

HEATHROW AVIATION ENGINEERING UTC

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

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HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE UTC, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014

Trustees	Brunel University London Mrs J H Greening Wg Cdr M Leeming (appointed 21 March 2013) Prof V T Ellis (appointed 2 April 2014) Aviation Skills Partnership Ltd (appointed 4 April 2014) Royal Aeronautical Society (appointed 30 June 2014) Mr D B Berry (appointed 26 August 2014)
Members	Mrs J H Greening Brunel University QED Academy Trust
Company registered number	07510578
Registered and principal office	Clearview House 201 Pinner Road Northwood HA6 1BX
Company secretary	Mr R J Bush
Principal and Accounting Officer	Mr D B Berry
Independent auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The Governors present their report together with the financial statements of the charitable company for the year ended 31st August 2014. The report has been prepared in accordance with Part VI of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, the requirements of the company's governing document, the EFA accounts guidance and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE and MANAGEMENT

Constitution

Heathrow Aviation Engineering UTC (the UTC or The Company) is a company limited by guarantee with no share capital (registration no 07510578) and is an exempt charity. The Company's Memorandum and Articles of Association dated 20 February 2014 are its primary governing documents. Governors also act as trustees for their obligations under the Charities Act and as directors for the purposes of company law.

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

Governors' Indemnities

Governors will be covered by indemnity insurance purchased at the UTC's expense to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the UTC. Such indemnity will not apply to any act or omission which the Governors knew to be a breach of trust or breach of duty or which was committed by the Governors in reckless disregard to whether it was a breach of trust or breach of duty or not; nor will such indemnity extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as directors of the UTC.

Principal Activities

In accordance with the UTC's Articles of Association, the Governors of the UTC are charged with advancing education for the public benefit, in particular, establishing, maintaining, managing and developing a university technical college specialising in aviation and aerospace engineering. In this second year of operation the principal activity has been the construction of the new building and the recruitment of the first intake of pupils and a staff contingent.

Method of Recruitment and Appointment of Trustees

The Members of the UTC are responsible for appointing Governors.

Policies and Procedures Adopted for the Induction and Training of Trustees

New Governors are required to attend a training programme and these are identified for the individual Governor to complement their skill set.

Organisational Structure

In the year to August 2014 the Governors were supported by a Project Steering Group (PSG) and were responsible for spending properly the Project Development Grant received in the furtherance of the objective of opening the UTC to pupils in September 2014.

The Principal, acting as Chief Executive Officer, is responsible for the day to day operation of the educational aspects of the development project. The Principal is also the Accounting Officer.

Risk Management

The principal risks facing the UTC in the development phase are detailed in the section Financial and Risk Management Objectives and Policies. The Governors have implemented a systems of control by the formation and appointment of the PSG to assess and monitor the project. Adequate insurance has been arranged where significant financial risk remains.

HEATHROW AVIATION ENGINEERING UTC
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Connected Organisations including Related Party Relationships

Owing to the nature of the UTC's operations and the composition of the board of Governors being drawn from local public and private sector organisations, it is possible that from time to time 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 UTC's normal procedures.

The UTC has connections with the following organisations.

- Brunel University London as university sponsor
- QED Academy Trust as sponsor
- Heathrow Airport Limited as lead employee sponsor
- British Airways Plc as employee sponsor
- The Royal Air Force as employee sponsor
- Virgin Atlantic Airways Limited as employee sponsor
- Royal Aeronautical Society as corporate governor
- Aviation Skills Partnership as corporate governor

OBJECTIVES AND ACTIVITIES

Objects and Aims

As set out in the Articles of Association, The Company's object is to advance for the public benefit education in the United Kingdom. In fulfilment of the objects, the Trust's principal activities in the year ended 31 August 2014 was oversight of the Project Development Grant and managing the project to enable the UTC to open to pupils in September 2014.

Objectives, Strategies and Activities

The longer term strategy is to build a successful learning community benefitting from the provision of resources provided, by maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, which includes provision for technical education.

Public Benefit

The Governors of the UTC have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission. The UTC has operated in accordance with its funding agreement as a non-charging, not-for-profit organisation throughout the period in question.

ACHIEVEMENTS and PERFORMANCE

Now that the UTC is open, the Governors are setting performance objectives in a number of areas.

Going concern

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

Key Performance Indicators (KPIs)

Now the UTC is open the Governors are setting appropriate KPI's.

