

HEATHROW AVIATION ENGINEERING UTC

GOVERNORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

CONTENTS

| | Page |
|---|---------|
| Reference and Administrative Details of the Academy, its Governors and Advisers | 1 |
| Governance Statement | 5 - 6 |
| Statement on Regularity, Propriety and Compliance | 7 |
| Governors' Report | 2 - 4 |
| Governors' Responsibilities Statement | 8 |
| Independent Auditors' Report | 9 - 10 |
| Independent Reporting Accountant's Assurance Report on Regularity | 11 - 12 |
| Statement of Financial Activities | 13 |
| Balance Sheet | 14 |
| Cash Flow Statement | 15 |
| Notes to the Financial Statements | 16 - 21 |

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2013

Governors

Brunel University
Ms Joan Greening
Mr Mark Leeming (appointed 21 March 2013)
Mr Michael Wallace

Company registered number

07510758

Principal and registered office

Northwood School, Potter Street, Northwood, Middlesex, HA61QG

Company secretary

Paul Holliday

Chief executive officer

Bryan Berry

Independent auditors

Price Bailey LLP, 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 2013

The Governors present their report together with the financial statements of the charitable company for the year ended 31st August 2013. 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 on pages 17 to 18 of the attached financial statements, 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 1 February 2012 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 first year of operation the principal activity has been managing the project to get The UTC in a position to accept pupils from September 2014.

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 will be required to attend a training programme and these will be booked for the individual Governor to complement their skill set.

Organisational Structure

In the year to August 2013 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 will be the Accounting Officer.

Risk Management

The principle risks facing The UTC in this 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
(A Company Limited by Guarantee)

Connected Organisations including Relating 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 as university sponsor
- QED Academy Trust as sponsor
- Heathrow Airport Limited as lead employee sponsor
- British Airways Plc as employee sponsor
- The Royal Airforce as employee sponsor
- Virgin Atlantic Airways Limited as employee sponsor

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 2013 was oversight of the Project Development Grant received during the year 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

The Governors will set performance targets in a number of areas, once the school is closer to being opened for pupils.

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)

The Governors will set appropriate KPI's once The UTC is open.

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 2013 The UTC received £180,000 in development funding of which it spent £93,781 on project management and £2,123 on fixed assets leaving £84,096 to carry forward to the current year.

Financial and Risk Management Objectives and Policies

The Governors have 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.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

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 and formally documented as the development phase is completed and The UTC opens for pupils.

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 opening year of operation and in all years thereafter;
- Material decrease in income affecting provision: The budget for 2014-15 is based on estimates of student recruitment;
- Staff recruitment: applications for teaching posts are to be advertised in February 2014 in time for opening in September 2014;
- Bank balances: a cash flow projection indicates that the development grant will be adequate to cover expenditure until The UTC opens;

Reserves Policy

The UTC has no free reserves.

Investment Policy

The UTC has no reserves.

PLANS for FUTURE PERIODS

The Trustees intend to open the UTC in September 2014.

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

and signed on its behalf by:

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

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 The UTC has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

During this development phase of operations The Governors have set up an independent Project Steering Group (PSG) to monitor expenditure on the project. The PSG are responsible to the Governors and the 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 terms and conditions of the Project Development Grant received from the EFA. They are also 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 have formally met 1 time during the year. Attendance during the year at meeting of the Governors was as follows:

| Governor | Meetings attended | Out of a possible |
|--------------------|-------------------|-------------------|
| Ms Joan Greening | 1 | 1 |
| Mr Mark Leeming | 0 | 1 |
| Mr Michael Wallace | 0 | 1 |

The academy does not yet have a Finance and General Purposes or an Audit Committee. The affairs of the trust are not yet considered complex enough to warrant a committee.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the current development project, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The UTC for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

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 significant risks faced by The UTC that has been in place for the year 1 September 2012 to 31 August 2013 and up to the date of approval of the annual 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 at this development phase of its operations is based on a detailed review of all expenditure in accordance with budgets and proper authorisation procedures.

The Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have relied upon regular reviews by the The Department for Education on the progress of the development grant to give necessary assurance through an process of independent checking of financial management.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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 PSG which has responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the Governors on

and signed on their behalf, by:

Geoff Rodgers on behalf of Brunel University
Chair

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 academy Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012).

