

# Annual Report and Financial Statements

Year to 31 August 2021



*Illustration by Jon Wilcocks*

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## Reference and administrative information

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|---------------------------------------|--|
| <b>Members</b>                        | University of East London<br>Thames Water Utilities Ltd<br>Costain Ltd<br>Skanska UK plc<br>Chelmsford Diocese Educational Trust   |
| <b>Directors</b>                      | Prof. Hassan Abdulla<br>Shahina Ahmad<br>Chris Beales<br>Dan Forbes-Pepitone<br>Geoffrey Fowler<br>Eryca Freemantle<br>Jeremy Galpin (Chair)<br>Lynne Graham<br>Anne Heal (Vice Chair)<br>Matthew Herbert (Parent Director)<br>Gill Lois (Staff Director)<br>Nick Rathbone<br>Harry Wain<br>Lucy Webster<br>Ian Wightman (Parent Director) |
| <b>Leadership Team</b>                |  |
| Principal & CEO                       | Geoffrey Fowler  |
| Vice Principal – Quality of Education | Victoria Webb  |
| Vice Principal - Wellbeing            | Gloria Gold  |
| Chief Financial Officer               | Dave Watherston  |
| <b>Company and academy name</b>       | London Design & Engineering UTC  |
| <b>Registered address</b>             | London Design & Engineering UTC<br>Docklands Campus<br>University Way<br>London<br>E16 2RD   |
| <b>Company registration number</b>    | 08283657   |
| <b>Auditor</b>                        | Buzzacott LLP<br>130 Wood Street<br>London<br>EC2V 6DL   |
| <b>Bankers</b>                        | Lloyds Bank plc<br>PO Box 1000<br>Andover<br>BX1 1LT   |

## **DIRECTORS' REPORT**

The Directors of London Design & Engineering UTC ('the academy trust') present their annual report together with the financial statements and the auditor's reports of the charitable company for the year to 31 August 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 32 to 37 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

The trust operates a University Technical College (UTC) for learners aged 13+ based in Newham serving the whole of London and beyond. It opened in September 2016 and moved into its purpose build, state-of-the-art, permanent building, on the dock front of London's Royal Albert Dock in January 2019. For the academic year 2020/21 the UTC increased its learners on roll and is now at its full capacity with around 600 learners in national curriculum year groups 9 to 11 and Sixth Form, in addition the UTC has around 40 adult apprentice learners.

## **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 Directors of the London Design & Engineering UTC Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as London Design & Engineering UTC. Details of the Directors who served during the year are included below.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

| <b>Director</b>                   | <b>Appointed/resigned</b>                             |
|-----------------------------------|---|
| Prof. Hassan Abdulla              | (Appointed 3 November 2020)                           |
| Shahina Ahmad                     |   |
| Chris Beales                      |   |
| Janet Burr                        |   |
| Prof. Charles Egbu                | (Resigned 31 October 2020)                            |
| Dan Forbes-Pepitone               |   |
| Geoffrey Fowler (CEO)             |   |
| Eryca Freeman                     |   |
| Jeremy Galpin (Chair)             |   |
| Lynne Graham                      | (Appointed 24 September 2020)                         |
| Anne Heal                         |   |
| Matthew Herbert (Parent Director) |   |
| Nick Rathbone                     |   |
| Fahad Tariq (Staff Director)      | (Appointed 1 September 2020 and resigned 31 May 2021) |
| Harry Wain                        |   |
| Lucy Webster                      |   |
| Ian Wightman (Parent Director)    |   |

After the period end Janet Burr resigned as a director on 30 September 2021 and Gill Lois was elected as staff director on 3 November 2021.

**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.

**Director's 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 Directors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to an aggregate amount of £10,000,000 per year. It is not possible to quantify the Directors' and Officers' indemnity element from the overall cost of the RPA scheme.

**Method of Recruitment and Appointment or Election of Directors**

The Board of Directors will contain at least 5 Directors and no more than 17, all of whom are to be UK-based, in order to ensure both a range of views, but also that meetings can be scheduled and managed with ease. This includes a minimum of 2 elected Parent Directors. The CEO will for all purposes be treated as being an ex-officio Director.

The Directors may appoint staff Directors through such process as they may determine, usually by secret ballot, provided that the total number of Directors (including the Principal) who are employees of the academy does not exceed one third of the total number of Directors. The Directors may appoint any number of Co-opted Directors.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Policies and Procedures Adopted for the Induction and Training of Directors**

On appointment, new Directors follow an induction programme, which includes an induction meeting with the Clerk to the Board of Directors to understand their roles and responsibilities and how the Board and its Committees operate. There is a meeting with the Chair and Principal to understand the key issues affecting the UTC and a tour of the UTC and personal reading of key documents and information.

### **Organisational Structure**

The organisational structure of the academy trust consists of: The Board of Directors (i.e. the governing body); its Committees and the Principal and the UTC Strategic Team (ST) and wider Leadership Team (LT) which includes the ST along with wider leaders from within the College staff team. The purpose of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the UTC nurtures the talents of its entire staff to support continual improvement.

The Board of Directors supported by its Committees is responsible for setting the UTC's strategic direction; creating robust accountability and ensuring financial probity.

The Principal and ST run and manage the UTC on a day-to-day basis at an executive level, implementing the policies set by the Board of Directors and reporting back to them.

The Board of Directors during the 2020/21 financial year had two Committees in operation. These Committees had their own terms of reference detailing their responsibilities. The terms of reference and meeting frequency for each Committee are reviewed and approved by the Board of Directors annually. The terms of reference for the Finance, Operations and Audit Committee ("FOAC") detail the UTC's authorised spending limits. The FOAC also convenes a Remuneration Committee meeting once a year to review the Trust's pay policy and agree the recommendations put forward by the Principal/CEO for the annual pay increases for all staff employed by the Trust. The Remuneration Committee also sets the annual pay increase for the Principal/CEO.

