2014**

**18. CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

**19. CAPITAL COMMITMENTS**

|   | <b>2014</b>  | <b>2013</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Contracted but not provided for in the financial statements | <u>80</u>    | <u>-</u>     |

**20. RELATED PARTY DISCLOSURES**

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

During the year, the academy received grant income from the Construction Industry Training Board (CITB). This income must be channelled through a construction industry in order for the academy to receive it.

The grant was channelled through Wates Construction Limited. A governor of the academy is also a director of Wates Construction Limited. During the year, £24,600 is included in grant income from the CITB, which is channelled through Wates Construction Limited. Of this, £4,600 is included in accrued income at the year-end.

Professor T Barnes, a Governor, is the Vice Chancellor of the University of Greenwich. During the year telephone equipment was purchased amounting to £1,826 and line rental and call charges of £3,875 were purchased from the University of Greenwich.

Royal Borough of Greenwich is a sponsor of the UTC, they charge the college for a number of services including catering and cleaning services.

In entering into the transaction, the academy has complied with the requirements of the EFA's Academies Financial Handbook.

**21. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

|  | <b>2014</b>         | <b>2013</b>       |
|--|---------------------|-------------------|
|  | <b>£'000</b>        | <b>£'000</b>      |
| Net incoming resources                                   | 8,017               | 495               |
| Depreciation charges                                     | 573                 | -                 |
| Decrease/(increase) in debtors                           | 338                 | (582)             |
| Increase in creditors                                    | 198                 | 192               |
| Difference between pension charge and cash contributions | <u>19</u>           | <u>-</u>          |
| <b>Net cash inflow from operating activities</b>         | <u><b>9,145</b></u> | <u><b>105</b></u> |

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 AUGUST 2014

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

|  | 2014<br>£'000  | 2013<br>£'000 |
|--|----------------|---------------|
| <b>Capital expenditure and financial investment</b>                      |                |               |
| Purchase of tangible fixed assets  | (9,040)        | (48)          |
| <b>Net cash outflow for capital expenditure and financial investment</b> | <u>(9,040)</u> | <u>(48)</u>   |

23. ANALYSIS OF CHANGES IN NET DEBT

|              | At 1.9.13<br>£'000 | Cash flow<br>£'000 | At 31.8.14<br>£'000 |
|--------------|--------------------|--------------------|---------------------|
| Net cash:    |                    |                    |                     |
| Cash in hand | 57                 | 105                | 162                 |
|              | <u>57</u>          | <u>105</u>         | <u>162</u>          |
| <b>Total</b> | <u>57</u>          | <u>105</u>         | <u>162</u>          |