

Norfolk UTC

**Norfolk UTC
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2014

**Company Registration Number:
7911472 (England and Wales)**

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Reference and Administrative Details

Governors (Trustees)	R Palmer (Chairman) A Hayes (Principal/Accounting Officer, appointed 1/1/14) C Gaze (appointed 10/11/14) R Hill (appointed 10/10/13) Y Mason S McMillan (appointed 18/6/14) A Meijer (appointed 18/6/14) B Milner J Morse (resigned 11/11/14) J Pond (appointed 10/11/14) J Schofield (appointed 10/12/14) S Taylor (appointed 12/12/13) J White (appointed 10/12/14)
Members	Transforming Education in Norfolk (sponsor) University of East Anglia (sponsor) Future Marine Services Ltd (sponsor) B Falkus (appointed 22/05/14) S Guest (appointed 21/11/14) R Palmer (Chairman of Governors)
Company Secretary	D Hall
Company Registration Number	7911472 (England & Wales)
Registered Office	Ipswich Road Norwich NR2 2LJ
Auditors	MA Partners LLP 7 The Close Norwich Norfolk NR1 4DJ
Bankers	Lloyds 16 Gentleman's Walk Norwich Norfolk NR2 1LZ
Solicitors	Mills & Reeve LLP 1 St James Court Whitefriars Norwich NR3 1RU

Trustees' Report



In May 2012, the Government approved the formation of Norfolk UTC (which is known as the 'University Technical College Norfolk') and in doing so provided a huge boost for skills and training in the county. In August 2013 Norfolk UTC received confirmation from the Under Secretary of State for Schools, Lord Nash, that the Secretary of State had agreed to enter into a funding agreement in respect of the Norfolk UTC.

Thanks to a Department for Education (DfE) acquisition grant a site on Old Hall Road, Norwich, was purchased and planning permission was obtained during August 2013. A further grant was approved in March 2013 for the refurbishment work which was completed in August 2014 in time for the opening of the new Norfolk UTC in September 2014.

In preparation for September 2014 the local community was engaged both through a formal consultation process and a series of interactive road shows. The sponsors of Norfolk UTC were pleased and greatly encouraged by the overwhelmingly positive response to our plans – both for the educational vision of an employer-endorsed curriculum that will meet a vital regional skills need, in advanced engineering and energy skills, and also in terms of the detailed plans for the transformation of the site.

A Principal Designate, Alex Hayes, was employed in January 2014 and he has overseen the operational development of the project since that date.

Norfolk UTC opened its doors in September 2014 offering a new type of learning for up to 600 students aged 14 to 19, combining both practical and academic study.

The Norfolk UTC joins with City College Norwich and Norfolk Academies in creating the TEN (Transforming Education in Norfolk) Group – an educational Federation acting as parent company to City College Norwich as well as other institutions including Attleborough Academy Norfolk, City Academy Norwich, Fakenham Academy Norfolk, Wayland Academy Norfolk, Wayland Junior Academy Watton and Norfolk UTC. As a federation TEN Group stands for educational excellence, working together to ensure the transformation of education across Norfolk.

TEN Group is registered as a charity and makes no money itself – its role is to oversee the governance and strategy of the member organisations and to channel any excess funds back into the Group.

The Trustees are extremely pleased with the successful project management of the creation of this new educational facility and its clear need within the Norfolk and wider east Anglian community bodes well for its future success.

Richard Palmer
Chairman of the Board of Norfolk UTC

Trustees' Report (continued)

Structure, Governance and Management

The Governors (who are also Trustees and Directors for the charitable activities of the company) present their annual report together with the audited financial statements of Norfolk UTC ("the company"), business name University Technical College Norfolk (UTCN), for the year ended 31 August 2014. The Governors confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

The company is responsible for providing a university technical college (UTC), which offers 14-18 year olds the opportunity to take a highly regarded, full time, technically-oriented course of study. UTCs are equipped to the highest standard, sponsored by a university and offer clear progression routes into higher education or further learning in work. Norfolk UTC specialises in advanced engineering and energy skills, but will provide a sound educational foundation for any student who has an interest in engineering, science, maths or computing areas.

Constitution

The charitable company is known as Norfolk UTC and was incorporated on 16 January 2012.

Norfolk UTC is a company limited by guarantee and an exempt charity regulated by the Department for Education. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Governors act as the Trustees for the charitable activities of Norfolk UTC for the purposes of company and charities law.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 3.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' Indemnities

Qualifying third party indemnity provision is in force for the benefit of all Governors and Officers of the company.

Trustees' Report (continued)

Method of Recruitment and Appointment or Election of Governors

The management of the Charitable Company is the responsibility of the Governors who are appointed under the terms of the articles of association. The Members may appoint up to 9 Governors provided that in making such appointments the Members shall ensure that such Governors comprise:

- 1 Governor representing the Lead Employer Sponsor;
- 1 Governor representing the University Sponsor;
- up to 2 Governors representing Transforming Education in Norfolk; and
- up to 5 Governors representing businesses that operate in fields relevant to the academic courses provided by the Academy.