The two Committees of the Board of Directors in operation during 2020/21 were:

1. Standards, Teaching and Learning Committee; and
2. Finance, Operations and Audit Committee.

The Board of Directors reviewed its governance structure during the summer of 2021 and as a result decided in September 2021 to move to a three-committee structure to strengthen accountability and oversight. So, the three Committees for the 2021/22 financial year will be:

1. Finance, Operations and Audit Committee;
2. Quality of Education and Curriculum Committee; and
3. Personal Development and Community Committee

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Organisational Structure** (continued)

Furthermore, the Accounting Officer (i.e. the Principal) has personal responsibility for:

- ◆ the propriety and regularity of the public finances, for which they are answerable;
- ◆ the keeping of proper accounts;
- ◆ prudent and economical administration;
- ◆ the avoidance of waste and extravagance;
- ◆ ensuring value for money; and
- ◆ the efficient use of all resources.

The Principal, as the Accounting Officer, has to operate within the schemes of delegation agreed with the Board of Directors.

### **Arrangements for setting pay and remuneration of key management personnel**

London Design & Engineering UTC has a set of banded pay scales to which staff are appointed. These have been benchmarked against other schools and academies. Staff pay and progression are reviewed annually, including a performance management appraisal, to ensure value for money is delivered. The performance management appraisal for the Principal is undertaken by the Chair of the Board of Directors in a panel with other Board members.

### **Trade union facility time**

No time was spent by relevant union officials on paid trade union activities during contracted employment hours in the relevant period for purposes of reporting under the Trade Union (Facility Time Publication Requirements) Regulations 2017.

### **Related Parties and other Connected Charities and Organisations**

London Design & Engineering UTC Trust was originally set up in November 2012 and currently has the following five organisations as members: University of East London (UEL), Thames Water Utilities Ltd, Costain Ltd, Skanska UK plc and the Chelmsford Diocese Educational Trust. It was established in response to a lack of high-quality technical education and the need amongst employer sponsors to recruit work ready candidates with the right skills and attitude to fit into their organisations.

All five organisations are independent legal entities that also operate independently.

### **Objectives, Strategies and Activities**

The London Design & Engineering (LDE) UTC's vision is creating technology and employer led education that provides learners with the ability to exceed their potential, celebrate their diversity and embrace the opportunities of the "4th industrial revolution".

It prepares learners for the exciting and wide employment opportunities across the engineering and construction industry from major projects such as the Thames Tideway Tunnel, High Speed 2 through to the essential skills necessary to provide the new housing the UK needs.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Objectives, Strategies and Activities** (continued)

LDE UTC provides both strong educational and career support at all levels - be it apprentice or graduate engineer level - within the large and dynamic construction and engineering sector. Its STEM focused qualifications would, of course, also permit further studies and employment in other related science and technology sectors.

LDE UTC aims to achieve the following:

- ◆ Learners leave the UTC as work ready, independent, enterprising learners with a desire to succeed, take pride in their achievements, and have high self-esteem and confidence in their own identities. They will be technologically skilled and have a clear vision with achievable plans for their future.
- ◆ Become an outstanding centre of excellence, specialising in design and engineering, creating and sharing educational materials for both teacher delivery and teacher training. Develop professional and motivated staff and learners who will proactively engage with the vision, mission, core values and ethos of the UTC.
- ◆ Serve industry by listening and understanding their skills needs to create a relevant, sustainable and creative curriculum offer; by preparing their future workforces to have the transferable skills needed to cope in the demanding 21st century workplace environment.

At the heart of the LDE UTC is the vision to develop the next generation of tech savvy learners, who will grasp the application of pure subjects and how they relate to solving some of the world's greatest challenges in sustainable living. The UTC's leading-edge technology learning spaces coupled with a pioneering and inspirational curriculum, integrating technical and academic subjects, will enable it to unlock the talents and skills of learners, training them today for jobs of tomorrow. Built around real work-related employer driven projects every aspect of the curriculum is linked to the learners' future. LDE UTC learners will be well known for having the skills, behaviours, attitudes, experience and knowledge looked for by leading employers. Being well connected with its sponsors, LDE UTC learners will get unparalleled access to great opportunities for employment and future support.

### **Public Benefit**

As laid down in its Articles of Association the Academy Trust exists for the benefit of public education in the United Kingdom. Secondary to this, is an object to promote for the benefit of the inhabitants of the areas in which the Academy is situated. In all instances the Academy exists for the benefit of the public.



## **STRATEGIC REPORT**

### **Achievements and Performance**

The London Design & Engineering University Technical College (LDE UTC) is now operating in its sixth year and has had a remarkable journey to establish itself over that period. Despite the many challenges, including being in temporary accommodation for two and half years, the LDE UTC continues to be a successful employer-led, over-subscribed, mixed-ability, multi-cultural and thriving College.

The first four years of operation were focused on putting into place systems and processes and embedding them. As well as embedding the culture and ethos of the UTC. The fifth year of operation has been about refining these initial processes and turning them into good practice, as the College has reached full capacity with regards its learner numbers and is in steady state.

During the 2020/21 academic year the College has been focused on two key issues. Dealing with the impact on learning of the pandemic and national lockdowns as well as trying to make continuous improvements to address the areas for development highlighted by Ofsted in their inspections of the College. Ofsted inspected the College's GCSE and Post-16 provision in October 2018 and the apprenticeship provision in October 2019.

The College's hard work was rewarded when the follow up OFSTED inspection of the apprenticeship provision took place in October 2020 and OFSTED judged that "reasonable progress" was being made in all areas, which was an excellent result in the face of the significant disruption caused by the COVID-19 pandemic.

