

HEATHROW AVIATION ENGINEERING UTC

GOVERNORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

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HEATHROW AVIATION ENGINEERING UTC
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE UTC, ITS MEMBERS, GOVERNOR AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015

Members	Brunel University London QED Academy Trust Mrs J H Greening Dr G J Rodgers (appointed 14 September 2015)
Governors	Dr G J Rodgers, Chairman (appointed 14 September 2015) Mr D B Berry, Principal Mrs J Body (appointed 1 September 2015) Wg Cdr S L Cawdery (appointed 13 October 2014) Mr R D Elgy (appointed 1 September 2015) Prof V T Ellis Ms C M P Harbord (appointed 26 January 2015) Ms A M Martin, Parent Governor (appointed 13 April 2015) Ms A Rodrigues, Parent Governor (appointed 13 April 2015) Wg Cdr D M Leeming (terminated 22 September 2014) Mrs J H Greening (terminated 26 January 2015) Aviation Skills Partnership Ltd (terminated 31 August 2015) Brunel University London (terminated 31 August 2015) Royal Aeronautical Society (terminated 31 August 2015)
Secretary to the Governors	Mr R J Bush
Principal and Accounting Officer	Mr D B Berry
Senior Leadership Team	Mr D Berry, Principal Mr D Philip, Vice Principal Mrs D Dankyi, Business Manager
Registered and principal office	Heathrow Aviation Engineering UTC Potter Street Northwood HA5 1QG
Registration Number	England & Wales 07510578
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 2015

The Governors present their report together with the financial statements of Heathrow Aviation Engineering UTC ('the Academy Trust or the Company') for the year 1st September 2014 to 31st August 2015 ('the Year').

The financial statements have been prepared in accordance with the Academy Trust accounting policies and comply with the Academy Trust Articles of Association, the Companies Act 2006, the Education Funding Agency ('EFA') 'Academies Accounts Direction 2014 to 2015 (SORP 2005)' and the Charity Commission 'Accounting and Reporting by Charities' Statement of Recommended Practice' 2005.

STRUCTURE, GOVERNANCE and MANAGEMENT

Constitution and Regulation

The Academy Trust is a company limited by guarantee with no share capital, registered in England & Wales number 07510578 and is an 'exempt charity' as defined by Schedule 3 of the Charities Act 2011 being a 'qualifying Academy proprietor' as defined by section 12(2) of the Academies Act 2010.

The Academy Trust Articles of Association ('Articles') dated 20 February 2014 is its constitutional document and is governed by a Board of Governors ('Governors') who are also the Directors of the Academy Trust for the purposes of company law and conduct the affairs of the Academy Trust in a similar manner to charity trustees.

The Academy Trust is regulated by the Secretary of State for Education in accordance with its Funding Agreement.

Members' Liability

Each Member of the Academy Trust undertakes to contribute to the assets of the Company in the event of it being wound up whilst being a Member, or within one year after ceasing to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before ceasing to be a Member.

Governors' Indemnities

The Governors are covered by indemnity insurance purchased at the Academy Trust'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 Academy Trust. 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 Academy Trust.

Method of Recruitment and Appointment of Governors

The Members of the Academy Trust are responsible for appointing the Governors.

Policies and Procedures Adopted for the Induction and Training of Governors

The Governors undertook a joint training session on the role of an academy trust Governors at the beginning of the Year. Since that time the Academy Trust has become a member of the National Governors' Association and a number of Governors have engaged in the training provided by the Association, the Baker Dearing Trust and other organisations. Many of the Governors also take part in relevant training provided by their employers in their full-time professional roles. The Board of Governors undertook a skills audit during the Year to ensure that the Board was fully equipped to carry out its role effectively.

Organisational Structure

The Board of Governors is responsible for the appointment and appraisal of the Principal and is accountable to the Members of the Academy Trust and the Department for Education.

The Board of Governors has established a 'Schedule of Responsibilities and Matters reserved for the Board of Governors.

The Principal, acting as Chief Executive Officer, is responsible for all aspects of the day to day management and operation of the Academy Trust and is also the Accounting Officer.

