
LINCOLN UTC
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

LINCOLN UTC
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

Prof M Stuart
Prof A Hunter
G Headland
P Birt

Trustees

P Birt, Chair
P Brown
F Carchedi
D Cobham (resigned 4 July 2017)
S Gregory
R Mackenzie-Batterbury (resigned 21 March 2017)
N Main
G Middleton (resigned 4 July 2017)
M Spoors (resigned 13 September 2016)
P Batterbury (appointed 21 March 2017)
S Cade (appointed 21 March 2017)
E John (appointed 4 July 2017)
J Morrison (appointed 19 September 2017)
A Ogg (appointed 21 March 2017)
J Smith (appointed 21 March 2017)
M Duffy (resigned 7 September 2016)

Company registered number

07898536

Company name

Lincoln UTC

Principal and registered office

Lindum Road, Lincoln, Lincolnshire, LN2 1PF

Company secretary

N Smith (Appointed 19 September 2017)

Accounting officer

J Morrison

Senior leadership team

R Mackenzie-Batterbury, Principal (To December 2016)
P Batterbury, Principal (To August 2017)
J Morrison, Principal (From September 2017)
C Goodenough, Vice-Principal & CFO (To December 2016)
S Hamer, Vice-Principal
V Weaver, SENCO (To August 2017)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE UTC, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Independent auditor

Streets Audit LLP, Tower House, Lucy Tower Street, Lincoln, LN1 1XW

Bankers

Lloyds Bank, 202 High Street, Lincoln, LN5 7AP

Solicitors

Browne Jacobson LLP, Mowbray House, Castle Meadow Road, Nottingham, NG2 1BJ

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

During 2016 - 2017, our third year of operations, we have grown as an employer as well as an education provider. The UTC operates an academy for pupils aged 14 to 19 serving a catchment area across the County of Lincolnshire. It has a pupil capacity of 650 and had a roll of 214 in the school census in October 2016.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Lincoln UTC are also the directors of the charitable company for the purposes of company law. The charitable company is known as Lincoln UTC.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

Method of Recruitment and Appointment or Election of Trustees

The Trustees for Lincoln UTC are secured using a skills matrix which identifies the skills current Trustees hold against the required skills for the effective and efficient strategic running of the college. Approaches are made to suitably qualified and trained individuals within the business sector who can potentially provide the missing skills.

Members of the UTC must approve all appointments to the Board of Trustees with an agreement of 75%. There must be a minimum of three Members with no maximum stated in the Articles. All future appointments, after the initial Members, are subject to resolution by the Members.

Policies and Procedures Adopted for the Induction and Training of Trustees

Upon commencement in the role all new trustees and members receive time with the Principal and Clerk to familiarise themselves with the articles and policies in which the board operates. All appointments are welcomed into the Committee structure and supported by the Chair and Vice Chair of the Board.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Organisational Structure

Lincoln UTC remains in the implementation phase of its development and the operational structure is still being developed in line with Department for Education guidelines for Academies.

From January 2017 to August 2017 an Interim Principal worked alongside the Vice Principal who was responsible for behaviour and teaching and learning. A new permanent Principal is now in post who is leading on teaching and learning and is responsible for all operational aspects of the college with significant strategic aspects being referred to the Board of Trustees. The Board are responsible for approval of the annual budget, appointment of the Principal and members of the Senior Leadership Team. The Principal is the Accounting Officer who works with the CFO.

Arrangements for setting pay and remuneration of key management personnel

Lincoln UTC has operated with its own pay scales which are sympathetic to the National Teachers Pay and Conditions but do not mirror or align with them. Employees are paid in line with their performance in their current role and the UTC uses bursary payments for additional responsibilities. All salaries paid are in line with the pay scales for 2016/2017 as approved by the Board of Trustees at the start of the financial year. Any salary decisions are made by the Principal and the Pay Committee unless they relate to the Principal, in which case the decision is made solely by the Pay Committee.

Related Parties and other Connected Charities and Organisations

Lincoln UTC is not involved in any soft federations or Multi Academy Trusts and there are no significant related party transactions in place with our supporting members (University of Lincoln, Siemens and Lincoln College) or employer relationships. All services are secured independently of our employer and member contacts and secured in line with the Financial Regulations agreed by the Finance and Audit Committee and the full Board of Trustees annually.