As well as success in the apprenticeship provision, LDE UTC's full time learners (national curriculum years 9 to 11 and Sixth Formers) also had a very successful year, in challenging circumstances.

The COVID-19 pandemic and the national lockdowns meant that the College had to close its building to most learners in January 2021 (except for vulnerable learners and children of keyworkers). During this time, all learners received their full timetable of lessons, delivered live via Microsoft Teams. The College fully re-opened in March 2021. However, the disruption to learning caused by COVID-19 nationally meant that the summer 2021 examinations were cancelled by government. Learners instead were given teacher assessed grades.

The College is very proud of its response to the COVID-19 pandemic, and the measures put in place have been recognised as exemplary by Public Health authorities and other external observers. The College was already in a strong position to move to remote online learning given its technology focus, existing remote learning resources and equipment. As such learning continued during the lockdowns and beyond when learners or staff had to isolate. Significant investment in further remote learning technology in the previous financial year proved vital. This included every classroom having a webcam, 360-degree microphone and a visualiser, so that lessons could be delivered effectively to all learners whether they are on-site in the classroom

## STRATEGIC REPORT (continued)

### Achievements and Performance (continued)

or isolating at home. This also enabled teachers to deliver lessons even if they were isolating. This set-up significantly reduced the negative impact on learning which would otherwise have occurred due to COVID-19, and due to this all curriculum content was able to be delivered in full by the end of the academic year.

The College this year has also put a focus on staff and learner wellbeing, putting in place a range of measures such as a confidential Employee Assistance Programme, which includes telephone and in-person counselling, weekly wellbeing calls for all staff and learners, recruiting a trained counsellor and various other wellbeing initiatives and signposting.

The cancellation of examinations in the summer of 2021 led to exam boards asking for teacher assessed grades and using them as the basis of awarding exam grades. Although teacher assessed grades created a lot of additional work for teachers, they were considered the fairest way of awarding exam grades to learners. The College's remote learning provision provided vital in supporting LDE learners in achieving exceptional results this year.

At Key Stage 5 (KS5) the results in 2021 have continued to be very strong for the LDE UTC with an average grade being "Distinction +" with an internal completion and attainment (C&A) rate of +1.6 so nearly 2 grades higher than national average. The LDE UTC is now amongst the top performing technical providers nationally at KS5.

The UTC's A-Level attainment has increased to the point where the average grade at A-level is now a B and the internal value-added score is +0.5 and is above national averages, which is a tremendous outcome.

| Summer 2021 | APS   | Grade              | Progress/C&A<br>(based on 2019) |
|-------------|-------|--------------------|---------------------------------|
| Technical   | 37.13 | Distinction+       | 1.6                             |
| A Level     | 37.21 | B-                 | 0.48                            |
| Academic    | 36.85 | B-                 | 0.52                            |
| Applied     | 32.94 | Distinction -      | 0.03                            |
| Apprentices | 31.96 | Distinction Merit+ | 1.38                            |

The College also, this year received its second ever set of apprenticeship grades, with an average grade of "Distinction, Merit Plus" (DM+) and the internal C&A rate for our apprentice learners was +1.4. This means every final year apprentice received nearly one and half grades higher than they would have been projected to achieve, which is a real credit to the apprentices and their teachers.

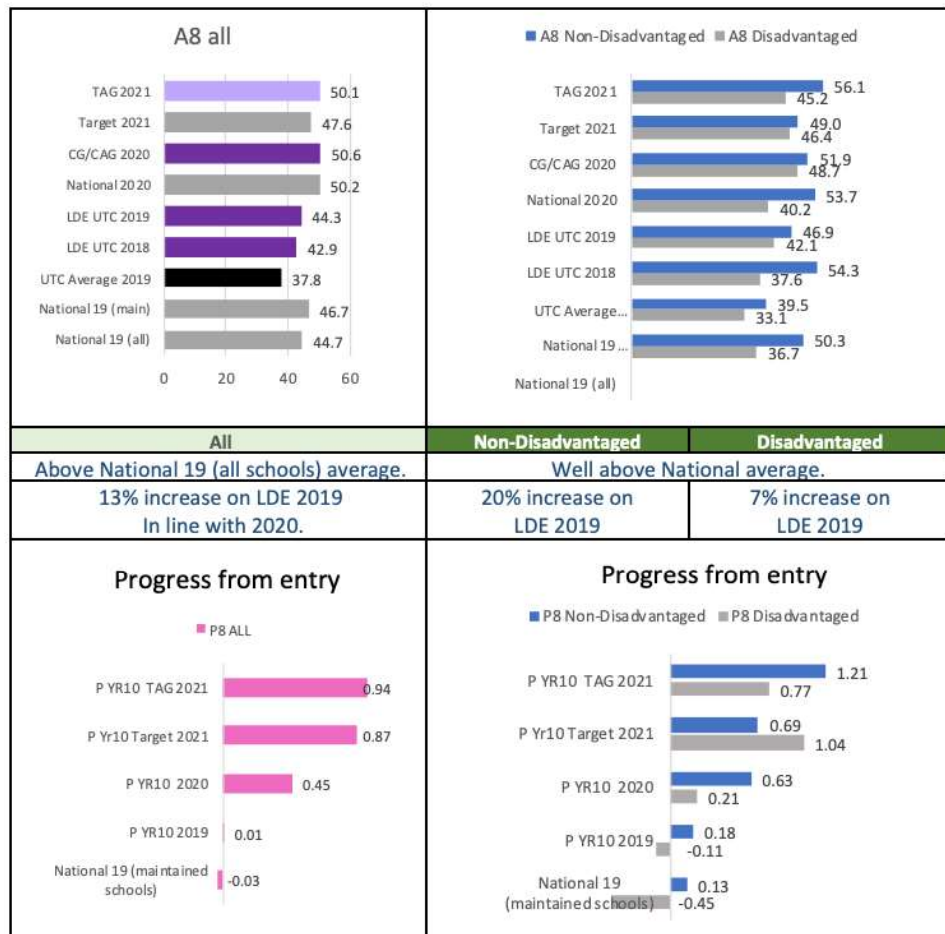
**STRATEGIC REPORT (continued)**

**Achievements and Performance (continued)**



The UTC's Achievement 8 (A8) scores at Key Stage 4 has improved significantly to 50.1, our highest score ever. This is well above the national average for 2019, which is a fantastic achievement. Also, pleasing was the attainment of disadvantaged learners who had also improved and which is now well above the national average for 2019. Within the College the gap between disadvantaged and non-disadvantaged learners has narrowed.