HEATHROW AVIATION ENGINEERING UTC (A Company Limited by Guarantee)

Connected Organisations including Related Party Relationships

Owing to the nature of the Academy Trust'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 may take place with an organisation in which a Governor may have an interest. All transactions involving such organisations are conducted in accordance with the Academy Trust's 'Prevention of Conflicts of Interest Policy'.

The Academy Trust 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 Limited as corporate Governor

OBJECTIVES, STRATEGY AND ACTIVITIES

Objectives and Strategy

The principal objective of the Academy Trust is, inter alia, to advance for the public benefit education in the United Kingdom by establishing, maintaining, managing and developing a University Technical College ('UTC') providing a broad and balanced curriculum including the specialist provision of technical education particularly that related to aviation and aerospace engineering.

The long term strategy is to develop an academically successful learning community which benefits from the provision of the resources provided and enable its graduate students to continue with their studies in higher or further education or to enter into an apprenticeship training.

Principal Activities

In the third year of operation of the Academy Trust the principal activities have been the completion of construction of the UTC premises at Northwood Middlesex, the recruitment of academic staff, the first intake of students in years 10 and 12 and the commencement of operations in September 2014.

The average number of registered students during the Year was as follows:-

	Year 10	Year 12	Total
Registered	41	84	125
Capacity	75	75	150

Public Benefit

The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission. The Academy Trust has operated in accordance with its Department for Education Funding Agreement as a non-charging, not-for-profit organisation throughout the period in question.

STRATEGIC REPORT

Achievements and Performance

The UTC is now operating in its new premises having spent the first term of the 2014-2015 academic year in temporary accommodation. The Governors have established performance objectives across all the areas of the UTC's operation.

Key Performance Indicators ('KPIs')

A number of KPIs are used by the Board of Governors to monitor performance of the UTC including the recruitment of students at years 10 and 12, the academic progress and examination results of the students, student attendance and discipline, and student outcomes after they leave the UTC. In addition the Board of Governors use the financial budget, and the planning and progress towards the next OFSTED inspection, as KPIs relating to the performance of leadership and management.

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Going concern

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

FINANCIAL REVIEW

The principal source of funding for the Academy Trust during the Year were the Capital and General Annual Grants received from the EFA supplemented by sponsor donations in kind. All expenditure on fixed assets, funded by EFA Capital Grants, are capitalised.

The financial results for the Year and year end position, as shown in the audited financial statements, are considered by the Governors to be satisfactory. Financial projections indicate that the Academy Trust has adequate resources to deliver its educational programme in 2015-2016 and pay back clawback.

The Governors are aware that the Academy is reporting a deficit position on its general restricted reserves at the end of the year. This includes a GAG clawback of £211,916 imposed during the year to be recovered by the EFA through reduced funding in 2016. Allowance for repayment of this clawback has been made by the Governors in their 2015/16 budget.

Financial and Risk Management Objectives and Policies

The Audit, Risk and Compliance Committee of the Board of Governors has assessed the major risks to which the Academy Trust is exposed. The control over expenditure has been maintained through the establishment of the Financial Management and Infrastructure Committee of the Board and the introduction of a Financial Procedures 2014-2015 Manual.

Principal Risks and Uncertainties

The Governors consider that the Academy Trust's financial and internal controls are in compliance with the EFA Academies Financial Handbook 2014, and that improvements to these controls and the management of risk generally will continue to be made as the UTC develops.

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

- Students: Inability to recruit a viable number of students in Year 10 and Year 12.
- Grant income: A material decrease in income affecting provision resulting from the inability to recruit a viable number of students.
- Staff recruitment: Inability to attract and retain the required specialist academic staff.

Reserves Policy

The reserves policy of the UTC is to accumulate over time an appropriate level of cash reserves in case of any unexpected expenditure to meet its aims and objectives. The Governors review the cash reserve target of the UTC annually. This review encompasses the nature of current and future income and expenditure streams. In normal circumstances, the Governors have determined that the appropriate level of free reserves should be equivalent to one month's gross salary expenditure. This is to ensure sufficient working capital to cover delays between spending and receipt of funds and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Investment Policy

The Academy Trust has no investments.