Objectives and Activities

Objects and Aims

The principle object and activity of the charitable company is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a UTC which provides a specialist education and offers a wider, balanced curriculum. This includes the specialist delivery of Science and Engineering, supported by excellent provision in mathematics and computer science.

In accordance with the articles of association, the charitable company has entered into relevant a funding agreement with the Secretary of State on 30 September 2013. The funding agreements specify, amongst other things, the basis for admitting students to the UTC, the catchment area from which the students are drawn, and that the UTC provides a specialist education whilst offering a wider, balanced curriculum.

Objectives, Strategies and Activities

The UTC has been based at the Greestone complex, located in the Cathedral Quarter of Lincoln, since the completion of its redevelopment in 2015. It now provides high quality specialist facilities for science and engineering.

Marketing activities to create awareness of the UTC around Lincolnshire and to continue to recruit students have continued using a strategic marketing plan.

The Principal takes specific steps to ensure that all students go into employment, education or training. The strategy to achieve this includes: excellent teaching and careers advice and guidance; strong links to industry and university opportunities; Alumni presentations from past students to inspire current students.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Public Benefit

Our vision is for students to be inspired by the relevance and challenge of working alongside local industry and solving real-life problems, helping students to understand the pathway their educational studies can take them along in their future careers. Our students will be professional, respectful and articulate and benefit from strong working relationships with peers and staff. They will rapidly gain confidence and both the technical and personal skills to become creative contributors on whom our businesses and public services can rely on to shape and drive the future of our society.

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidelines on public benefit. We have also begun to consider how the facilities within the UTC itself might benefit the local and wider community.

Strategic Report

Achievements and Performance

The aim for the financial year was to meet the target recruitment of students in entry 2016 prior to the start of year 2016/17. After initial enrolment, student numbers rarely increase unless 'in-year' admissions occur. For this reason, the UTC is currently funded on projected student numbers and this will continue for three further years. It is not possible to increase student numbers significantly after the start of the academic year.

The UTC has, through the Board, Senior Leadership Team, students, staff and parents as well as wider community and stakeholders, upheld the aim to deliver a specialist STEM education for 14 – 19 year olds.

The UTC did not meet its recruitment targets with significant reduction in Year 10 students to 49 and compounded by a small Year 13 cohort of 42. There is insufficient data to generate pattern analysis of root causes of low recruitment to Year 10 although numbers into Year 12 were as expected (circa 60).

At the end of the third academic year the students in Year 11 made strong progress across most subjects with better than expected results in Maths, Physics and English but with weaknesses in Engineering and Computer Science. Whilst actual grades were strong, early indications suggest that the cohort will be below national P8 targets, with English an improving weakness.

An Ofsted inspection in February 2017 indicated that the UTC required improvement. Sixth form provision and personal development, behaviour and welfare scored 'good' grades. A monitoring inspection took place in November 2017, the monitoring report suggested that the judgement of requires improvement issued in February 2017 was still applicable. Ofsted believed the UTC had not made enough improvements from February to September, however they did make reference to the positive changes that have been put in place since September 2017.

Key Performance Indicators

Key performance indicators are: to achieve student recruitment targets; to deliver good or better teaching; to achieve annual student attainment targets; to achieve above national average student attendance; to ensure 100% of students enter employment, education or training.

Going Concern

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Financial Review

Lincoln UTC has successfully managed its financial resources throughout 2016/17. The UTC set a surplus budget and would have delivered within expectations had it not been for the substantial funding clawback during the year due to student numbers not reaching previous estimates. The brought forward reserves were more than sufficient to cover the in year deficit due to the clawback. For 2017/18 there are substantial changes planned for the leadership team and a review of the staffing structure will be undertaken to ensure provision is made for all skills needed to drive the college forward following its successful inception period. The pension liability has increased, in line with the increase in staff numbers and this continues to be managed by the actuary.

The majority of the UTC's income is obtained from the ESFA (Education and Skills Funding Agency) in the form of the General Annual Grant ("GAG"), the use of which is restricted to particular purposes. The grants received from the ESFA during the period reported on and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2017, total expenditure was £2,286,133, which resulted in net expenditure of £552,160. As at 31 August 2017, the net book value of fixed assets was £9,702,074. The assets were used for providing education and the associated support services to the students of the UTC.

The UTC held fund balances at 31 August 2017 of £9,781,088, comprising of £144,288 of restricted funds (Net of pension deficit and fixed assets); a pension reserve deficit of £107,000, restricted fixed asset reserve of £9,723,686 and £20,114 unrestricted general funds.