The percentage of learners achieving a pass in English and maths is 75% and a strong pass, (5+) 56% both of which are 10% higher than the national figures from 2019.



## **STRATEGIC REPORT** (continued)

### **Achievements and Performance** (continued)

External reviews and audits conducted during the year into governance, quality of teaching, the curriculum, pupil premium and well-being corroborate and validate the excellent exam results that the College achieved in 2021. These put the College in a strong position for the 2021/22 academic year when it is likely to be re-inspected by Ofsted. We reached out and worked with 11 different schools and colleges for external moderation of our teacher assessed grades in the summer of 2021, we had an external deep dive and an external review of our curriculum planning. The DfE said 1 exam board would moderate on behalf of all. Despite the guidance we had 4 exam boards moderate our results - of which all upheld our results and one increased them.

The College is also in a strong position for 2021/22 with record numbers of applications from potential learners for all entry points firmly establishing the LDE UTC is a truly inclusive, popular, and heavily oversubscribed college. The latest and exciting developments around establishing an International Air and Space Training Institute (IASTI) within the LDE UTC, which took on its first intake in September 2021, will further increase its popularity and its reputation as a genuine employer-led institution which produces work ready young people for the jobs of the future.

### **Going Concern**

The Trust had net current assets at 31 August 2021 of £222,000 (2020 – £260,000). During the year the Trust made an operational surplus of £8,000 (2020 – £99,000). This excludes movements on the fixed assets fund and the defined benefit scheme pension adjustments. Due to strong learner recruitment and careful financial management, the UTC has been able to generate this modest level of reserves in its first five years as an open academy. This along with now being full to capacity has put the LDE UTC in a healthy financial position, as such budgets and forecasts for the first years of opening have been set to use these positives to further strengthening the unique offer of the UTC as a leading provider of technical education and training.

Post year end the UTC has continued to recruit learners exceptionally well and is forecast to continue to make surpluses in each year of its 3-year forecast.

In light of the above, the Directors have a reasonable expectation that the Trust has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### **Financial Review**

In addition to the operational result mentioned above, the value of the fixed asset funds held at the year end was £19,471,000 (2020 - £19,757,000), a decrease of £286,000 in the year (2020 – £571,000). The net liability within the restricted pension fund was £1,751,000 (2020 - £1,000,000).

The total funds of the Trust as at 31 August 2021 was £17,942,000 (2020 - £18,971,000).

## **STRATEGIC REPORT** (continued)

### **Financial Review** (continued)

#### ***Principal Funding Sources***

Most of the trust's income is obtained from the Education and Skills Funding Agency (ESFA), which is part of the Department for Education (DfE), in the form of recurrent grants. The grants received from the ESFA in the period to 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The trust also receives capital grants for fixed assets from the ESFA. During 2020/21 the trust received a significant donation of fixed assets (specialist technical training equipment) from another academy trust. In accordance with the Charities Statement of Recommended Practice (FRS 102), such grants and donations are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset balance is reduced by annual depreciation charges over the expected life of the relevant assets.

#### ***Reserves Policy***

Funding for London Design & Engineering UTC is made up of restricted funds funded by fixed asset funds, General Annual Grant (GAG) funding and unrestricted funds, for example donations and carry over from the Academy Trust's pre-opening development grant.

The restricted funds shall be spent in accordance with the terms of the particular funds. Unrestricted funds are the "free reserves"; for use on the general purpose of the trust at the discretion of the Board of Directors (Governors). The aim of the Board of Directors is to increase this reserve to meet future working capital requirements.

Total revenue funds carried forward as of 31 August 2021 were in excess of £200,000, however this represents less than one month of the UTCs payroll costs. This low ratio is due to funding pressures and the UTCs early stage of operations, with only five years' operations to build reserves. Directors have developed a cash reserves policy, to support the renewal of the UTC's specialist ICT and other equipment to keep the technology up to date to maintain the UTC's position as one of the most technically advanced Colleges in the UK. Further to this, Directors are aware of a number of future financial pressures and uncertainties including national funding levels, COVID-19 related costs and pension contribution rates. As such, they believe that a cautious approach to reserves is currently required.

While the UTC remains in its formative years it is not realistic to target significant surpluses, however the Board have set a policy to continue building reserves with a targeted operating surplus of 3% per annum.

#### ***Investment Policy***

Directors will consider the investment of surplus funds of the academy trust should future circumstances require, in accordance with the Academy Trust Handbook.

## **STRATEGIC REPORT** (continued)

### **Principal Risks and Uncertainties**

The academy has a formal risk management process in place to assess all risks and implements risk management strategies. The process, which is overseen and reviewed by the Directors on an annual basis, identifies the types of risk the academy trust faces. These risks are then assessed and prioritised in terms of their potential impact and the likelihood of occurrence. Where necessary, actions to mitigate the risks identified are put in place.