PLANS FOR FUTURE PERIODS

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

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PROVISION OF INFORMATION TO AUDITORS

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

- each is aware, there is no relevant audit information of which the Academy Trust's Auditors are unaware, and
- each 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 Academy Trust's Auditors in connection with preparing their report and to establish that the Academy Trust's Auditors are aware of that information.

Approved by order of the Board of Governors on 16 December 2015 and signed on its behalf by:

G.J. Rodgers
Chairman

HEATHROW AVIATION ENGINEERING UTC
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Governors, we acknowledge that we have overall responsibility for ensuring that Heathrow Aviation Engineering UTC ('the Academy Trust') 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 the Academy Trust's objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governors have delegated the day-to-day management 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 between the Academy Trust and the Secretary of State for Education. The Principal is accountable to the Governors to report 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.

Board of Governors

The Board of Governors formally met 5 times during the Year and the attendance of each Governor was as follows:

Governor	Meetings attended	Out of a possible
Brunel University London (represented by Dr G. J. Rodgers)	5	5
Mr D. B. Berry, (Principal and Accounting Officer)	5	5
Wg Cdr S.L. Cawdery	4	4
Prof V.T. Ellis	3	5
Ms C.M.P. Harbord	2	2
Ms A.M. Martin (Parent Governor)	1	1
Wg Cdr D M Leeming	0	0
Ms A. Rodrigues (Parent Governor)	1	1
Mrs J.H. Greening	2	3
Wg Cdr D. M. Leeming	0	1
Aviation Skills Partnership Ltd (represented by Mr R. D. Elgy)	4	5
Royal Aeronautical Society (represented by Mrs J. Body)	5	5

Audit, Compliance and Risk Committee

The Audit, Compliance and Risk Committee is a sub-committee of the Board of Governors whose purposes are, inter alia:

- to review the audit aspects of the Annual Financial Statements including the effectiveness of the external Auditors,
- to monitor the effectiveness of internal control and risk management,
- to monitor the UTC's policy on fraud and irregularity and ensure any significant losses are investigated and reported,
- to ensure that arrangements are in place to promote efficiency, effectiveness and value for money,
- to report to and advise the Board of Governors.

Attendance at meetings of the Committee in the Year was as follows:-

Governor	Meetings attended	Out of a possible
Royal Aeronautical Society (represented by Mrs J. Body)	2	2
Aviation Skills Partnership Ltd (represented by Mr R.D. Elgy)	2	2
Mr D B Berry (non-voting attendee)	1	2

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GOVERNANCE STATEMENT (continued)

Financial Management and Infrastructure Committee

The Financial Management and Infrastructure Committee is a sub-committee of the Board of Governors whose purposes are, inter alia:

- to review the monthly management accounts of the UTC,
- to review the annual budgets of the UTC,
- to review the effectiveness of the Chief Financial Officer and Business Manager,
- to monitor all aspects of the financial management, systems and infrastructure of the UTC, and
- to report to and advise the Board of Governors.

Attendance at meetings of the Committee in the Year was as follows:-

Governor	Meetings attended	Out of a possible
Brunel University London (represented by Dr G.J. Rodgers)	5	5
Mr D. B. Berry (Principal and Accounting Officer)	5	5
Wg Cdr S. L. Cawdery	1	1

Governance Review

During the Year the Board of Governors established a suite of sub-committees to monitor and review the various aspects of the management of the UTC and advise the Board of Governors as follows:-

- Audit, Compliance and Risk
- Financial Management and Infrastructure
- Human Resources and Safeguarding
- Teaching and Learning
- Combined Cadet Force RAF Section

In addition the Board of Governors has nominated individual Governors to monitor student 'safeguarding' and to liaise with the Baker Dearing Trust.

Further to the opening of the UTC in September 2014 the Board of Governors held an election of parents of students of the UTC to decide the appointment of two Parent Governors from the three candidates who came forward.