Additionally, the Board of Governors may co-opt up to three Governors.

Since the Norfolk UTC was not open to students in 2013-14, Parent and Staff Governor elections will be held early in 2014-15, under the election procedure approved by the Board.

All prospective appointed Governors are interviewed by the Chairman.

Policies and Procedures Adopted for the Induction and Training of Governors

All Governors are offered induction training with the Company Secretary.

Governors are given copies of, and have explained to them, the principal elements of the articles of association, the Academies Financial Handbook and the Funding Agreement with the Department for Education.

A copy of the DfE's Governors Handbook is provided to all Governors, along with the TEN Group governance statement.

A programme of training covering relevant topics has been agreed for the academic year and comprises not less than one training session per term, and includes training events organised by Transforming Education in Norfolk.

Organisational Structure

The Board of Governors is the main decision making body of Norfolk UTC.

Following the opening to students in September 2014, a Standards committee and Audit committee will be established, with terms of reference for the committees determined and agreed by the Board of Governors.

The Board has agreed that the Principal is the Accounting Officer of the Academy.

Trustees' Report (continued)

The Board can delegate decisions and in this respect has agreed:

- In certain circumstances and acting within the articles of association, the Chairman or Vice Chairman have the appropriate authority to act in the Company's best interest.
- In accordance with the articles of association, the Academies Financial Handbook and the Funding Agreement, the relevant authority is passed to the Principal of the Academy.

The Norfolk UTC Principal is also part of the TEN Group senior leadership team, along with the Principals of partner institutions in the Group, and in accordance with the Company's articles of association has delegated powers for the internal organisation, management and control of the Company.

Connected Organisations, including Related Party Relationships

On 1 September 2012 Norfolk UTC joined in partnership with City College Norwich, City Academy Norwich and Norfolk Academies to become part of Transforming Education in Norfolk (the TEN Group), a registered charity no. 1148753 with the objects: to advance for the public benefit education and training in Norfolk and elsewhere; and to provide for the public benefit the best possible learning opportunities for students.

A shared services company, Norfolk Educational Services Limited, has been established by the TEN Group to provide services, including IT, HR and Finance, to partner institutions of the TEN Group, including Norfolk UTC.

Through the TEN Group, Norfolk UTC has been working with its partner institutions in the TEN Group to achieve a shared vision of widening opportunities, enhancing learning through innovation and personalisation of the curriculum, and developing progression pathways for Norfolk's students.

Objectives and Activities

Objects and Aims

Norfolk UTC's charitable objects are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, which includes provision for technical education ("the Academy").

The aim of Norfolk UTC is to provide students with the skills and qualifications to either go on to university or to take up skilled employment at 18. It will do this by specialising in advanced engineering and energy skills, whilst providing a sound educational foundation for any student who has an interest in engineering, science, maths or computing areas.

Trustees' Report (continued)

Objectives, Strategies and Activities

Norfolk UTC shares with partner institutions in the TEN Group the determination to create learning opportunities which stretch students, drive up standards and offer the right preparation for progression either into further education or work. Not simply a target, this has become the binding vision of the partnership and means more than raising aspirations and gaining appropriate qualifications, although these remain key outcomes.

Norfolk UTC aims to be a high performing, strongly aspirational, student led UTC which epitomises educational excellence. The Norfolk UTC will focus on advanced engineering and energy skills to help address a regional and sector shortfall.

The Norfolk UTC will develop advanced engineering and energy skills, with business and ICT, for up to 600 14-19 year olds every year.

Norfolk UTC is sponsored by the TEN Group, the University of East Anglia (UEA) and a group of employer sponsors. The sponsors have been developing the Norfolk UTC vision since 2010 and are committed to delivering outstanding learning opportunities in the fields of Engineering and Energy skills for 14-19 students from across the sub regional area of Norfolk, East Cambridgeshire and North Suffolk.

The sponsors are committed to:

- Delivering an engaging, relevant, challenging curriculum journey that brings together academic and practical elements to generate technical solutions.
- Encouraging creativity, divergent thinking and risk taking through enquiry and experimentation, using contexts drawn largely from employer partners.
- Developing highly skilled, reflective learners; seeking inspiration from past and present; culturally and globally aware; resilient and ready for their futures.
- Developing purposeful, future focused progression opportunities and destinations for students. Ready for today, tomorrow and the future.
- Providing an authentic bridge between secondary education, higher education and employment.
- Providing UTC students with purposeful international experiences and exposure through employer partners and other networks.
- Supporting UTC students to become highly competent and globally competitive future employees / entrepreneurs.
- Developing innovative, effective, efficient, support systems and tools that enable a personalised approach to student support and challenge.
- Delivering a 100% employer endorsed curriculum model focused on technical challenges. Developing a full range of Skills, Knowledge, and Understanding, Behaviours and Attitudes (SKUBA) and is committed to a 360o view of student capabilities and abilities; emotionally intelligent and including aspects often referred to as “character building”.
- Redefining what “teacher” means in 21st Century Technical Education with CPD to support excellent teaching and learning.