FINANCIAL REVIEW

The principal source of funding for the UTC was the Project Development Grant received from the EFA. In the year ended 31 August 2014 the UTC received £120,000 in development funding, in addition to its brought forward funds totalling £54,096 which was disbursed on project management expenses and was supplemented by sponsor donations in kind. All expenditure on fixed assets came from allocated Education Funding Agency funds, which will be capitalised as part of the overall building costs.

HEATHROW AVIATION ENGINEERING UTC
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Financial and Risk Management Objectives and Policies

The Governors assessed the major risks to which the UTC is exposed in this development phase. Proper control over expenditure has been maintained by the formation of the independent PSG and by the close involvement of EFA.

Principal Risks and Uncertainties

The Governors report that the UTC's financial and internal controls conform to guidelines issued by the Education Funding Agency (EFA), and that improvements to the wider framework of systems dealing with business risk and risk management strategy will continue to be made now the UTC is open.

The Governors assess the longer term principal risks and uncertainties facing the UTC as follows:

- Students: failure to recruit sufficient numbers in Y10 and Y12 in its second year of operation and in all years thereafter;
- Material decrease in income affecting provision: The budget for 2015-16 is based on estimates of student recruitment;
- Staff recruitment: applications for teaching posts are to be advertised in February 2015 in time for the new intake of pupils in September 2015;
- Bank balances: a cash flow projection indicates the UTC has adequate resources to deliver the educational programme in 2014-15.

Reserves Policy

The UTC has no free reserves.

Investment Policy

The UTC has no investments.

PLANS for FUTURE PERIODS

The Trustees intend to expand the UTC in line with plans agreed with the Department for Education.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustee has taken all the steps that ought to have been taken as a governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

Approved by order of the Board of Governors on 24 November 2014 and signed on its behalf by:

Geoff Rodgers on behalf of Brunel University
Chairman

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge we have overall responsibility for ensuring that Heathrow Aviation Engineering UTC has an effective and appropriate system of internal control and risk management. 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 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 Heathrow Aviation Engineering UTC and the Secretary of State for Education. The Principal is responsible for reporting to the 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 Governors' Responsibilities Statement. The Governors has formally met 3 times during the year. Attendance during the year at meetings of the Governors was as follows:

Governor	Meetings attended	Out of a possible
Deputy Vice-Chancellor, Professor Geoff Rodgers and Brunel University London	2	3
Mrs Joan Greening	3	3
Wg Cdr M Leeming	0	1
Prof V T Ellis	1	3
Aviation Skills Partnership Ltd	0	1
Royal Aeronautical Society	1	1
Mr D B Berry	0	0

An Audit Committee was established by the Governors on 22nd September, 2014.

Governance reviews:

No governance review has been undertaken during the year. Initial governance training has been carried out.

A governance review is due to take place in 2014/15.

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 in place in Heathrow Aviation Engineering UTC for the year 1 September 2013 to 31 August 2014 was simplified to reflect the low number of transactions and staff members in place throughout the period. The Accounting Officer was directly responsible to the Chairman.

CAPACITY TO HANDLE RISK

The Governors have reviewed the key risks to which the UTC is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governors are of the view that there is a formal ongoing process for identifying, evaluating and managing the UTC's significant risks, that has been in place for the year 1 September 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 Governors.

HEATHROW AVIATION ENGINEERING UTC
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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governors;
- 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 Governors have considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
- the work of the executive managers within the UTC who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the Board of Governors on 15 December 2014 and signed on its behalf, by:

Geoff Rodgers on behalf of Brunel University
Chairman

Bryan Berry
Accounting Officer

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Heathrow Aviation Engineering UTC I have considered my responsibility to notify the UTC 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 UTC 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 UTC Governors are able to identify any material, irregular or improper use of funds by the UTC, or material non-compliance with the terms and conditions of funding under the UTC'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 Governors and EFA.