Further to the passing of the Small Business, Enterprise and Employment Act 2015 which requires all Directors to be natural persons the three corporate Governors of the Board of Governors namely; Aviation Skills Partnership Ltd, Brunel University London and The Royal Aeronautical Society ceased to be Governors on 31st August 2015 and were replaced by their respective representatives on 1st September 2015 namely Mr R.D. Elgy, Dr G.R. Rodgers and Mrs J. Body in their personal capacity.

REVIEW OF VALUE FOR MONEY

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

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

The Academy Trust has a Procurement Policy which requires that when contracts come to an end the price and service are reviewed, benchmarked and quotes from other suppliers are sought to ensure best value is maintained.

Staff salary reviews are based on staff performance and on the achievement of targets.

In the current year the UTC has achieved value for money through the provision of in:

- House school meals to provide improved nutritional meals at better value;
- has begun to develop an income stream through the hire of the building to local community groups; and
- through the sharing of facilities with RAF Northolt.

HEATHROW AVIATION ENGINEERING UTC
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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is documented in the UTC Financial Procedures 2014-2015 Manual.

CAPACITY TO HANDLE RISK

The Audit, Compliance and Risk Committee of the Board has reviewed the UTC Risk Register and the UTC Financial Procedures 2014-2015 Manual that have been implemented to mitigate the UTC's risks. Based on this review the Governors consider that there is a documented process for identifying, evaluating and managing the UTC's significant risks which has been in place during the year ended 31st August, 2015 and up to the date of approval of the Governors' Report and Financial Statements. This process is regularly reviewed by the Governors.

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 set out in the UTC Financial Procedures 2014-2015 Manual 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

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

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

Approved by order of the Board of Governors on 16 December 2015 and signed on its behalf, by:

G. J. Rodgers
Chairman

D. B. Berry
Accounting Officer

HEATHROW AVIATION ENGINEERING UTC
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Heathrow Aviation Engineering UTC I have considered my responsibility to notify the UTC 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 (2014).

I confirm that I and the UTC 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 (2014).

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 and EFA.

D. B. Berry
Accounting Officer

Date: 16 December 2015

HEATHROW AVIATION ENGINEERING UTC
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GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

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 (including the Strategic 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 16 December 2015 and signed on its behalf by:

G. J. Rodgers
Chairman

HEATHROW AVIATION ENGINEERING UTC
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEATHROW AVIATION ENGINEERING UTC

We have audited the financial statements of Heathrow Aviation Engineering UTC (The Charitable UTC) for the year ended 31 August 2015 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 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES 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 Charitable 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 2015 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 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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
17 December 2015

HEATHROW AVIATION ENGINEERING UTC
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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 2014 to 2015, 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 2014 to 31 August 2015 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 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. 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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 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 Charitable 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.

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**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 2014 to 31 August 2015 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

17 December 2015

HEATHROW AVIATION ENGINEERING UTC
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STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	-	1,206	-	1,206	1,718,286
Activities for generating funds	3	14,529	-	-	14,529	-
Incoming resources from charitable activities	4	-	1,062,614	2,663,195	3,725,809	7,372,432
TOTAL INCOMING RESOURCES		<u>14,529</u>	<u>1,063,820</u>	<u>2,663,195</u>	<u>3,741,544</u>	<u>9,090,718</u>
RESOURCES EXPENDED						
Charitable activities	6	14,529	1,232,626	484,900	1,732,055	211,325
Governance costs	7	-	14,020	-	14,020	5,000
TOTAL RESOURCES EXPENDED	5	<u>14,529</u>	<u>1,246,646</u>	<u>484,900</u>	<u>1,746,075</u>	<u>216,325</u>
MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME/(EXPENDITURE) FOR THE YEAR						
		-	(182,826)	2,178,295	1,995,469	8,874,393
Total funds at 1 September 2014		-	47,585	8,913,027	8,960,612	86,219
TOTAL FUNDS AT 31 AUGUST 2015	15	<u>-</u>	<u>(135,241)</u>	<u>11,091,322</u>	<u>10,956,081</u>	<u>8,960,612</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 18 to 28 form part of these financial statements.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)
REGISTERED NUMBER: ENGLAND & WALES 07510578