The principal risks for the academy trust are connected with:

- ◆ Developing the reputation of the trust and achieving positive outcomes for the students. Mitigation includes working closely with the Department for Education (DfE) Educational Advisers team, maintaining a strong focus on setting targets and tracking student progress through a dedicated Standards, Teaching & Learning Committee and recruiting high quality teaching and leadership personnel; and
- ◆ Learner recruitment levels remain the key driver behind the financial stability of the trust, and while learner numbers continue to be very strong, and LDE UTC continues to be heavily oversubscribed, this can never be taken for granted. Mitigation include continued investment in marketing, events and parental liaison, rigorously following up every expression of interest and continuing the highly successful open evenings (both virtual and in person).
- ◆ The funding climate for academy trusts. Mitigation includes encouraging sponsors and partners to make donations in cash or in-kind to keep the UTC's offer differentiated from other providers; alternative revenue streams are being investigated and robust budget monitoring and forecasting procedures are in place;

### **Fundraising**

The UTC does not actively solicit donations and therefore is not registered with the Fundraising Regulator and does not subscribe to any fundraising codes of practice. When donations from individuals are received, the UTC aims to protect personal data and never sells data or swaps data with other organisations. During 2020/21, the UTC received no complaints about fundraising activities.

### **Plans for Future Periods**

The UTCs key priorities for 2021/22 are:

- ◆ Close the Covid-19 gap both academically and pastorally.
- ◆ For all learners to achieve or exceed their potential through the support of effective curriculum planning, targeted support, enhanced employer engagement and wider curriculum activities.
- ◆ To celebrate our inclusive community by further co-creating pro-social activities utilising our EDI (Equality, Diversity and Inclusion) and Wellbeing working groups

































**Approach** (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

**Conclusion**

Nothing has come to our attention in the course of our work which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hugh Swainson - 15.12.2021

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

**Statement of financial activities (including income and expenditure account)**  
Year to 31 August 2021

|  | Notes | Unrestricted<br>general<br>fund<br>£'000 | Restricted funds         |                                  | <b>2021<br/>Total<br/>funds<br/>£'000</b> | 2020<br>Total<br>funds<br>£'000 |
|--|-------|--|--------------------------|----------------------------------|---|---------------------------------|
|  |       |  | General<br>fund<br>£'000 | Fixed<br>assets<br>fund<br>£'000 |   |                                 |
| <b>Income from:</b>  |       |  |                          |                                  |   |                                 |
| Donations and capital grants                                     | 1     | 29                                       | —                        | 589                              | <b>618</b>                                | 77                              |
| Charitable activities  |       |  |                          |                                  |   |                                 |
| . Funding for the academy's<br>educational operations            | 2     | —  | 5,020                    | —                                | <b>5,020</b>                              | 5,044                           |
| Other trading activities   | 3     | 5  | 66                       | —                                | <b>71</b>                                 | 35                              |
| <b>Total income</b>  |       | <b>34</b>                                | <b>5,086</b>             | <b>589</b>                       | <b>5,709</b>                              | <b>5,156</b>                    |
| <b>Expenditure on:</b>   |       |  |                          |                                  |   |                                 |
| Charitable activities  |       |  |                          |                                  |   |                                 |
| . Academy's educational operations                               | 5     | 33                                       | 5,438                    | 875                              | <b>6,346</b>                              | 5,963                           |
| <b>Total expenditure</b>   | 4     | <b>33</b>                                | <b>5,438</b>             | <b>875</b>                       | <b>6,346</b>                              | <b>5,963</b>                    |
| <b>Net income (expenditure)</b>                                  |       | <b>1</b>                                 | <b>(352)</b>             | <b>(286)</b>                     | <b>(637)</b>                              | <b>(807)</b>                    |
| <b>Other recognised losses</b>                                   |       |  |                          |                                  |   |                                 |
| Actuarial losses on defined benefit<br>pension schemes           | 15    | —  | (392)                    | —                                | <b>(392)</b>                              | (146)                           |
| <b>Net movement in funds</b>                                     |       | <b>1</b>                                 | <b>(744)</b>             | <b>(286)</b>                     | <b>(1,029)</b>                            | <b>(953)</b>                    |
| <b>Reconciliation of funds</b>                                   |       |  |                          |                                  |   |                                 |
| Total fund balances brought forward at 31<br>August 2020         | 11    | 58                                       | (844)                    | 19,757                           | <b>18,971</b>                             | 19,924                          |
| <b>Total fund balances carried forward at<br/>31 August 2021</b> |       | <b>59</b>                                | <b>(1,588)</b>           | <b>19,471</b>                    | <b>17,942</b>                             | <b>18,971</b>                   |

All of the Academy's activities derived from continuing operations during the above two financial periods.

**Balance sheet** 31 August 2021

|  | Notes | 2021<br>£'000 | 2021<br>£'000  | 2020<br>£'000 | 2020<br>£'000 |
|--|-------|---------------|----------------|---------------|---------------|
| <b>Fixed assets</b>                            |       |               |                |               |               |
| Tangible fixed assets                          | 8     |               | <b>19,471</b>  |               | 19,711        |
| <b>Current assets</b>                          |       |               |                |               |               |
| Debtors  | 9     | <b>131</b>    |                | 417           |               |
| Cash at bank and in hand                       |       | <b>789</b>    |                | 678           |               |
|  |       | <b>920</b>    |                | 1,095         |               |
| <b>Liabilities</b>                             |       |               |                |               |               |
| Creditors: amounts falling due within one year | 10    | <b>(698)</b>  |                | (835)         |               |
| <b>Net current assets</b>                      |       |               | <b>222</b>     |               | 260           |
| <b>Total assets less current liabilities</b>   |       |               |                |               |               |
|  |       |               | <b>19,693</b>  |               | 19,971        |
| Defined benefit pension scheme                 | 15    |               | <b>(1,751)</b> |               | (1,000)       |
| <b>Total net assets</b>                        |       |               | <b>17,942</b>  |               | 18,971        |
| <b>Funds of the Academy</b>                    |       |               |                |               |               |
| Restricted income funds                        |       |               |                |               |               |
| . Fixed assets fund                            | 11    |               | <b>19,471</b>  |               | 19,757        |
| . General fund                                 | 11    |               | <b>163</b>     |               | 156           |
| . Pension reserve                              | 11    |               | <b>(1,751)</b> |               | (1,000)       |
| <b>Total restricted funds</b>                  |       |               | <b>17,883</b>  |               | 18,913        |
| <b>Unrestricted funds</b>                      |       |               |                |               |               |
| . General fund                                 | 11    |               | <b>59</b>      |               | 58            |
| <b>Total funds</b>                             |       |               | <b>17,942</b>  |               | 18,971        |