Bryan Berry
Accounting Officer

Date: 18 December 2014

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

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

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

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

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

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 Board of Governors on 15 December 2014 and signed on its behalf by:

Geoff Rodgers on behalf of Brunel University
Chairman

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF HEATHROW AVIATION
ENGINEERING UTC**

We have audited the financial statements of Heathrow Aviation Engineering 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 charitable UTC's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable UTC's members those matters we are required to state in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable UTC and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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 UTC'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 Governors' 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable UTC'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 Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF HEATHROW AVIATION
ENGINEERING UTC**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
22 December 2014

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HEATHROW AVIATION ENGINEERING UTC AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 31 July 2013 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 Heathrow Aviation Engineering 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 Heathrow Aviation Engineering UTC and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Heathrow Aviation Engineering 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 Heathrow Aviation Engineering UTC and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF HEATHROW AVIATION ENGINEERING UTC'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Heathrow Aviation Engineering UTC's funding agreement with the Secretary of State for Education dated 1 August 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.

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the accounting officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other Key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HEATHROW
AVIATION ENGINEERING UTC AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 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.

Gary Miller (Reporting Accountant)

Price Bailey LLP

Chartered Accountants

22 December 2014

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Value of assets transferred	2	-	1,718,286	1,718,286	-
Incoming resources from charitable activities	3	170,000	7,202,432	7,372,432	180,000
TOTAL INCOMING RESOURCES		<u>170,000</u>	<u>8,920,718</u>	<u>9,090,718</u>	<u>180,000</u>
RESOURCES EXPENDED					
Charitable activities	5	202,161	9,164	211,325	90,281
Governance costs	6	5,000	-	5,000	3,500
TOTAL RESOURCES EXPENDED	4	<u>207,161</u>	<u>9,164</u>	<u>216,325</u>	<u>93,781</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
		(37,161)	8,911,554	8,874,393	86,219
Transfers between Funds	13	650	(650)	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		<u>(36,511)</u>	<u>8,910,904</u>	<u>8,874,393</u>	<u>86,219</u>
Total funds at 1 September 2013		84,096	2,123	86,219	-
TOTAL FUNDS AT 31 AUGUST 2014		<u><u>47,585</u></u>	<u><u>8,913,027</u></u>	<u><u>8,960,612</u></u>	<u><u>86,219</u></u>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 16 to 25 form part of these financial statements.

HEATHROW AVIATION ENGINEERING UTC**(A Company Limited by Guarantee)****REGISTERED NUMBER: 07510578****BALANCE SHEET
AS AT 31 AUGUST 2014**

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	10		8,913,027		2,123
CURRENT ASSETS					
Debtors	11	2,470,089		21,005	
Cash at bank and in hand		43,990		68,789	
		<u>2,514,079</u>		<u>89,794</u>	
CREDITORS: amounts falling due within one year	12	(2,466,494)		(5,698)	
NET CURRENT ASSETS			47,585		84,096
NET ASSETS			<u>8,960,612</u>		<u>86,219</u>
FUNDS OF THE ACADEMY					
Restricted funds :					
Restricted funds	13	47,585		84,096	
Restricted fixed asset funds	13	8,913,027		2,123	
Total restricted funds		<u>8,960,612</u>		<u>86,219</u>	
TOTAL FUNDS			<u>8,960,612</u>		<u>86,219</u>

The financial statements were approved by the Governors, and authorised for issue, on 15 December 2014 and are signed on their behalf, by:

**Geoff Rodgers on behalf of Brunel University
Chairman**

The notes on pages 16 to 25 form part of these financial statements.

HEATHROW AVIATION ENGINEERING UTC
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	15	7,176,983	70,912
Capital expenditure and financial investment	16	(7,201,782)	(2,123)
(DECREASE)/INCREASE IN CASH AT BANK IN THE YEAR		(24,799)	68,789

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
(Decrease)/Increase in cash at bank in the year	(24,799)	68,789
MOVEMENT IN NET FUNDS IN THE YEAR	(24,799)	68,789
Net funds at 1 September 2013	68,789	-
NET FUNDS AT 31 AUGUST 2014	43,990	68,789

The notes on pages 16 to 25 form part of these financial statements.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the UTC has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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.

Any donated services and gifts in kind provided to the UTC are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the UTC can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the UTC's policies.

1.4 Resources expended

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.

Charitable activities are costs incurred in the UTC's educational operations.

Governance costs include the costs attributable to the UTC's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are exclusive of recoverable VAT.

1.5 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the UTC to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

HEATHROW AVIATION ENGINEERING UTC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the UTC's depreciation policy.

Assets under construction are capitalised at cost but are not depreciated until brought into use.