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	12		11,091,322		8,913,027
CURRENT ASSETS					
Debtors	13	205,517		2,470,089	
Cash at bank and in hand		69,319		43,990	
		<u>274,836</u>		<u>2,514,079</u>	
CREDITORS: amounts falling due within one year	14	(410,077)		(2,466,494)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(135,241)</u>		<u>47,585</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,956,081</u>		<u>8,960,612</u>
FUNDS OF THE ACADEMY					
Restricted funds :					
Restricted funds	15	(135,241)		47,585	
Restricted fixed asset funds	15	11,091,322		8,913,027	
Total restricted funds			<u>10,956,081</u>		<u>8,960,612</u>
TOTAL FUNDS			<u>10,956,081</u>		<u>8,960,612</u>

The financial statements were approved by the Governors, and authorised for issue, on 16 December 2015 and are signed on their behalf, by:

G. J. Rodgers
Chairman

The notes on pages 18 to 28 form part of these financial statements.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	17	2,464,764	7,176,983
Capital expenditure and financial investment		(2,439,435)	(7,201,782)
INCREASE/(DECREASE) IN CASH AT BANK IN THE YEAR		<u>25,329</u>	<u>(24,799)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £	2014 £
Increase/(Decrease) in cash at bank in the year	<u>25,329</u>	<u>(24,799)</u>
MOVEMENT IN NET FUNDS IN THE YEAR	25,329	(24,799)
Net funds at 1 September 2014	<u>43,990</u>	<u>68,789</u>
NET FUNDS AT 31 AUGUST 2015	<u>69,319</u>	<u>43,990</u>

The notes on pages 18 to 28 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 2015

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, 'Accounting and Reporting by Charities' published in March 2005 (SORP), the Academies Accounts Direction 2014 to 2015 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.

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

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

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 inclusive of irrecoverable 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
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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
Plant and machinery	-	20 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 20, 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 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	1,206	1,206	1,718,286

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Hire of facilities	729	-	729	-
Catering income	572	-	572	-
Other income	13,228	-	13,228	-
	<u>14,529</u>	<u>-</u>	<u>14,529</u>	<u>-</u>
	<u><u>14,529</u></u>	<u><u>-</u></u>	<u><u>14,529</u></u>	<u><u>-</u></u>

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants			
General Annual Grant (GAG)	979,944	979,944	-
Other DfE / EFA grants	6,670	6,670	170,000
Start up grant	75,000	75,000	-
Capital grants	2,663,195	2,663,195	7,202,432
	<u>3,724,809</u>	<u>3,724,809</u>	<u>7,372,432</u>
Other government grants			
Local authority grants	1,000	1,000	-
	<u>1,000</u>	<u>1,000</u>	<u>-</u>
	<u><u>3,725,809</u></u>	<u><u>3,725,809</u></u>	<u><u>7,372,432</u></u>

5. RESOURCES EXPENDED

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Direct costs	610,804	-	258,774	869,578	96,746
Support costs	207,077	269,325	386,075	862,477	114,579
Charitable activities	<u>817,881</u>	<u>269,325</u>	<u>644,849</u>	<u>1,732,055</u>	<u>211,325</u>
Governance	<u>-</u>	<u>-</u>	<u>14,020</u>	<u>14,020</u>	<u>5,000</u>
	<u><u>817,881</u></u>	<u><u>269,325</u></u>	<u><u>658,869</u></u>	<u><u>1,746,075</u></u>	<u><u>216,325</u></u>