Trustees' Report (continued)

- Developing a series of learning spaces that are technologically enabled; inspiring; and provide high quality, authentic learning spaces and places relevant to deliver both educational and industrial outcomes.

The key objectives for the year were:

- Managing the refurbishment of the site to exacting standards.
- Managing the project, and other funding streams, so that the project costs were covered by income.
- Recruiting the Principal and key staff.
- Embarking on the recruitment of sufficient students to start the academic year 2014/15.

Public Benefit

The charitable object of Norfolk UTC is to establish, maintain, carry on, manage and develop a school offering a broad and balanced curriculum, which includes provision for technical education. The activities reported on above were significant steps in advancing this object, resulting by October 2014 in a total of 222 students being enrolled at the Norfolk UTC. The Norfolk UTC already has 71 students who have accepted places for the 2015-16 academic year.

In carrying out their activities during 2013-14 (further reported on below), the Governors have given careful consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary guidance on advancing education.

Strategic Report

Achievements and Performance

The Norfolk UTC has yet to present academic achievements as the students did not start until September 2014. The draft education plan sets out the Norfolk UTC's quality outcomes post opening in September 2014.

The ethos, culture and values of the Norfolk UTC will be established reflecting the two subject specialisms of the UTC. The established partnership has played, and will continue to play, a critical role in defining the curriculum, organisational structures, delivery models, facilities and accommodation of the Norfolk UTC. It will create a unique educational institution for the county. Students will be part of a learning community that values their interests and stretches the full range of their abilities; providing them with experience and opportunities uniquely provided through a partnership with local and regional employers.

Students' understanding of the world of work and the nature of business will be dramatically enhanced in comparison with a typical school. They will work continuously with real industrial and business issues, people, places, developing authentic industrial and business solutions, products and outcomes. Learning models will be experiential; practical learning by doing, utilising industry standard equipment and facilities and contemporary processes and procedures such as lean processing.

Trustees' Report (continued)

Norfolk UTC students will explore, enquire and experiment; using knowledge, skills and understanding developed through a highly contextualised multi-disciplinary curriculum focused upon STEM (Science, Technology, Engineering and Maths) subjects. They will engage in educationally and industrially challenging real world Technical Challenges (TCs); achieve qualifications up to Level 3 and 4; and gain a thorough and realistic understanding of the two specialist sectors. It will also bring together rigorous academic study and critical thinking skills with robust practical hands-on technical skills to enable the development of technical knowledge, understanding and skills, engineering and manufacturing innovation – the skills required to forge a career in the UTC's specialist sectors and the ability to “think like an engineer”.

Key Performance Indicators

The key performance indicators for this year were:

- Refurbishment to time and within budget
- Recruitment of Principal and selection of key teaching staff
- Project budget out-turn to be cost neutral
- Student recruitment to meet minimum numbers as stipulated by the revised funding agreement

All of these KPIs were met.

Going Concern

In light of the funding agreements in place and after making appropriate enquiries, the Board of Governors has a reasonable expectation that the Norfolk UTC will have adequate resources to operate post opening in September 2014. The Board will continue to adopt the going concern basis in preparing the financial statements.

Financial Review

This annual report reflects the twelve months of activity to 31 August 2014. During the period the Norfolk UTC received total income of £5,452k. Total income includes:

- £5,240k for a capital grant made in relation to the site redevelopment and purchases of information technology and specialist equipment.
- £116k related to a project development grant for the ongoing mobilisation costs.
- £93k of donations from employer sponsors.

Total resources expended for the same period includes:

- £5,229k on capital expenditure in relation to the final build and initial equipment. This is capitalised on the balance sheet and will be depreciated in future periods.
- £219k on revenue expenditure covering staff, administrative and pre-launch costs.

Trustees' Report (continued)

The net incoming resources for the year shown in the Statement of Financial Activities was a surplus of £5,233k which comprises:

- £4k surplus on the unrestricted funds and the restricted general funds.
- £5,229k surplus on the restricted fixed asset fund (the capital grant is shown as income in the Statement of Financial Activities but the corresponding capital expenditure is shown on the balance sheet, hence a surplus is shown).

Norfolk UTC had reserves brought forward of £2,665k, and carries forward reserves of £7,898k as at 31 August 2014. The majority of the reserves (£7,892k) is the Restricted Fixed Asset Fund which will be used to fund future depreciation of the estate and equipment. The remaining reserves are £6k in the Restricted General Fund.

Reserves Policy

The Governors regularly review the reserve levels of the company and consider them to be sufficient for the company's requirements. A detailed budget for 2014-15 has been set and this includes a small budgeted surplus on the assumption that the student intake meets expectation (which it subsequently has).

As the Academy matures the intention is to target reserves of between 2-4% of income. This is in accordance with the TEN Group Reserves Policy.