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

Long Term Leasehold Property	-	50 years straight line
Long Term Leasehold Land	-	125 years straight line
Computer equipment	-	5 years straight line

1.7 Taxation

The UTC is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the UTC is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.8 Pensions

Retirement benefits to employees of the UTC are provided by the Teachers' Pension Scheme ("TPS"). This is a defined benefit scheme and the assets are held separately from those of the UTC.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the UTC in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 18, the TPS is a multi-employer scheme and the UTC 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.

2. VOLUNTARY INCOME

	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Value of assets transferred	1,718,286	1,718,286	-

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

	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA grants			
Other DfE/ EFA grants	170,000	170,000	180,000
Capital grants	7,202,432	7,202,432	-
	<u>7,372,432</u>	<u>7,372,432</u>	<u>180,000</u>

4. RESOURCES EXPENDED

	Staff costs 2014 £	Non Pay Expenditure Other costs 2014 £	Total 2014 £	Total 2013 £
Direct costs	96,746	-	96,746	-
Support costs	17,106	97,473	114,579	90,281
Charitable activities	<u>113,852</u>	<u>97,473</u>	<u>211,325</u>	<u>90,281</u>
Governance	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>3,500</u>
	<u>113,852</u>	<u>102,473</u>	<u>216,325</u>	<u>93,781</u>

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

5. CHARITABLE ACTIVITIES

	Total funds 2014 £	Total funds 2013 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	76,898	1,657
National insurance	9,273	-
Pension cost	10,575	-
	96,746	1,657
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	14,856	-
National insurance	1,193	-
Pension cost	1,057	-
Depreciation	9,164	-
Technology costs	-	1,250
Other costs	1,938	21
Recruitment & Support	13,001	2,150
Travel & subsistence	1,458	998
Project management	17,454	70,488
Marketing	49,221	781
Subscriptions	1,403	10,000
Legal fees	3,834	2,936
	114,579	88,624
	211,325	90,281

6. GOVERNANCE COSTS

	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Governance Auditors' remuneration	4,000	4,000	3,500
Governance Auditors' non audit costs	1,000	1,000	-
	5,000	5,000	3,500
	5,000	5,000	3,500

7. NET INCOME / (EXPENDITURE)

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the charity	9,164	-
Auditors' remuneration	4,000	3,500
	13,164	3,500

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NOTES TO THE FINANCIAL STATEMENTS
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8. STAFF

a. Staff costs

Staff costs were as follows:

	2014	2013
	£	£
Wages and salaries	91,754	1,657
Social security costs	10,466	-
Other pension costs	11,632	-
	113,852	1,657
	113,852	1,657

b. Staff numbers

The average number of persons employed by the UTC during the year expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
Teaching	1	0
Administration/support	1	0
	2	0
	2	0

c. Higher paid staff

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

	2014	2013
	No.	No.
In the band £ 70,001 - £ 80,000	1	0
	1	0

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions amounted to £10,575 (2013 NIL).

9. GOVERNORS' REMUNERATION AND EXPENSES

The Principal only receives remuneration in respect of services provided undertaking the role of Principal, and not in respect of their services as Governor. Other Governors did not receive any payments, from the UTC in respect of their role as Governors. The value of Governors' remuneration including pension contributions fell within the following bands:

	2014	2013
	£	£
Mr D B Berry	85,000-90,000	

During the year, no Governors received any reimbursement of expenses (2013 - £NIL).

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

10. TANGIBLE FIXED ASSETS

	L/Term Leasehold Land £	Computer equipment £	Assets under construction £	Total £
Cost				
At 1 September 2013	-	1,173	950	2,123
Additions	1,718,286	120,815	7,080,967	8,920,068
At 31 August 2014	1,718,286	121,988	7,081,917	8,922,191
Depreciation				
At 1 September 2013	-	-	-	-
Charge for the year	9,164	-	-	9,164
At 31 August 2014	9,164	-	-	9,164
Net book value				
At 31 August 2014	1,709,122	121,988	7,081,917	8,913,027
At 31 August 2013	-	1,173	950	2,123

The leasehold land has been included in the accounts based on a valuation provided by DVS property specialists for the public sector on 1 February 2012. This valuation has been carried out using the depreciated replacement cost method which is considered appropriate for properties of a specialist nature such as educational establishments.