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

6. CHARITABLE ACTIVITIES

	Total funds 2015 £	Total funds 2014 £
DIRECT COSTS		
Wages and salaries	494,699	76,898
National insurance	52,104	9,273
Pension cost	64,001	10,575
Educational supplies	246,285	-
Examination fees	4,593	-
Staff development	7,896	-
	<u>869,578</u>	<u>96,746</u>
SUPPORT COSTS		
Wages and salaries	194,061	14,856
National insurance	8,576	1,193
Pension cost	4,440	1,057
Depreciation	261,140	9,164
Technology costs	47,091	-
Travel & subsistence	-	1,458
Other costs	40,408	1,938
Recruitment & support	17,610	13,001
Maintenance of premises & machinery	127,337	-
Cleaning	13,633	-
Rent	16,255	-
Rates	11,206	-
Energy	32,311	-
Insurance	3,750	-
Transport	22,911	-
Catering	9,192	-
Occupancy costs	2,399	-
Project management	-	17,454
Marketing	31,907	49,221
Subscriptions	-	1,403
Legal fees	18,250	3,834
	<u>862,477</u>	<u>114,579</u>
	<u>1,732,055</u>	<u>211,325</u>

7. GOVERNANCE COSTS

	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	5,450	5,450	4,000
Auditors' non audit costs	6,650	6,650	1,000
Legal and professional	1,920	1,920	-
	<u>14,020</u>	<u>14,020</u>	<u>5,000</u>

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

8. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned or leased by the UTC	261,140	9,164
	261,140	9,164

9. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	688,760	91,754
Social security costs	60,680	10,466
Other pension costs	68,441	11,632
	817,881	113,852

b. Staff numbers

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

	2015 No.	2014 No.
Teaching	15	1
Administration/support	4	1
	19	2

c. Higher paid staff

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

	2015 No.	2014 No.
In the band £ 60,001 - £ 70,000	1	0
In the band £ 70,001 - £ 80,000	1	1
	1	1

The above employees participated in the Teachers' Pension Scheme.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

10. GOVERNORS' REMUNERATION AND EXPENSES

One Governor has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Principal only receives remuneration in respect of services they provide undertaking the role of Principal under their contracts of employment, and not in respect of their role as Governor. The value of Governors' remuneration and other benefits was as follows:

D Berry (Principal)
Remuneration £75,000-£80,000 (2014: £75,000-£80,000)
Employer's Pension contribution £10,000-£15,000 (2014: £10,000-£15,000)

During the period ended 31 August 2015, expenses totalling £912 (2014: £NIL) were reimbursed or paid directly to 1 Governor (2014: 0 Governor) in their role as Governors.

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

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the UTC has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2015 was included in the total insurance cost.

12. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £	Long Term Leasehold Land £	Plant and machinery £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2014	-	1,718,286	-	121,988	7,081,917	8,922,191
Additions	952,687	-	365,852	289,121	831,775	2,439,435
Transfers	7,892,645	-	-	21,047	(7,913,692)	-
At 31 August 2015	<u>8,845,332</u>	<u>1,718,286</u>	<u>365,852</u>	<u>432,156</u>	<u>-</u>	<u>11,361,626</u>
Depreciation						
At 1 September 2014	-	9,164	-	-	-	9,164
Charge for the year	168,383	13,746	11,321	67,690	-	261,140
At 31 August 2015	<u>168,383</u>	<u>22,910</u>	<u>11,321</u>	<u>67,690</u>	<u>-</u>	<u>270,304</u>
Net book value						
At 31 August 2015	<u><u>8,676,949</u></u>	<u><u>1,695,376</u></u>	<u><u>354,531</u></u>	<u><u>364,466</u></u>	<u><u>-</u></u>	<u><u>11,091,322</u></u>
At 31 August 2014	<u><u>-</u></u>	<u><u>1,709,122</u></u>	<u><u>-</u></u>	<u><u>121,988</u></u>	<u><u>7,081,917</u></u>	<u><u>8,913,027</u></u>

13. DEBTORS

	2015 £	2014 £
VAT recoverable	96,533	1,172,899
Prepayments and accrued income	108,984	1,297,190
	<u>205,517</u>	<u>2,470,089</u>

HEATHROW AVIATION ENGINEERING UTC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