Reserves Policy

The Trustees aim to build the general reserves of the UTC to provide sufficient working capital to cover delays between spending and receipt of grant funding and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Academy Trust is currently reviewing its reserves policy in line with the ESFA's guidance. The level of free reserves at the year end was £20,114.

Funds that can only be realised through the disposal of fixed assets amounts to £9,702,074.

Investment Policy

During the capital investment programme from the DfE it has not been possible to invest surplus funds due to the cash flow demands associated with the process. Investment is unlikely in the following year as our cash surplus will be required to cover any clawbacks as we continue to be funded on estimated numbers. The Board of Trustees have previously agreed limits for the investments which will be adhered to by the Chief Financial Officer and the Accounting Officer in any decisions made.

Principle Risks and Uncertainties

The principle risks are student recruitment and public perception. Public perception continues to be well managed and there remains continued efforts to grow our reputation and improve our Ofsted position. Student recruitment has meant increased funding for marketing as well as capitalisation of the Government initiative to write to all Year 9 students outlining their options to move schools for KS4.

Plans for Future Periods

Lincoln UTC is committed to educating and training the next generation of scientists and engineers. This will be achieved by drawing on the skills and knowledge of UTC staff, of industry partners and academic partners, and closely monitoring our curriculum offer to ensure it is line with requirements for the future workforce.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Our vision is for students to be inspired by the relevance and challenge of working alongside local industry and solving real life problems, helping students to understand the pathway their educational studies can take them along in their future careers. Our students will be professional, respectful, and articulate and benefit from strong working relationships with peers and staff. They will rapidly gain confidence and both the technical and personal skills to become creative contributors on whom our businesses and public services can rely on to shape and drive the future of our society.

This will be achieved by:

- Continuing to develop and consistently delivering high quality specialist core education in Science and Engineering across both key stages;
- Delivering high quality Careers information, advice and guidance to ensure students make informed choices about the next steps in their career pathways;
- Collaborating with specialist industry partners to enhance curriculum delivery and provide clear pathways into industry;
- Collaboration with further and higher education partners to enhance curriculum delivery and provide clear pathways into education;
- Consistently promoting and developing professional, respectful relationships build upon mutual respect and an unconditional positive regard.

Funds Held as Custodian Trustee on Behalf of Others

There are no funds held on behalf of others within Lincoln UTC.

Auditor

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2017 and signed on the board's behalf by:

P Birt
Chair

LINCOLN UTC
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
P Birt, Chair	4	4
P Brown	4	4
F Carchedi	4	4
D Cobham	2	3
S Gregory	3	4
R Mackenzie-Batterbury	0	0
N Main	4	4
G Middleton	0	0
M Spoor	0	1
S Cade	0	0
E John	1	1
A Ogg	1	1
J Smith	2	2
M Duffy	0	0

The Vice Chair of the Board of Trustees resigned mid-way through the year. As yet a replacement Vice Chair has not been recruited. The Board of Trustees has seen a number of resignations through additional work pressures and maintaining a professional board under such circumstances remains a challenge. All Trustees at the UTC are committed to their role on the Board and finding colleagues to support the UTC as it changes and develops.

Governance reviews:

The effectiveness of governance was reviewed at the start of the academic year 2015, conducted by a National Leader of Governance (NLG). A detailed report was provided identifying areas of strength and aspects for further attention. Areas of strength included: vision, values and ethos; policies; budget setting and financial responsibilities; understanding of pupil data, groups and progress; behaviour and safety; resources. Areas for further development included: the role of Link Governors; contributions of wider UTC staff to feed back to the Board; Governor training; role of committees in leading on key aspects of UTC development. Link Governors have made an increased number of visits, especially in Science and Business as well as SEND. These are recorded and actions reported.

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GOVERNANCE STATEMENT (continued)

The Board of Trustees created an action plan, which was reviewed in March 2017. This found that significant progress had been made on many key areas identified above. As a requirement of Transitional Funding, the Board is expected to undergo further development. However, with significant changes in the composition of the Board, a training programme has not been developed. A renewed skills' audit has taken place and weaknesses identified. Consequently two new members have been appointed to support SEND and Attainment.

The Governance structure has three sub committees which aim to meet four times per year in addition to the full board meetings.