Investments Policy

Under its articles of association, Norfolk UTC has the right to:

- Deposit or invest any funds of the company not immediately required for the furtherance of its objects (but to invest only after obtaining such advice from a financial expert, as the Governors consider necessary, and having regard to the suitability of investments and the need for diversification);
- To delegate the management of investments to a financial expert, but only if certain terms are met; and
- To arrange for investments or other property of the company to be held in the name of a nominee company acting under the control of the Governors or of a financial expert acting under their instructions, and to pay any reasonable fee required.

At 31 August 2014 the Norfolk UTC held £487k of cash at bank and in hand. Of this balance, £440k related to a VAT reimbursement which has subsequently (September 2014) been remitted back to the Department for Education.

Principal Risks and Uncertainties

Governors regularly monitored, reviewed and assessed risks during the year and these were regularly discussed at Board meetings. Control procedures and actions were identified, along with time-defined responsibility for those actions.

Trustees' Report (continued)

In the opinion of the Governors, the key risk facing the Norfolk UTC is that it will not be sufficiently subscribed to be able to generate a surplus. To mitigate this risk an extensive marketing and promotion campaign was undertaken to highlight the Norfolk UTC's unique benefits to the regions students who will be eligible for enrolment in both 2014 and 2015.

Given the increasingly competitive marketplace for young people – through the introduction of free schools and the conversion of some schools into academies – the recruitment of the targeted number of students will remain a key risk for the continuing future. The Governors will continue to take mitigating actions to address this risk as the Norfolk UTC develops.

As the Norfolk UTC matures, there will be the initial results of academic performance and an initial OFSTED grading which will provide both opportunities to cement the reputation of the Norfolk UTC and also provides key risks for its continued development. Governors will monitor the progress of students and the implementation of quality improvement processes in order to safeguard against these risks and maximise the opportunities which they also provide.

Plans for Future Periods

The key activities for academic year 2014-15 are to employ the new staff, recruit the initial cohorts of students and commence the service delivery of courses at the Norfolk UTC.

As it's the first year of delivery at the Norfolk UTC, it will be imperative that the systems are in place to ensure that the delivery of services to the students are of the highest quality, meeting the exacting standards set by the Governors in the Educational Vision for the Norfolk UTC. This will be monitored by the Governing Body and regularly reported on by the senior leadership team.

Recruitment of additional staff and the second cohort of students for the September 2015 start will also be a key activity to be undertaken next year and the relevant marketing and selection activities will need to be undertaken in 2014-15 to ensure that these targets are achieved.

Auditor

In so far as the Governors are aware:

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

Approved by order of the Board of Governors on 10 December 2014 and signed on its behalf by:

Richard Palmer
Chairman of the Board

Governance Statement

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Norfolk UTC has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors of Norfolk UTC has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement with the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 6 times during the 2013-14 period. Attendance during the period at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Yvonne Mason	3	6
Ben Milner	6	6
John Morse	4	6
Dick Palmer (Chairman)	6	6
Richard Hill (appointed 10/10/13)	6	6
Alex Hayes (Principal appointed 1/1/14)	4	4
Shawn Taylor (appointed 12/12/13)	5	5
Scott McMillan (appointed 18/6/14)	1	1
Arjan Meijer (appointed 18/6/14)	1	1

The company increased the number of Governors during the year, broadening the range of employers represented on the Board, in anticipation of the opening of the Norfolk UTC to students from September 2014.

Governance Statement (continued)

The Board undertook a governance self-assessment for the year during August-September 2014. Governors confirmed that:

- The Board adhered to the Nolan standards on public life;
- Board relationships were considered to be working well;
- The right balance of skills were considered to be present on the Board;
- Skills and knowledge were effectively updated, and training was considered to be good or better;
- All Governors understood their role, and can fully contribute to discussions and decisions;
- Board meetings were considered efficient, and any decisions effectively communicated;
- Good information was provided to them, including financial reports; and
- An effective risk management system was in place.

The self-assessment is an annual process, and will be conducted again in 2015, in accordance with TEN Group policy and governance good practice.

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 Norfolk UTC for the year ended 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 Norfolk UTC is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 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.

Fraud

Norfolk UTC has a zero tolerance approach to fraud and action is taken to limit the risk of fraud through the system of internal control. A fraud policy and response plan is incorporated in the risk management framework.

Governance Statement (continued)

Bribery

Norfolk UTC has a zero tolerance approach to bribery and action is taken to limit the risk of bribery through the system of internal control with the maintenance and monitoring of a register of gifts and hospitality received. The Company undertakes regular reviews of the anti-bribery measures in place, ensuring that they remain adequate.

The Risk and Control Framework

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

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

Following the requirements of the Academies Financial Handbook, the Board of Governors decided not to appoint a Responsible Officer and instead relied on the Group internal auditors to act as a reviewer and perform additional checks.

The Director of Finance of Norfolk Educational Services (shared services company) has given advice on financial matters and performed a range of checks on the academy trust's financial systems. During the year the Director of Finance prepared reports for the Governors on the Group's key financial controls, treasury management and financial planning, and no material control issues were reported.