14. CREDITORS:
Amounts falling due within one year

	2015 £	2014 £
Trade creditors	129,305	100
Other taxation and social security	15,368	3,759
GAG clawback	211,916	-
Other creditors	15,050	-
VAT refundable to the DfE/EFA	35,554	1,160,945
Accruals	2,884	1,301,690
	410,077	2,466,494

15. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
Unrestricted funds					
General Funds	-	14,529	(14,529)	-	-
Restricted funds					
General Annual Grant (GAG)	-	979,944	(1,115,185)	-	(135,241)
Other DfE/ EFA grants	47,585	6,670	(54,255)	-	-
Other government grants	-	1,000	(1,000)	-	-
Trip income	-	1,206	(1,206)	-	-
Start Up Grant	-	75,000	(75,000)	-	-
	47,585	1,063,820	(1,246,646)	-	(135,241)
Restricted fixed asset funds					
Restricted Fixed Asset Funds	8,913,027	-	(261,140)	2,439,435	11,091,322
DfE/EFA Capital Grants	-	2,663,195	(223,760)	(2,439,435)	-
	8,913,027	2,663,195	(484,900)	-	11,091,322
Total restricted funds	8,960,612	3,727,015	(1,731,546)	-	10,956,081
Total of funds	8,960,612	3,741,544	(1,746,075)	-	10,956,081

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

15. STATEMENT OF FUNDS (continued)

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

General Funds

This fund represents grants received for the UTC's operational activities and development.

Other DfE/EFA grants

This represents funding to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Other government grants

This represents grants from local government bodies for the provision of specific services to pupils of the UTC.

Trip income

This represents income derived from parents' donations towards student trips.

Start Up Grant

This fund is specifically to assist with the costs of converting to an academy.

Restricted Fixed Asset Funds

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

DfE/EFA Capital Grants

This represents funding received from EFA specifically for the maintenance and improvement of the UTC's buildings and facilities.

General Annual Grant (GAG)

This represents funding from the EFA to be used for the normal running costs of the UTC, including education and support costs.

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 2015.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	-	14,529	(14,529)	-	-
Restricted funds	47,585	1,063,820	(1,246,646)	-	(135,241)
Restricted fixed asset funds	8,913,027	2,663,195	(484,900)	-	11,091,322
	<u>8,960,612</u>	<u>3,741,544</u>	<u>(1,746,075)</u>	<u>-</u>	<u>10,956,081</u>

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	11,091,322	11,091,322	8,913,027
Current assets	-	274,836	-	274,836	2,514,079
Creditors due within one year	-	(410,077)	-	(410,077)	(2,466,494)
	<u>-</u>	<u>(135,241)</u>	<u>11,091,322</u>	<u>10,956,081</u>	<u>8,960,612</u>

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	1,995,469	8,874,393
Depreciation of tangible fixed assets	261,140	9,164
Transferred leasehold land	-	(1,718,286)
Decrease/(increase) in debtors	2,264,572	(2,449,084)
(Decrease)/increase in creditors	(2,056,417)	2,460,796
Net cash inflow from operations	<u>2,464,764</u>	<u>7,176,983</u>

18. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	43,990	25,329	-	69,319
Net funds	<u>43,990</u>	<u>25,329</u>	<u>-</u>	<u>69,319</u>

19. 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.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

20. PENSION COMMITMENTS

The UTC's employees belong to one principal pension scheme: 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.

Contributions amounting to £2,858 were payable to the scheme at 31 August 2015 (2014 - £NIL) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £64,001 (2014: £10,575).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The UTC 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.

HEATHROW AVIATION ENGINEERING UTC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

21. RELATED PARTY TRANSACTIONS

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, transactions may take place with organisations in which a Governor has an interest. All transactions involving such organisations are conducted and in accordance with the UTC's financial regulations and normal procurement procedures.

Any transactions where the Governor has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

The following related party transactions took place during the year.

The UTC made purchases from QED Academy Trust, (an academy trust of which J H Greening was a Governor) for site services of £25,420 (2014 - £NIL). These purchases were made at cost.

The UTC generated income from Brunel University (a member of the UTC represented by G J Rodgers) of £7,250 (2014 - £NIL).