I confirm that I and the academy Governors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2012).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Bryan Berry
Accounting Officer

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governors on

and signed on its behalf by:

Geoff Rodgers on behalf of Brunel University
Chair

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

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

We have audited the financial statements of Heathrow Aviation Engineering UTC for the year ended 31 August 2013 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 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2013 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 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 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.

Mr 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
Date:

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, 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 2012 to 31 August 2013 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 the 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 the 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 the 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 2012, 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. 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 2012 to 31 August 2013 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 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Price Bailey LLP

Chartered Accountants
Statutory Auditors

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

Date:

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2013

| | Note | Restricted funds 2013 £ | Restricted fixed asset funds 2013 £ | Total funds 2013 £ |
|---|------|----------------------------------|---|-----------------------------|
| INCOMING RESOURCES | | | | |
| Incoming resources from generated funds: | | | | |
| Incoming resources from charitable activities | 2 | 180,000 | - | 180,000 |
| | | <u>180,000</u> | <u>-</u> | <u>180,000</u> |
| TOTAL INCOMING RESOURCES | | | | |
| RESOURCES EXPENDED | | | | |
| Charitable activities | | 90,281 | - | 90,281 |
| Governance costs | 3 | 3,500 | - | 3,500 |
| | | <u>93,781</u> | <u>-</u> | <u>93,781</u> |
| TOTAL RESOURCES EXPENDED | | | | |
| NET INCOME BEFORE TRANSFERS | | | | |
| | | 86,219 | - | 86,219 |
| Transfers between Funds | 10 | (2,123) | 2,123 | - |
| | | <u>84,096</u> | <u>2,123</u> | <u>86,219</u> |
| NET MOVEMENT IN FUNDS FOR THE YEAR | | | | |
| Total funds at 1 September 2012 | | - | - | - |
| | | <u>84,096</u> | <u>2,123</u> | <u>86,219</u> |
| TOTAL FUNDS AT 31 AUGUST 2013 | | | | |

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 21 form part of these financial statements.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07510758

BALANCE SHEET
AS AT 31 AUGUST 2013

| | Note | £ | 2013 £ |
|---|------|---------|-----------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | | 2,123 |
| CURRENT ASSETS | | | |
| Debtors | 8 | 21,005 | |
| Cash in hand | | 68,789 | |
| | | 89,794 | |
| CREDITORS: amounts falling due within one year | 9 | (5,698) | |
| NET CURRENT ASSETS | | | 84,096 |
| NET ASSETS | | | 86,219 |
| FUNDS OF THE ACADEMY | | | |
| Restricted funds: | | | |
| Restricted funds | 10 | 84,096 | |
| Restricted fixed asset funds | 10 | 2,123 | |
| Total restricted funds | | 86,219 | |
| TOTAL FUNDS | | | 86,219 |

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

Geoff Rodgers on behalf of Brunel University
Chair

The notes on pages 16 to 21 form part of these financial statements.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013

| | Note | 2013 £ |
|--|------|---------------|
| Net cash flow from operating activities | 12 | 70,912 |
| Capital expenditure and financial investment | 13 | (2,123) |
| INCREASE IN CASH IN THE YEAR | | <u>68,789</u> |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2013

| | 2013 £ |
|--|---------------|
| Increase in cash in the year | <u>68,789</u> |
| MOVEMENT IN NET FUNDS IN THE YEAR | <u>68,789</u> |
| NET FUNDS AT 31 AUGUST 2013 | <u>68,789</u> |

The notes on pages 16 to 21 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 2013

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 issued by the 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 the Department for Education 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 academy 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.

1.4 Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Governance costs include the costs attributable to the academy'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 academy 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 2013**

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 academy'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:

Computer equipment - 5 years straight line

1.7 Taxation

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

2. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Restricted funds 2013 £ | Total funds 2013 £ |
|-----------------------|----------------------------------|-----------------------------|
| DfE/EFA grants | | |
| Other DfE/ EFA grants | 180,000 | 180,000 |
| | 180,000 | 180,000 |
| | 180,000 | 180,000 |

3. GOVERNANCE COSTS

| | Restricted funds 2013 £ | Total funds 2013 £ |
|-----------------------------------|----------------------------------|-----------------------------|
| Governance Auditors' remuneration | 3,500 | 3,500 |
| | 3,500 | 3,500 |
| | 3,500 | 3,500 |