The Finance and Audit Committee is a sub committee of the main Board of Trustees. Its purpose is:

1. To assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees responsibility to ensure sound management of the UTC's finances and resources, including proper planning, monitoring and probity. To make appropriate comments and recommendations on such matters to the Board of Directors on a regular basis.
2. To ensure that robust internal control exists within the UTC by providing the primary interface between the Board of Directors and the UTC's external auditors and internal auditors.
3. The Committee will work closely with the UTC's CFO on the preparation and finalisation of the UTC's Annual Report and Financial Statements and will make recommendations to the Board of Directors for the acceptance, or otherwise, of such draft Financial Statements.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Ogg	2	2
P Birt	3	4
N Main	4	4
P Brown	4	4

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal has responsibility for ensuring that the UTC 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 UTC's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the UTC has delivered improved value for money during the year by:

- the work of the Internal Audit function;
- the work of the external auditor;
- the work of the Chief Finance Officer.

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 UTC policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lincoln UTC for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The Board of Trustees has 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 Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the UTC's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Julia Raftery Associates as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the UTC's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of the budgeting process
- testing of the cash flow processes
- testing of the income procedures.

On an annual basis, the internal auditor reports to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The auditor delivered their schedule of work as planned and reported to the Board of Trustees, through the Finance and Audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Details of action taken to address the recommendations made is provided at each Finance and Audit Committee meeting. A further audit has been scheduled to take place in 2018.

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

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

Approved by order of the members of the Board of Trustees on 12 December 2017 and signed on their behalf, by:

P Birt
Chair

J Morrison
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Lincoln UTC I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

J Morrison
Accounting Officer

Date: 12 December 2017

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 Trustees 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 Trustees 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 12 December 2017 and signed on its behalf by:

P Birt
Chair

LINCOLN UTC
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
LINCOLN UTC**

OPINION

We have audited the financial statements of Lincoln UTC for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the UTC's Trustees, 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 UTC's Trustees, as a body, those matters we are required to state to them in an Auditor's 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 UTC's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the UTC's affairs as at 31 August 2017 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, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the UTC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the UTC's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
LINCOLN UTC**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the UTC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the UTC's or to cease operations, or have no realistic alternative but to do so.

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF
LINCOLN UTC**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants and Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW
14 December 2017

LINCOLN UTC
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LINCOLN
UTC AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lincoln UTC during the year 1 September 2016 to 31 August 2017 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 Lincoln UTC and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lincoln UTC and the ESFA 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 Lincoln UTC and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF LINCOLN UTC'S ACCOUNTING OFFICER AND THE REPORTING
ACCOUNTANT**

The accounting officer is responsible, under the requirements of Lincoln UTC's funding agreement with the Secretary of State for Education dated September 2013, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering / quotation procedures had been followed in line with the Academy finance policy; and
- a review of the Internal Audit reports.

LINCOLN UTC
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LINCOLN
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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Robert Anderson

Streets Audit LLP

Chartered Accountants and Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

14 December 2017

LINCOLN UTC
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	8,202	-	14,067	22,269	1,796,803
Charitable activities	3	18,928	1,692,079	-	1,711,007	2,224,023
Other trading activities	4	231	-	-	231	2,279
Investments	5	466	-	-	466	681
TOTAL INCOME		27,827	1,692,079	14,067	1,733,973	4,023,786
EXPENDITURE ON:						
Charitable activities		18,928	1,986,866	280,339	2,286,133	2,266,685
TOTAL EXPENDITURE	6	18,928	1,986,866	280,339	2,286,133	2,266,685
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		8,899	(294,787)	(266,272)	(552,160)	1,757,101
Actuarial gains/(losses) on defined benefit pension schemes	20	-	44,000	-	44,000	(64,000)
NET MOVEMENT IN FUNDS		8,899	(250,787)	(266,272)	(508,160)	1,693,101
RECONCILIATION OF FUNDS:						
Total funds brought forward		11,215	288,075	9,989,958	10,289,248	8,596,147
TOTAL FUNDS CARRIED FORWARD		20,114	37,288	9,723,686	9,781,088	10,289,248