The financial statements on page 28 to 52 were approved by the Directors, and authorised for issue on 13/12/2021 and are signed on their behalf by:

*Jeremy Galpin*

Jeremy Galpin

Chair of the Board of Directors

London Design & Engineering UTC

Company Limited by Guarantee

Registration Number: 08283657 (England and Wales)

Statement of cash flows Year to 31 August 2020

|   |   | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---------------|---------------|
| <b>Cash flows from operating activities</b>   |   |               |               |
| <b>Net cash provided by operating activities</b>  | A | <b>182</b>    | 226           |
| <b>Cash flows from investing activities</b>   | B | <b>(71)</b>   | (137)         |
| <b>Change in cash and cash equivalents in the year</b>  |   | <b>111</b>    | 89            |
| <b>Reconciliation of net cash flow to movement in net funds:</b>                                |   |               |               |
| <b>Cash and cash equivalents at 1 September 2020</b>  |   | <b>678</b>    | 589           |
| <b>Cash and cash equivalents at 31 August 2021</b>  | C | <b>789</b>    | 678           |
| <b>A Reconciliation of net (expenditure) income to net cash flows from operating activities</b> |   |               |               |
|   |   | 2021<br>£'000 | 2020<br>£'000 |
| <b>Net expenditure for the year (as per the statement of financial activities)</b>              |   | <b>(637)</b>  | (807)         |
| <b>Adjusted for:</b>  |   |               |               |
| Depreciation charges (note 8)   |   | 875           | 785           |
| Rental expense  |   | —             | 26            |
| Capital grants from DfE and other capital income  |   | (59)          | (27)          |
| Donated fixed assets  |   | (530)         | —             |
| Defined benefit pension scheme cost less contributions payable (note 15)                        |   | 343           | 326           |
| Defined benefit pension scheme finance cost (note 15)   |   | 16            | 9             |
| (Increase) decrease in non-capital debtors  |   | (37)          | 10            |
| Decrease (increase) in non-capital creditors  |   | 211           | (96)          |
| <b>Net cash provided by operating activities</b>  |   | <b>182</b>    | 226           |
| <b>B Cash flows from investing activities</b>   |   |               |               |
|   |   | 2021<br>£'000 | 2020<br>£'000 |
| Purchase of tangible fixed assets   |   | (105)         | (168)         |
| Decrease in capital debtors   |   | 323           | 301           |
| Decrease in capital creditors   |   | (348)         | (271)         |
| Rental expenditure funded by capital grants from DfE/ESFA                                       |   | —             | (26)          |
| Capital grants from DfE/ESFA  |   | 59            | 27            |
| <b>Net cash used in investing activities</b>  |   | <b>(71)</b>   | (137)         |
| <b>C Analysis of cash and cash equivalents</b>  |   |               |               |
|   |   | 2021<br>£'000 | 2020<br>£'000 |
| Cash at bank and in hand  |   | 789           | 678           |
| <b>Total cash and cash equivalents</b>  |   | <b>789</b>    | 678           |



**Statement of cash flows** Year to 31 August 2020

**D Analysis of changes in net debt**

|                    | At 1<br>September<br>2020<br>£'000 | Cash<br>flows<br>£'000 | At 31<br>August<br>2021<br>£'000 |
|--------------------|------------------------------------|------------------------|----------------------------------|
| <b>Total: cash</b> | <b>678</b>                         | <b>111</b>             | <b>789</b>                       |

### **Statement of accounting policies**

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

### **Basis of preparation**

The financial statements of the academy trust, 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

### **Going concern**

The Trust had net current assets at 31 August 2021 of £222,000 (2020 – £260,000). During the year the Trust made an operational surplus of £8,000 (2020 – surplus of £99,000). This excludes movements on the fixed assets fund and the defined benefit scheme pension adjustments. Due to strong learner recruitment and careful financial management, the UTC has been able to generate this modest level of reserves in its first four years as an open academy. This along with now being full to capacity has put the LDE UTC in a healthy financial position, as such budgets and forecasts for the first years of opening have been set to use these positives to further strengthening the unique offer of the UTC as a leading provider of technical education and training.

Post year end the UTC has continued to recruit learners well and is forecast to continue to make surpluses in each year of its 3 year forecast.

In light of the above, the Directors have a reasonable expectation that the Trust has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### **Income**

All income is recognised when the academy trust has entitlement to the funds, the receipt is probable, and the amount can be measured reliably.

### **Grants**

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

## **Income** (continued)

### **Grants** (continued)

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. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Where an asset is being constructed and the trust is recognising an asset on balance sheet for the development from ESFA funding, then the policy for this should be disclosed.

Where a trust is recognising an asset under these programmes, it should not be accrued on the basis of the funding letter, which does not give rise to an unconditional entitlement.

### **Donated services**

Donated services are included at estimated market value. The value of these services is recognised as a donation to the UTC. The value of the services is charged against the 'Academy's educational activities'. Where it is impractical to obtain a market value for the services provided, they are not recognised in the financial statements.

### **Donated fixed assets**

Where the donated good is a fixed asset, it is initially recognised at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The donation is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the UTCs' accounting policies.