A Group Internal Audit Service (Baker Tilly, previously Tenon) was appointed for 2013-14. Following the tendering for and appointment of new Group internal auditors during 2013-14, Scrutton Bland have been appointed for 2014-15. The Governors expect the Group internal auditor to regularly report to the governing body on the operations of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

In May 2013 the TEN Board of Trustees approved the TEN Group Financial Regulations and Procedures, which have been implemented in the academy trust. The document was amended and updated and approved by the TEN Board of Trustees in July 2014.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the 2013-14 period the review has been informed by:

Governance Statement (continued)

- the work of the Group Internal Auditor;
- the work of the External Auditor;
- the financial management and governance self-assessment process.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Governors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Governors on 10 December 2014 and signed on its behalf by:

Richard Palmer
Chairman of the Board

Alex Hayes
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of the Norfolk UTC I have considered my responsibility to notify the Board of Governors and the Department for Education of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the company 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 the Norfolk UTC Board of Governors are able to identify any material irregular or improper use of funds by the company, or material non-compliance with the terms and conditions of funding under the academy'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.

Alex Hayes
Accounting Officer

10 December 2014

Statement of Governors' Responsibilities

The Governors (who act as trustees for charitable activities of Norfolk UTC and are also the Directors of the charitable company for the purposes of company and charity law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Governors on 10 December 2014 and signed on its behalf by:

R Palmer

Chairman of the Board

Independent Auditor's Report on the Financial Statements

We have audited the financial statements of Norfolk UTC for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the academy 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's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report 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.

Independent Auditor's Report on the Financial Statements (continued)

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

F M E Shippam BSc FCA DChA (Senior statutory auditor)

for and on behalf of

MA Partners LLP

7 The Close
Norwich
Norfolk
NR1 4DJ

Date:

Independent Reporting Accountant's Report on Regularity

In accordance with the terms of our engagement letter dated 30 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Norfolk UTC during the year 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 Norfolk UTC and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Norfolk UTC and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Norfolk UTC and EFA, for our work, for this report, or for the conclusion we have formed.

Respective Responsibilities of Norfolk UTC's Accounting Officer and the Reporting Accountant

The accounting officer is responsible, under the requirements of Norfolk UTC's funding agreement with the Secretary of State for Education dated 3 September 2013, 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 2013 to 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 year 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 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent Reporting Accountant's Report on Regularity (continued)

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

Conclusion

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

MA Partners LLP

7 The Close
Norwich
Norfolk
NR1 4DJ

Date:

Norfolk UTC

Statement of Financial Activities incorporating Income & Expenditure Account – year ended 31 August

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Incoming Resources						
<i>Incoming resources from generated funds:</i>						
- Voluntary income	2	46,630	46,520	-	93,150	3,083
- Activities for generating funds	3	2,996	-	-	2,996	-
- Investment income	4	151	-	-	151	-
<i>Incoming resources from charitable activities:</i>						
- Funding for the Norfolk UTC's educational operations	5	-	116,150	5,239,820	5,355,970	2,823,850
Total incoming resources		49,777	162,670	5,239,820	5,452,267	2,826,933
Resources expended						
<i>Cost of generating funds:</i>						
- Costs of generating voluntary income	6	46,630	46,520	-	93,150	-
- Activities for generating funds	6	2,996	-	-	2,996	-
<i>Charitable Activities:</i>						
- Norfolk UTC's educational operations	6	-	110,020	10,346	120,366	143,455
<i>Governance costs</i>	6	-	2,568	-	2,568	18,789
Total resources expended		49,626	159,108	10,346	219,080	162,244
Net incoming / (outgoing) resources before transfers		151	3,562	5,229,474	5,233,187	2,664,689
Gross transfers between funds	15	-	-	-	-	-
Net movement in funds for the year for the year		151	3,562	5,229,474	5,233,187	2,664,689
Other recognised gains and losses						
Actuarial gains / (losses) on defined benefit pension scheme		-	-	-	-	-
Net movement in funds		151	3,562	5,229,474	5,233,187	2,664,689
Reconciliation of funds						
Total funds brought forward at 1 September 2013		-	2,234	2,662,455	2,664,689	-
Total funds carried forward at 31 August 2014		151	5,796	7,891,929	7,897,876	2,664,689

All of the academy's activities derive from continuing operations during the above financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

Norfolk UTC Balance Sheet

	Notes	31 August 2014 £	31 August 2014 £	31 August 2013 £	31 August 2013 £
Fixed Assets					
Tangible Assets	12		7,891,929		2,662,455
Current Assets					
Debtors	13	1,005,038		17,031	
Cash at bank and in hand		487,375		14,206	
		<u>1,492,413</u>		<u>31,237</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(1,486,466)</u>		<u>(29,003)</u>	
Net current assets			<u>5,947</u>		<u>2,234</u>
Total assets less current liabilities			7,897,876		2,664,689
Net assets			<u>7,897,876</u>		<u>2,664,689</u>
Funds of the academy:					
Restricted income funds					
- Fixed asset funds	15	7,891,929		2,662,455	
- General funds	15	<u>5,796</u>		<u>2,234</u>	
Total restricted funds			7,897,725		2,664,689
Unrestricted income funds					
- General fund	15		151		-
Total funds			<u>7,897,876</u>		<u>2,664,689</u>