11. DEBTORS

	2014 £	2013 £
Recoverable VAT	1,172,899	3,551
Prepayments and accrued income	1,297,190	17,454
	2,470,089	21,005

12. CREDITORS:
Amounts falling due within one year

	2014 £	2013 £
Trade creditors	100	-
Other taxation and social security	3,759	-
VAT refundable to the DfE/EFA	1,160,945	-
Accruals and deferred income	1,301,690	5,698
	2,466,494	5,698

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

13. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Restricted funds					
Project development grant	84,096	120,000	(204,746)	650	-
Other DfE/ EFA grants	-	50,000	(2,415)	-	47,585
	<u>84,096</u>	<u>170,000</u>	<u>(207,161)</u>	<u>650</u>	<u>47,585</u>
Restricted fixed asset funds					
Restricted Fixed Asset Funds - all funds	2,123	1,718,286	(9,164)	7,201,782	8,913,027
DfE/EFA Capital Grants	-	7,202,432	-	(7,202,432)	-
	<u>2,123</u>	<u>8,920,718</u>	<u>(9,164)</u>	<u>(650)</u>	<u>8,913,027</u>
Total restricted funds	<u>86,219</u>	<u>9,090,718</u>	<u>(216,325)</u>	<u>-</u>	<u>8,960,612</u>
Total of funds	<u>86,219</u>	<u>9,090,718</u>	<u>(216,325)</u>	<u>-</u>	<u>8,960,612</u>

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

Project development grant

This represents a grant from the DfE to cover eligible expenditure for project development incurred in establishing the Heathrow Aviation Engineering UTC.

The carry forward has been created because of timing differences due to the accounting treatment of expenses.

Restricted Fixed Asset Funds

This represents the grant from the EFA for the construction of the school. The income does not completely match the expenditure because of the timing differences created by accounting treatment of income and expenses.

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

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Restricted funds	84,096	170,000	(207,161)	650	47,585
Restricted fixed asset funds	2,123	8,920,718	(9,164)	(650)	8,913,027
	<u>86,219</u>	<u>9,090,718</u>	<u>(216,325)</u>	<u>-</u>	<u>8,960,612</u>

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

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	8,913,027	8,913,027	2,123
Current assets	55,944	2,458,135	2,514,079	89,794
Creditors due within one year	(8,359)	(123,020)	(2,466,494)	(5,698)
	<u>47,585</u>	<u>8,913,027</u>	<u>8,960,612</u>	<u>86,219</u>

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	8,874,393	86,219
Depreciation of tangible fixed assets	9,164	-
Transferred Leasehold Land	(1,718,286)	-
Increase in debtors	(2,449,084)	(21,005)
Increase in creditors	2,460,796	5,698
Net cash inflow from operations	<u>7,176,983</u>	<u>70,912</u>

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(7,201,782)</u>	<u>(2,123)</u>

17. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	68,789	(24,799)	-	43,990
Net funds	<u>68,789</u>	<u>(24,799)</u>	<u>-</u>	<u>43,990</u>

18. PENSION COMMITMENTS

The UTC's employee belongs to the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; this is a defined benefit scheme.

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

Contributions amounting to £3,846 were payable to the scheme at 31 August 2014 (2013 - NIL) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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18. 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 from 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.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-

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18. PENSION COMMITMENTS (continued)

employer pension scheme. The UTC is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the UTC 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 UTC has set out above the information available on the scheme.

19. RELATED PARTY TRANSACTIONS

Owing to the nature of the UTC's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governors has an interest.

Ms Joan Greening is also a trustee of QED Academy Trust, a member of the company.

Prof Geoff Rodgers is also Vice-Chancellor (Research) at Brunel University, a member of the company.

All transactions involving such organisations are conducted at arm's length and in accordance with the UTC's financial regulations and normal procurement procedures. In entering into these transactions the UTC has complied with the requirements of the EFA's Academies Financial Handbook.

The following related party transactions took place in the period of account.

The UTC made purchases from QED Academy Trust for a member of support staff who was predominantly working for the academy. These purchases were at cost.

During the year QED Academy Trust transferred leasehold land valued at £1,718,286 to the UTC.

During the year, the UTC made purchases of £2,700 from the Aviation Skills Partnership Ltd, a corporate governor. These transactions were undertaken at cost and no balance was due at the year end.

20. 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.

21. POST BALANCE SHEET EVENTS

In the post year end period a long lease for land being developed by the UTC was signed with QED Academy Trust. The risks and rewards of ownership of this land had been substantially transferred to the UTC during the year and therefore its value has been recognised on the balance sheet as at 31 August 2014.