LINCOLN UTC
(A company limited by guarantee)
REGISTERED NUMBER: 07898536

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		9,702,074		9,982,060
CURRENT ASSETS					
Stocks	12	3,339		3,409	
Debtors	14	63,725		63,930	
Cash at bank and in hand		674,979		702,608	
			<u>742,043</u>		<u>769,947</u>
CREDITORS: amounts falling due within one year	15	(556,029)		(375,759)	
NET CURRENT ASSETS			<u>186,014</u>		<u>394,188</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	20		(107,000)		(87,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>9,781,088</u>		<u>10,289,248</u>
FUNDS OF THE UTC					
Restricted income funds:					
Restricted income funds	16	144,288		375,075	
Restricted fixed asset funds	16	9,723,686		9,989,958	
Restricted income funds excluding pension liability		9,867,974		10,365,033	
Pension reserve		(107,000)		(87,000)	
Total restricted income funds			<u>9,760,974</u>		<u>10,278,033</u>
Unrestricted income funds	16		20,114		11,215
TOTAL FUNDS			<u>9,781,088</u>		<u>10,289,248</u>

The financial statements on pages 19 to 43 were approved by the Trustees, and authorised for issue, on 12 December 2017 and are signed on their behalf, by:

P Birt
Chair

LINCOLN UTC
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(50,342)	<i>1,530,390</i>
Cash flows from investing activities:			
Proceeds from the sale of tangible fixed assets		8,999	-
Purchase of tangible fixed assets		(353)	<i>(433,529)</i>
Capital grants from DfE/ESFA		14,067	<i>441,710</i>
Value of property transferred in		-	<i>(1,350,000)</i>
Net cash provided by/(used in) investing activities		22,713	<i>(1,341,819)</i>
Change in cash and cash equivalents in the year		(27,629)	<i>188,571</i>
Cash and cash equivalents brought forward		702,608	<i>514,037</i>
Cash and cash equivalents carried forward	19	674,979	<i>702,608</i>

LINCOLN UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the UTC, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Lincoln UTC constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees 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 Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the UTC has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the UTC's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

LINCOLN UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the UTC has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the UTC's educational operations, including support costs and those costs relating to the governance of the UTC appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

LINCOLN UTC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £700 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Freehold property and improvements are not depreciated on grounds of immateriality. Improvements are subject to regular maintenance and repair such that in the trustees opinion the residual value is not materially different from the value in the financial statements and has a long economic life. The Trustees consider the need for impairment at each period end.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land or improvements. 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:

Freehold land & improvements	-	No depreciation
Fixtures and fittings	-	20% straight line
Office equipment	-	20% straight line
Computer equipment	-	20% straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

1.6 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the UTC anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

LINCOLN UTC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 Financial instruments

The UTC only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the UTC and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the UTC's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 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.

LINCOLN UTC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

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 quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.13 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education and Skills Funding Agency.

1.14 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

LINCOLN UTC
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The UTC trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Tangible fixed assets are recognised at cost or valuation, less accumulated depreciation and any impairments. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the academy's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Donations	8,202	-	-	8,202	1,355,376
Capital Grants	-	-	14,067	14,067	441,427
	8,202	-	14,067	22,269	1,796,803
<i>Total 2016</i>	<i>5,376</i>	<i>-</i>	<i>1,791,427</i>	<i>1,796,803</i>	

LINCOLN UTC
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. FUNDING FOR UTC'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
GAG funding	-	1,503,777	1,503,777	1,915,337
Other DfE/ESFA revenue grants	-	158,934	158,934	250,089
	-	1,662,711	1,662,711	2,165,426
Other government grants				
SEN funding	-	11,084	11,084	22,776
	-	11,084	11,084	22,776
Other funding				
Other restricted income	-	18,284	18,284	17,314
Trip contributions	18,928	-	18,928	18,507
	18,928	18,284	37,212	35,821
	18,928	1,692,079	1,711,007	2,224,023
<i>Total 2016</i>	18,507	2,205,516	2,224,023	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Sale of goods	231	-	231	2,279
	231	-	231	2,279
<i>Total 2016</i>	2,279	-	2,279	

LINCOLN UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Investment income	466	-	466	681
<i>Total 2016</i>	681	-	681	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	<i>As restated Total 2016 £</i>
Direct costs	1,311,149	-	404,948	1,716,097	1,634,403
Support costs	213,136	129,442	227,458	570,036	632,282
	1,524,285	129,442	632,406	2,286,133	2,266,685
<i>Total 2016</i>	1,459,932	122,589	684,164	2,266,685	

LINCOLN UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. CHARITABLE ACTIVITIES