The financial statements on pages 23 to 39 were approved by the governors, and authorised for issue on 10 December 2014 and are signed on their behalf by:

Richard Palmer
Chair

Cash Flow Statement – Year ended 31 August

	Notes	2014 £	2013 £
Net cash inflow from operating activities	18	(20,831)	33,578
Returns on investments and servicing of finance	19	151	-
Capital expenditure	20	493,849	(19,372)
		<hr/>	<hr/>
Increase in cash in the year		473,169	14,206
Reconciliation of net cash flow to movement in net funds			
Net Funds at 1 September 2013		14,206	-
		<hr/>	<hr/>
Net Funds at 31 August 2014	21	487,375	14,206

Notes to the Financial Statements for the Year Ended 31 August 2014

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention 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 principle accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

On the basis of their assessment of the company's financial position and of the enquiries made of the Directors of Transforming Education in Norfolk and the Norfolk UTC's other sponsors, the Board of Governors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Formation of Norfolk University Technical College

University Technical Colleges (UTCs) are a new type of school offering students a high status, full time, technically oriented education that blends academic and hands on opportunities. The Norfolk UTC was fully incorporated in January 2012.

Incoming Resources

All incoming resources will be recognised when the Norfolk UTC has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated 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.

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on the academy trust's educational operations.

- **Governance Costs**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

1. Statement of Accounting Policies (continued)

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, sponsor or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise of all other restricted funds received and include grants from the Education Funding Agency.

Tangible Fixed Assets

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.

Taxation

The Norfolk UTC is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly, the 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.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

2 - Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Capital Grants	-	-	-	-	3,083
Donations	46,630	46,520	-	93,150	-
	46,630	46,520	-	93,150	3,083

3 - Activities For Generating Funds

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Miscellaneous Income	2,996	-	-	2,996	-
	2,996	-	-	2,996	-

4 - Investment Income

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Interest Receivable	151	-	-	151	-
	151	-	-	151	-

5 - Incoming Resources From Charitable Activities

Funding For Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Revenue Grants					
Project Development Grant	-	120,000	-	120,000	180,000
DfE Other Grant	-	(3,850)	-	(3,850)	3,850
	-	116,150	-	116,150	183,850

Capital Grants

DfE Capital Acquisition Grant	-	-	(440,000)	(440,000)	2,640,000
EFA Capital Expenditure Grant	-	-	5,679,820	5,679,820	-
	-	-	5,239,820	5,239,820	2,640,000
	-	116,150	5,239,820	5,355,970	2,823,850

**Notes to the Financial Statements for the Year Ended 31 August 2014
(continued)**

6 - Resources Expended

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2014 £	Total 2013 £
Costs of generating voluntary income	31,630	-	61,520	93,150	-
Costs of activities for generating funds	-	2,996	-	2,996	-
Academy's educational operations					
- Direct Costs	35,215	-	4,695	39,910	-
- Allocated Support Costs	4,452	2,447	73,557	80,456	143,455
	71,297	5,443	139,772	216,512	143,455

Incoming / outgoing resources for the year include

	2014 £	2013 £
Fees payable to auditor		
- audit	<u>2,568</u>	<u>3,250</u>

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

7- Charitable Activities - Academy's educational operations

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2014	Total 2013
	£	£	£	£	£
Direct Costs					
Teaching & Educational support staff costs	-	35,215	-	35,215	-
Educational Supplies	-	2,400	-	2,400	-
Staff Development	-	700	-	700	-
Other Direct Costs	-	1,595	-	1,595	-
	-	39,910	-	39,910	-

Allocated Support Costs

Support staff costs	-	4,452	-	4,452	-
Recruitment & Support	-	29,465	-	29,465	1,280
Maintenance of Premises & Equipment	-	5,164	-	5,164	4,576
Utilities	-	3,632	-	3,632	1,094
Rent & Rates	-	(18,696)	-	(18,696)	18,696
Insurance	-	12,347	-	12,347	8,175
Bought in Services & Professional fees	-	16,444	-	16,444	102,088
Marketing & Promotion	-	20,699	-	20,699	7,394
Bank Interest & Charges	-	804	-	804	1
Other Support Costs	-	6,145	-	6,145	151
	-	80,456	-	80,456	143,455

8 - Governance Costs

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2014	Total 2013
	£	£	£	£	£
Legal Fees	-	-	-	-	15,539
Auditors Remuneration					
- Audit of financial statements	-	2,568	-	2,568	3,250
	-	2,568	-	2,568	18,789

**Notes to the Financial Statements for the Year Ended 31 August 2014
(continued)**

9 - Staff Costs

Staff Costs during the period were:	2014 £	2013 £
Wages & Salaries	57,570	-
Social Security Costs	6,225	-
Pension Costs	7,502	-
	<u>71,297</u>	<u>-</u>
Supply Teacher Costs	-	-
Compensation Payments	-	-
	<u>71,297</u>	<u>-</u>

The average number of persons (including governors and the senior management team) employed by Norfolk UTC during the year, expressed as full time equivalents, was as follows:

Charitable Activities	2014 No.	2013 No.
Teachers	-	-
Administration & support	0.25	-
Management	0.67	-
	<u>0.92</u>	<u>-</u>

The number of employees whose emoluments exceeded £60,000 was:

	2014 No.	2013 No.
£70,001 - £80,000	<u>1</u>	<u>-</u>

The above employee participated in the Teachers' Pension Scheme (TPS). During the year ended 31st August 2014, pension contributions for the employee amounted to £7,502.