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

4. SUPPORT COSTS

| | Provision of education £ | Total 2013 £ |
|-----------------------|--------------------------------|--------------------|
| Technology costs | 1,250 | 1,250 |
| Other costs | 15,395 | 15,395 |
| Recruitment & Support | 2,150 | 2,150 |
| Travel & subsistence | 998 | 998 |
| Project management | 70,488 | 70,488 |
| | <u>90,281</u> | <u>90,281</u> |

5. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

| | Other costs 2013 £ |
|---------------|--------------------------|
| Support costs | 90,281 |
| Governance | 3,500 |
| | <u>93,781</u> |

6. NET INCOME

This is stated after charging:

| | 2013 £ |
|------------------------|--------------|
| Auditors' remuneration | <u>3,500</u> |

7. TANGIBLE FIXED ASSETS

| | Assets under construction £ | Computer equipment £ | Total £ |
|--|-----------------------------------|----------------------------|--------------|
| Cost | | | |
| At 1 September 2012 | - | - | - |
| Additions | 950 | 1,173 | 2,123 |
| At 31 August 2013 | <u>950</u> | <u>1,173</u> | <u>2,123</u> |
| Depreciation | | | |
| At 1 September 2012 and 31 August 2013 | <u>-</u> | <u>-</u> | <u>-</u> |
| Net book value | | | |
| At 31 August 2013 | <u>950</u> | <u>1,173</u> | <u>2,123</u> |

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

8. DEBTORS

| | 2013 £ |
|--------------------------------|-----------|
| Other debtors | 3,551 |
| Prepayments and accrued income | 17,454 |
| | 21,005 |
| | 21,005 |

9. CREDITORS:
Amounts falling due within one year

| | 2013 £ |
|------------------------------|-----------|
| Accruals and deferred income | 5,698 |
| | 5,698 |
| | 5,698 |

10. STATEMENT OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Carried Forward £ |
|--|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|
| Restricted funds | | | | | |
| Project development grant | - | 180,000 | (93,781) | (2,123) | 84,096 |
| | - | 180,000 | (93,781) | (2,123) | 84,096 |
| Restricted fixed asset funds | | | | | |
| Restricted Fixed Asset Funds - all funds | - | - | - | 2,123 | 2,123 |
| | - | - | - | 2,123 | 2,123 |
| Total restricted funds | - | 180,000 | (93,781) | - | 86,219 |
| Total of funds | - | 180,000 | (93,781) | - | 86,219 |

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.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

SUMMARY OF FUNDS

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Carried Forward £ |
|------------------------------|-------------------------|----------------------------|----------------------------|--------------------------|-------------------------|
| Restricted funds | - | 180,000 | (93,781) | (2,123) | 84,096 |
| Restricted fixed asset funds | - | - | - | 2,123 | 2,123 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Restricted funds 2013 £ | Restricted fixed asset funds 2013 £ | Total funds 2013 £ |
|-------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | 2,123 | 2,123 |
| Current assets | 89,794 | - | 89,794 |
| Creditors due within one year | (5,698) | - | (5,698) |
| | <u> </u> | <u> </u> | <u> </u> |
| | <u>84,096</u> | <u>2,123</u> | <u>86,219</u> |

12. NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2013 £ |
|--|-------------------|
| Net incoming resources before revaluations | 86,219 |
| Increase in debtors | (21,005) |
| Increase in creditors | 5,698 |
| | <u> </u> |
| Net cash inflow from operations | <u>70,912</u> |

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

| | 2013 £ |
|---|-------------------|
| Capital expenditure and financial investment | |
| Purchase of tangible fixed assets | (2,123) |
| | <u> </u> |

HEATHROW AVIATION ENGINEERING UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

14. ANALYSIS OF CHANGES IN NET FUNDS

| | 1 September 2012 £ | Cash flow £ | Other non-cash changes £ | 31 August 2013 £ |
|---------------------------|-----------------------------|----------------|-----------------------------------|------------------------|
| Cash at bank and in hand: | - | 68,789 | - | 68,789 |
| Net funds | - | 68,789 | - | 68,789 |

15. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy'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. Mr 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 academy's financial regulations and normal procurement procedures.