	Total funds 2017 £	<i>Total funds 2016 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,019,416	985,426
National insurance	86,250	71,052
Pension cost	205,483	162,811
Depreciation	261,612	280,338
Pension finance cost	2,000	-
Educational supplies	121,855	118,045
Staff development	9,754	16,731
Loss on disposal of fixed assets	9,727	-
	<u>1,716,097</u>	<u>1,634,403</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	175,274	200,087
National insurance	11,102	13,165
Pension cost	26,760	27,391
ICT costs	48,702	34,054
Staff recruitment	18,371	12,027
Transport	18,928	93,753
Heat and light	32,673	36,459
Rent and rates	25,608	21,899
Postage and stationery	18,329	15,444
Telephone costs	11,795	11,835
Insurance	5,920	-
Other support costs	52,447	75,419
Maintenance	71,161	64,231
Marketing costs	36,469	13,241
Legal & professional	9,797	6,727
Auditors' remuneration	6,700	6,550
	<u>570,036</u>	<u>632,282</u>
	<u><u>2,286,133</u></u>	<u><u>2,266,685</u></u>

LINCOLN UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	<i>2016</i>
	£	£
Depreciation of tangible fixed assets: - owned by the UTC	261,613	<i>280,338</i>
Fees payable to auditor - audit costs	6,700	<i>6,550</i>
Fees payable to auditor - other costs	1,050	<i>1,050</i>
Operating lease rental charges	2,692	<i>2,692</i>
	=====	=====

LINCOLN UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017	<i>2016</i>
	£	£
Wages and salaries	1,042,791	<i>1,076,662</i>
Social security costs	97,352	<i>84,217</i>
Operating costs of defined benefit pension schemes	232,243	<i>190,202</i>
	1,372,386	<i>1,351,081</i>
Supply teacher costs	151,899	<i>108,851</i>
	1,524,285	<i>1,459,932</i>

The average number of persons employed by the UTC during the year was as follows:

	2017	<i>2016</i>
	No.	No.
Teachers	14	<i>14</i>
Management	3	<i>3</i>
Administrative Support	15	<i>15</i>
	32	<i>32</i>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2017	<i>2016</i>
	No.	No.
In the band £60,001 - £70,000	2	<i>1</i>
In the band £80,001 - £90,000	0	<i>1</i>

The two employees above are members of the Teacher's Pension Scheme.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £255,682 (2016 - £240,391).

10. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

LINCOLN UTC
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017	<i>2016</i>
		£	£
Dr R Mackenzie-Batterbury, Principal (Resigned 21 March 2017)	Remuneration	25,000-30,000	<i>80,000-85,000</i>
	Pension contributions paid	0-5,000	<i>10,000-15,000</i>
P Batterbury, Principal (Appointed 21 March 2017 - Resigned 19 September 2017).	Remuneration	35,000-40,000	<i>30,000-35,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>
S Cade, Staff Trustee (Appointed 21 March 2017)	Remuneration	15,000-20,000	
	Pension contributions paid	0-5,000	

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

12. STOCKS

	2017	<i>2016</i>
	£	£
Supplies	3,339	<i>3,409</i>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

13. TANGIBLE FIXED ASSETS

	Freehold Land & Property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 September 2016	9,115,743	471,838	275,466	619,879	10,482,926
Additions	-	353	-	-	353
Disposals	-	(37,452)	-	-	(37,452)
	<u>9,115,743</u>	<u>434,739</u>	<u>275,466</u>	<u>619,879</u>	<u>10,445,827</u>
Depreciation					
At 1 September 2016	-	187,757	130,293	182,816	500,866
Charge for the year	-	89,366	48,271	123,976	261,613
On disposals	-	(18,726)	-	-	(18,726)
	<u>-</u>	<u>258,397</u>	<u>178,564</u>	<u>306,792</u>	<u>743,753</u>
Net book value					
At 31 August 2017	<u>9,115,743</u>	<u>176,342</u>	<u>96,902</u>	<u>313,087</u>	<u>9,702,074</u>
<i>At 31 August 2016</i>	<u>9,115,743</u>	<u>284,081</u>	<u>145,173</u>	<u>437,063</u>	<u>9,982,060</u>

Freehold land & property includes freehold land of £1,350,000 (2016 - £1,350,000). The valuation of freehold property is the cost of refurbishment of the UTC buildings.