10 - Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the role of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of governors remuneration was as follows:

	2014 £50k-55k	2013 £0k
A Hayes		

During the year ended 31 August 2014, travel and subsistence totalling £1,516 (2013, £0k) were reimbursed to the Principal.

Other related party transactions involving the governors are set out in note 24.

**Notes to the Financial Statements for the Year Ended 31 August 2014
(continued)**

11 - Governors' and Officers Insurance

In accordance with normal commercial practice the Norfolk UTC has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Norfolk UTC business. The insurance provides cover up to £2m on any one claim. The cost for the year is difficult to separate as it is included in a group policy.

12 - Tangible Fixed Assets

	Fixtures, fittings and equipment £	Assets under construction £	Total £
Cost			
At 1 September 2013	-	2,662,455	2,662,455
Additions	588,283	4,641,190	5,229,474
Disposals	-	-	-
At 31st August 2014	588,283	7,303,645	7,891,929
Depreciation			
At 1 September 2013	-	-	-
Charged in the year	-	-	-
At 31st August 2014	-	-	-
Net Book Values			
At 31st August 2014	588,283	7,303,645	7,891,929
At 31 August 2013	-	2,662,455	2,662,455

During 2012-13 the Norfolk UTC purchased land and buildings for its charitable activities using a DfE capital grant. In accordance with the Norfolk UTC's accounting policy the land and buildings have been recognised at cost (excluding VAT) and will be depreciated over its expected useful economic life. No such depreciation has been charged in the period as the building has not yet been brought into use.

During 2013-14 the Norfolk UTC, supported by the DfE capital grant, has spent further monies on redeveloping, fundraising and equipping the new Academy building. The building opened for new students on the 8 September 2014.

**Notes to the Financial Statements for the Year Ended 31 August 2014
(continued)**

13 - Debtors	2014	2013
	£	£
Trade Debtors	1,546	3,700
Other taxation and social security	374,262	6,756
Accrued income	605,344	3,850
Prepayments	23,886	2,725
	<u>1,005,038</u>	<u>17,031</u>

14 - Creditors	2014	2013
	£	£
Trade Creditors	361,772	-
PAYE & NIC Creditor	2,986	-
Other Creditors	637,305	-
Accruals and Deferred Income	470,753	29,003
Amounts owed to fellow subsidiary companies	13,650	-
	<u>1,486,466</u>	<u>29,003</u>

Deferred Income

	2014	2013
	£	£
Deferred Income as at 1 September 2013	-	-
Resources deferred in the year	3,480	-
Amounts released from previous years	-	-
Deferred Income as at 31st August 2014	<u>3,480</u>	<u>-</u>

The deferred income relates to a curriculum development / skills bridge project donation received in 2013-14, to be expended in 2014-15.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

15 - Funds

	Balance at 1 September 2013 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
Restricted general funds					
Project Development Grant	2,234	120,000	(112,588)	(3,850)	5,796
DfE Other Grant	-	(3,850)	-	3,850	-
Donation Income	-	46,520	(46,520)	-	-
	<u>2,234</u>	<u>162,670</u>	<u>(159,108)</u>	<u>-</u>	<u>5,796</u>
Restricted fixed asset funds					
DfE Capital Acquisition Grant	2,640,000	(440,000)	-	-	2,200,000
EFA Capital Expenditure Grant	-	5,679,820	(10,346)	-	5,669,474
Other Capital Grants	3,083	-	-	-	3,083
Acquired Fixed Assets from Revenue funds	19,372	-	-	-	19,372
	<u>2,662,455</u>	<u>5,239,820</u>	<u>(10,346)</u>	<u>-</u>	<u>7,891,929</u>
Total restricted funds	<u>2,664,689</u>	<u>5,402,490</u>	<u>(169,454)</u>	<u>-</u>	<u>7,897,725</u>
Unrestricted funds					
Unrestricted funds	-	49,777	(49,626)	-	151
Total unrestricted funds	<u>-</u>	<u>49,777</u>	<u>(49,626)</u>	<u>-</u>	<u>151</u>
Total funds	<u><u>2,664,689</u></u>	<u><u>5,452,267</u></u>	<u><u>(219,080)</u></u>	<u><u>-</u></u>	<u><u>7,897,876</u></u>

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

The **Project Development Grant** is provided by the DfE to cover eligible expenditure in relation to the development of detailed plans for, and the opening of, the Norfolk UTC project.

The **DfE Other Grant** fund has been provided in relation to professional fees incurred on VAT advice on the purchase of the Norfolk UTC site.

Donation Income relates to donations to fund expenditure on Marketing Roadshows, Curriculum Development / Skills Bridge Project and Professional Fees.

The **DfE Capital Acquisition Grant** relates to the purchase of the Norfolk UTC site (see note 12).

The **EFA Capital Expenditure Grant** is provided by the EFA to cover the redevelopment of the Norfolk UTC site, and the provision of ICT and Specialist Equipment, in time for opening in September 2014.

The **Other Capital Grants** fund has been used in relation to emergency electrical works at the Norfolk UTC site, ahead of the Capital Expenditure project. Reimbursement of costs are to come from the project contractor.

The **Acquired Fixed Assets from Revenue Funds** relates to the purchases of capital expenditure from restricted general funds.

**Notes to the Financial Statements for the Year Ended 31 August 2014
(continued)**

16 - Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible Fixed Assets	-	-	7,891,929	7,891,929
Current Assets	3,147	1,489,266	-	1,492,413
Current Liabilities	(2,996)	(1,483,470)	-	(1,486,466)
Total net assets	<u><u>151</u></u>	<u><u>5,796</u></u>	<u><u>7,891,929</u></u>	<u><u>7,897,876</u></u>

17 - Capital Commitments

	2014 £	2013 £
Contracted for, but not provided for in the financial statements	<u>463,550</u>	<u>-</u>
Commitments authorised but not contracted for at 31 August	<u>-</u>	<u>6,155,479</u>

**Notes to the Financial Statements for the Year Ended 31 August 2014
(continued)**

	2014	2013	
	£	£	
18 - Reconciliation of net income to net cash inflow from operating activities			
Net income	5,233,187	2,664,689	
Capital grants from DfE and other capital income (note 15)	(5,280,802)	(2,643,083)	
Interest receivable (note 4)	(151)	-	
(Increase) / decrease in debtors	(988,007)	(17,031)	
Increase / (decrease) in creditors	1,014,942	29,003	
Net cash inflow from operating activities	<u>(20,831)</u>	<u>33,578</u>	
19 - Returns on investments and servicing of finance			
	2014	2013	
	£	£	
Interest received	151	-	
Net cash inflow from returns on investment and servicing of finance	<u>151</u>	<u>-</u>	
20 - Capital expenditure and financial investment			
	2014	2013	
	£	£	
Purchase of tangible fixed assets	(4,786,953)	(2,662,455)	
Capital grants from DfE / EFA	5,280,802	2,640,000	
Capital funding received from sponsors and others	-	3,083	
Net cash inflow / (outflow) from capital expenditure and financial investment	<u>493,849</u>	<u>(19,372)</u>	
21 - Analysis of changes in net funds	At 1 September 2013	Cash Flows	At 31 August 2014
	£	£	£
Cash in hand and at bank	14,206	473,169	487,375
	<u>14,206</u>	<u>473,169</u>	<u>487,375</u>

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

22 - Contingent Liabilities and Assets

The Norfolk UTC had no contingent liabilities as at 31 August 2014.

At 31 August 2013, the Norfolk UTC made note of a contingent liability of £440k in relation to VAT charged on the purchase of the Norfolk UTC site. The governors and HMRC deemed that this VAT was recoverable and repayable to the DfE. A voluntary disclosure was made and the VAT recovered. The recovered VAT was subsequently reimbursed to the DfE in September 2014.

23 - 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.

24 - Related Party Transactions

Owing to the nature of the Norfolk UTC'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.

The company is controlled by Transforming Education In Norfolk, see note 25. Consequently Norfolk UTC has taken advantage of the exemption under FRS 8 from disclosing Related Party Transactions with entities controlled by Transforming Education In Norfolk ("TEN") and included in TEN's consolidated accounts.

Related party transactions for the period ending 31 August 2014 include:

Yvonne Mason, Norfolk UTC Trustee, £46,520 donation received in the reported period, to fund expenditure on Marketing Roadshows and Curriculum Development / Skills Bridge Project (£0 in 2013-14)

Gardline Shipping Limited (GSL), a company in which John Morse is Commercial Director (Trustee of Norfolk UTC). £20,000 unrestricted donation received in the reporting period, used to fund expenditure on professional fees (£0 in 2013-14)

The Forum Trust, a company in which Richard Palmer is a Director (Trustee and Chairman of Norfolk UTC) Transactions totalling £30 relating to the hiring of a Forum Trust facility for a Norfolk UTC marketing event (£0 in 2013-14)

25 - Controlling Party

The company is controlled by Transforming Education in Norfolk a private company limited by guarantee and registered charity number 1148753.

Copies of the Transforming Education in Norfolk consolidated accounts can be obtained from the Company Secretary c/o Norwich City College, Ipswich Road, Norfolk, NR2 2LJ.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

26 Pension and Similar Obligations

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. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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 review 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 (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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. Importantly, 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.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £7,502 (2013: £0).