14. DEBTORS

	2017 £	2016 £
Trade debtors	332	593
VAT debtor	7,067	16,236
Prepayments and accrued income	56,326	47,101
	<u>63,725</u>	<u>63,930</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. CREDITORS: Amounts falling due within one year

	2017	<i>2016</i>
	£	£
Trade creditors	35,905	<i>100,721</i>
Other taxation and social security	24,705	<i>24,174</i>
ESFA creditor: abatement of GAG	441,689	<i>213,049</i>
Other creditors	24,118	<i>14,412</i>
Accruals and deferred income	29,612	<i>23,403</i>
	<hr/> 556,029 <hr/>	<hr/> <i>375,759</i> <hr/>
	2017	<i>2016</i>
	£	£
Deferred income		
Deferred income at 1 September 2016	4,950	<i>14,371</i>
Resources deferred during the year	13,373	<i>4,950</i>
Amounts released from previous years	(4,950)	<i>(14,371)</i>
	<hr/> 13,373 <hr/>	<hr/> <i>4,950</i> <hr/>

Deferred income includes grant and trip income received in the year, to be deferred to the 2017/18 academic year.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds					
General fund	11,215	27,827	(18,928)	-	20,114
Restricted funds					
General Annual Grant (GAG)	372,084	1,503,777	(1,735,455)	-	140,406
Other ESFA/DfE grants	2,991	158,934	(158,043)	-	3,882
Other LA revenue grants	-	11,084	(11,084)	-	-
Other restricted funds	-	18,284	(18,284)	-	-
Pension reserve	(87,000)	-	(64,000)	44,000	(107,000)
	<u>288,075</u>	<u>1,692,079</u>	<u>(1,986,866)</u>	<u>44,000</u>	<u>37,288</u>
Restricted fixed asset funds					
Assets transferred from local authority ownership	1,350,000	-	-	-	1,350,000
Assets Acquired from ESFA Grants	8,632,060	353	(280,339)	-	8,352,074
ESFA grant funding carried forward	7,898	13,714	-	-	21,612
	<u>9,989,958</u>	<u>14,067</u>	<u>(280,339)</u>	<u>-</u>	<u>9,723,686</u>
Total restricted funds	<u>10,278,033</u>	<u>1,706,146</u>	<u>(2,267,205)</u>	<u>44,000</u>	<u>9,760,974</u>
Total of funds	<u><u>10,289,248</u></u>	<u><u>1,733,973</u></u>	<u><u>(2,286,133)</u></u>	<u><u>44,000</u></u>	<u><u>9,781,088</u></u>

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
Unrestricted funds					
General fund	2,932	26,843	(18,560)	-	11,215
	<u>2,932</u>	<u>26,843</u>	<u>(18,560)</u>	<u>-</u>	<u>11,215</u>

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16. STATEMENT OF FUNDS (continued)

Restricted funds

General Annual Grant (GAG)	119,749	1,915,337	(1,663,002)	-	372,084
Other ESFA/DfE grants	1,597	250,089	(248,695)	-	2,991
Other LA revenue grants	-	22,776	(22,776)	-	-
Other restricted funds	-	17,314	(17,314)	-	-
Pension reserve	(7,000)	-	(16,000)	(64,000)	(87,000)
	<u>114,346</u>	<u>2,205,516</u>	<u>(1,967,787)</u>	<u>(64,000)</u>	<u>288,075</u>

Restricted fixed asset funds

Assets transferred from local authority ownership	-	1,350,000	-	-	1,350,000
Assets Acquired from ESFA Grants	8,478,869	433,529	(280,338)	-	8,632,060
ESFA grant funding carried forward	-	7,898	-	-	7,898
	<u>8,478,869</u>	<u>1,791,427</u>	<u>(280,338)</u>	<u>-</u>	<u>9,989,958</u>
Total restricted funds	<u>8,593,215</u>	<u>3,996,943</u>	<u>(2,248,125)</u>	<u>(64,000)</u>	<u>10,278,033</u>
Total of funds	<u>8,596,147</u>	<u>4,023,786</u>	<u>(2,266,685)</u>	<u>(64,000)</u>	<u>10,289,248</u>

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

Unrestricted funds

General Funds represent those resources which may be used towards meeting any of the objects of the UTC at the discretion of the Trustees. These are not currently designated for particular purposes.

Restricted funds

General Annual Grant (GAG) must be used for the normal running costs of the UTC.

Other DfE/ESFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

Other LA revenue grants include funding provided for pupils with Statements of Special Educational Needs and is used by the UTC to assist with pupils education.

Other restricted funds includes income and expenditure specific to the occupation of Chad Varah House throughout the year.

The pension reserve arises from the actuarial measurement of the UTC's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension costs for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund.

Restricted fixed asset funds

Assets Acquired from ESFA Grants represents the net book value of assets acquired using the ESFA grant for the UTC project covering construction, ICT and FFE.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	9,702,074	9,702,074
Current assets	20,114	700,317	21,612	742,043
Creditors due within one year	-	(556,029)	-	(556,029)
Pension liability	-	(107,000)	-	(107,000)
	20,114	37,288	9,723,686	9,781,088

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2016 £</i>	<i>Restricted funds 2016 £</i>	<i>Restricted fixed asset funds 2016 £</i>	<i>Total funds 2016 £</i>
Tangible fixed assets	-	-	9,982,060	9,982,060
Current assets	11,215	750,834	7,898	769,947
Creditors due within one year	-	(375,759)	-	(375,759)
Provisions for liabilities and charges	-	(87,000)	-	(87,000)
	11,215	288,075	9,989,958	10,289,248

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18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(552,160)	1,757,101
Adjustment for:		
Depreciation charges	261,613	280,338
Loss on the sale of fixed assets	9,727	-
Decrease/(increase) in stocks	70	(3,409)
Decrease in debtors	205	321,472
Increase/(decrease) in creditors	180,270	(399,402)
Capital grants from DfE and other capital income	(14,067)	(441,710)
Defined benefit pension scheme finance cost	64,000	16,000
Net cash (used in)/provided by operating activities	(50,342)	1,530,390

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	674,979	702,608
Total	674,979	702,608

20. PENSION COMMITMENTS

The UTC's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lincolnshire County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

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

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 previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £116,000 (2016 - £108,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £71,000 (2016 - £87,000), of which employer's contributions totalled £54,000 (2016 - £66,000) and employees' contributions totalled £17,000 (2016 - £21,000). The agreed contribution rates for future years are 19.9% for employers and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2017	<i>2016</i>
Discount rate for scheme liabilities	2.50 %	<i>2.10 %</i>
Rate of increase in salaries	2.80 %	<i>3.60 %</i>
Rate of increase for pensions in payment / inflation	2.40 %	<i>2.10 %</i>

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

	2017	<i>2016</i>
Retiring today		
Males	22.1	<i>22.2</i>
Females	24.4	<i>24.4</i>
Retiring in 20 years		
Males	24.1	<i>24.5</i>
Females	26.6	<i>26.8</i>

	At 31 August 2017	<i>At 31 August 2016</i>
Sensitivity analysis	£	<i>£</i>
0.5% decrease in Real Discount Rate	63	<i>47</i>
0.5% increase in the Pension Increase Rate	63	<i>46</i>

The UTC's share of the assets in the scheme was:

	Fair value at 31 August 2017 £
Equities	169,000
Corporate bonds	26,000
Property	20,000
Cash and other liquid assets	2,000
Total market value of assets	217,000

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20. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017	<i>2016</i>
	£	£
Current service cost	(116,000)	<i>(82,000)</i>
Interest cost	(2,000)	<i>-</i>
Total	(118,000)	<i>(82,000)</i>
Actual return on scheme assets	12,000	<i>15,000</i>

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

	2017	<i>2016</i>
	£	£
Opening defined benefit obligation	221,000	<i>39,000</i>
Current service cost	116,000	<i>82,000</i>
Interest cost	6,000	<i>3,000</i>
Employee contributions	17,000	<i>21,000</i>
Changes in assumptions	(36,000)	<i>76,000</i>
Closing defined benefit obligation	324,000	<i>221,000</i>

Movements in the fair value of the UTC's share of scheme assets:

	2017	<i>2016</i>
	£	£
Opening fair value of scheme assets	134,000	<i>32,000</i>
Interest income	4,000	<i>3,000</i>
Expected return on assets	8,000	<i>12,000</i>
Employer contributions	54,000	<i>66,000</i>
Employee contributions	17,000	<i>21,000</i>
Closing fair value of scheme assets	217,000	<i>134,000</i>

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NOTES TO THE FINANCIAL STATEMENTS
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21. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	2,692	2,692
Between 1 and 5 years	-	2,692
Total	<u>2,692</u>	<u>5,384</u>

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the UTC's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the UTC's financial regulations and normal procurement procedures.

No such transactions occurred in the year.

23. CONTINGENT LIABILITIES

In the event of Lincoln UTC ceasing to operate as an academy, provisions are included in the funding agreement relating to the clawback of assets and monies paid to the UTC.

24. 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.