## **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.

### **Charitable activities**

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All expenditure is stated net of recoverable VAT.

### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful economic life, as follows:

|                              |   |
|------------------------------|---|
| Leasehold land and buildings | The lesser of 50 years or the remaining term of the lease |
| Furniture and equipment      | 5 years   |
| Computer equipment           | 3 years   |

Depreciation will be charged on assets under construction once they are brought into use.

### **Debtors**

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the balance sheet as short-term deposits.

### **Liabilities**

Liabilities 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 academy trust 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.

### **Leased assets**

Rentals under operating leases are charged on a straight-line basis over the lease term.

### **Financial instruments**

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust 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 9. Prepayments are not financial instruments.

*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 cost as detailed in note 10. 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 instrument.

### **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.

### **Fund accounting**

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

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

Restricted general funds comprise all other grants received from the Education and Skills Funding Agency.

### **Pensions benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government 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 academy trust 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 16, 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 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.

### **Critical accounting estimates and areas of judgement**

Estimates and judgements 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.

The UTC 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.

**Critical accounting estimates and areas of judgement** (continued)

- ◆ 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 16, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.
- ◆ The net book value of tangible fixed assets is based on the original cost/value of the asset net of provision for depreciation. The depreciation provision to date is based on the Directors' assessment of the estimated useful economic lives of such assets.
- ◆ Donated fixed assets are initially recognised at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The donation is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the UTCs' accounting policies.

These estimates, together with the going concern assessment as described above, also constitute the key critical areas of judgement applied by the Directors in the preparation of the financial statements.

## Notes to the Financial Statements Year to 31 August 2021

### 1 Donations and capital grants

|                      | Unrestricted funds<br>£'000 | Restricted funds<br>£'000 | Restricted fixed assets<br>funds<br>£'000 | 2021<br>Total<br>funds<br>£'000 | 2020<br>Total<br>funds<br>£'000 |
|----------------------|-----------------------------|---------------------------|---|---------------------------------|---------------------------------|
| Capital grants       | —                           | —                         | 59  | <b>59</b>                       | 27                              |
| Donated fixed assets | —                           | —                         | 530                                       | <b>530</b>                      | —                               |
| Donations            | 29                          | —                         | —   | <b>29</b>                       | 50                              |
|                      | <b>29</b>                   | <b>—</b>                  | <b>589</b>                                | <b>618</b>                      | <b>77</b>                       |

|                | Unrestricted funds<br>£'000 | Restricted funds<br>£'000 | Restricted fixed assets<br>funds<br>£'000 | 2020<br>Total<br>funds<br>£'000 |
|----------------|-----------------------------|---------------------------|---|---------------------------------|
| Capital grants | —                           | —                         | 27  | 27                              |
| Donations      | 50                          | —                         | —   | 50                              |
|                | <b>50</b>                   | <b>—</b>                  | <b>27</b>                                 | <b>77</b>                       |

Included within unrestricted donations are chaplaincy services provided by Chelmsford Diocese Education Trust valued at £28,734 (2020 – £49,487). The corresponding expenditure is shown within other direct costs.

### 2 Funding for academy's educational operations

|  | Unrestricted funds<br>£'000 | Restricted funds<br>£'000 | 2021<br>Total<br>funds<br>£'000 | * 2020<br>Total<br>funds<br>£'000 |
|--|-----------------------------|---------------------------|---------------------------------|-----------------------------------|
| DfE / ESFA revenue grants                                    |                             |                           |                                 |                                   |
| . General Annual Grant                                       | —                           | 4,307                     | <b>4,307</b>                    | 4,187                             |
| . Start Up Grants  | —                           | —                         | —                               | 68                                |
| . Pupil Premium  | —                           | 110                       | <b>110</b>                      | 97                                |
| . Teachers Pay & Pension Grants                              | —                           | 203                       | <b>203</b>                      | 84                                |
| Other DfE Group grants                                       | —                           | 210                       | <b>210</b>                      | 358                               |
|  | —                           | <b>4,890</b>              | <b>4,890</b>                    | 4,794                             |
| Other Government grants                                      |                             |                           |                                 |                                   |
| . Local authority grants                                     | —                           | 68                        | <b>69</b>                       | 215                               |
|  | —                           | <b>69</b>                 | <b>69</b>                       | 215                               |
| Other income from the academy trust's educational operations | —                           | 31                        | <b>31</b>                       | 35                                |
| <b>COVID-19 additional funding (DfE/ESFA)</b>                |                             |                           |                                 |                                   |
| Catch-up premium   | —                           | 21                        | <b>21</b>                       | —                                 |
| Other DfE/ESFA COVID-19 funding                              | —                           | 70                        | <b>70</b>                       | —                                 |
|  | —                           | <b>91</b>                 | <b>91</b>                       | —                                 |
|  | —                           | <b>5,020</b>              | <b>5,020</b>                    | 5,044                             |



**2 Funding for academy's educational operations** (continued)

The trust received £21,000 of funding for catch-up premium and costs incurred in respect of this funding totalled in excess of £21,000.

\* Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

|   | <i>Unrestricted<br/>funds<br/>£'000</i> | <i>Restricted<br/>funds<br/>£'000</i> | <i>2020<br/>Total<br/>funds<br/>£'000</i> |
|---|---|---------------------------------------|---|
| <i>DfE / ESFA revenue grants</i>                                    |   |                                       |   |
| . General Annual Grant  | —                                       | 4,187                                 | 4,187                                     |
| . Start Up Grants   | —                                       | 68                                    | 68  |
| . Pupil Premium   | —                                       | 97                                    | 97  |
| . Teachers Pay & Pension Grants                                     | —                                       | 84                                    | 84  |
| Other DfE Group grants  | —                                       | 358                                   | 358                                       |
|   | <u>—</u>                                | <u>4,794</u>                          | <u>4,794</u>                              |
| <i>Other Government grants</i>                                      |   |                                       |   |
| . Local authority grants  | —                                       | 215                                   | 215                                       |
|   | <u>—</u>                                | <u>215</u>                            | <u>215</u>                                |
| <i>Other income from the academy trust's educational operations</i> |   |                                       |   |
|   | —                                       | 35                                    | 35  |
|   | <u>—</u>                                | <u>5,044</u>                          | <u>5,044</u>                              |

**3 Other trading income**

|                                    | <i>Unrestricted<br/>funds<br/>£'000</i> | <i>Restricted<br/>funds<br/>£'000</i> | <i>Restricted<br/>fixed assets<br/>funds<br/>£'000</i> | <b>2021<br/>Total<br/>funds<br/>£'000</b> | <i>2020<br/>Total<br/>funds<br/>£'000</i> |
|------------------------------------|---|---------------------------------------|--|---|---|
| Trip income                        | —                                       | —                                     | —  | —   | 27  |
| Insurance income                   | —                                       | 63                                    | —  | 63  | —   |
| Hire of facilities/lettings income | —                                       | —                                     | —  | —   | 2   |
| Miscellaneous income               | 5                                       | 3                                     | —  | 8   | 6   |
|                                    | <u>5</u>                                | <u>66</u>                             | <u>—</u>   | <u>71</u>                                 | <u>35</u>                                 |

|   | <i>Unrestricted<br/>funds<br/>£'000</i> | <i>Restricted<br/>funds<br/>£'000</i> | <i>Restricted<br/>fixed assets<br/>funds<br/>£'000</i> | <i>2020<br/>Total<br/>funds<br/>£'000</i> |
|---|---|---------------------------------------|--|---|
| <i>Trip income</i>                        | —                                       | 27                                    | —  | 27  |
| <i>Hire of facilities/lettings income</i> | 2                                       | —                                     | —  | 2   |
| <i>Miscellaneous income</i>               | 6                                       | —                                     | —  | 6   |
|   | <u>8</u>                                | <u>27</u>                             | <u>—</u>   | <u>35</u>                                 |

**4 Expenditure**

|                                    | Staff costs<br>£'000 | Non pay expenditure |                         | 2021<br>Total<br>funds<br>£'000 | 2020<br>Total<br>funds<br>£'000 |
|------------------------------------|----------------------|---------------------|-------------------------|---------------------------------|---------------------------------|
|                                    |                      | Premises<br>£'000   | Other<br>costs<br>£'000 |                                 |                                 |
| Charitable activities              |                      |                     |                         |                                 |                                 |
| . Academy's educational operations |                      |                     |                         |                                 |                                 |
| .. Direct costs                    | 3,269                | 875                 | 369                     | <b>4,513</b>                    | 4,326                           |
| .. Allocated support costs         | 1,023                | 376                 | 434                     | <b>1,833</b>                    | 1,637                           |
|                                    | <b>4,292</b>         | <b>1,251</b>        | <b>803</b>              | <b>6,346</b>                    | <b>5,963</b>                    |

|                                    | Staff costs<br>£'000 | Non pay expenditure |                         | 2020<br>Total<br>funds<br>£'000 |
|------------------------------------|----------------------|---------------------|-------------------------|---------------------------------|
|                                    |                      | Premises<br>£'000   | Other<br>costs<br>£'000 |                                 |
| Charitable activities              |                      |                     |                         |                                 |
| . Academy's educational operations |                      |                     |                         |                                 |
| .. Direct costs                    | 3,122                | 785                 | 419                     | 4,326                           |
| .. Allocated support costs         | 929                  | 366                 | 342                     | 1,637                           |
|                                    | <b>4,051</b>         | <b>1,151</b>        | <b>761</b>              | <b>5,963</b>                    |

Expenditure for the period includes:

|                         | 2021<br>Total<br>funds<br>£'000 | 2020<br>Total<br>funds<br>£'000 |
|-------------------------|---------------------------------|---------------------------------|
| Operating lease rentals | —                               | 26                              |
| Depreciation            | <b>875</b>                      | 785                             |
| Fees payable to auditor |                                 |                                 |
| . Statutory audit       | <b>8</b>                        | 9                               |
| . Other services        | <b>4</b>                        | 6                               |

**5 Charitable activities - academy's educational operations**

|               | 2021<br>Total<br>funds<br>£'000 | 2020<br>Total<br>funds<br>£'000 |
|---------------|---------------------------------|---------------------------------|
| Direct costs  | <b>4,513</b>                    | 4,326                           |
| Support costs | <b>1,833</b>                    | 1,637                           |
|               | <b>6,346</b>                    | <b>5,963</b>                    |

**5 Charitable activities - academy's educational operations (continued)**

|                                  | <b>2021<br/>Total<br/>funds<br/>£'000</b> | 2020<br>Total<br>funds<br>£'000 |
|----------------------------------|---|---------------------------------|
| <b>Analysis of support costs</b> |   |                                 |
| Support staff costs              | 1,023                                     | 929                             |
| Technology costs                 | 87  | 77                              |
| Premises costs                   | 376                                       | 366                             |
| Legal costs                      | 31  | 1                               |
| Other support costs              | 238                                       | 199                             |
| Governance costs                 | 78  | 65                              |
| <b>Total support costs</b>       | <b>1,833</b>                              | <b>1,637</b>                    |

**6 Staff**

**(a) Staff costs**

Staff costs during the period were:

|   | <b>2021<br/>Total<br/>funds<br/>£'000</b> | 2020<br>Total<br>funds<br>£'000 |
|---|---|---------------------------------|
| Wages and salaries  | 2,951                                     | 2,815                           |
| Social security costs   | 316                                       | 298                             |
| Pension costs (including LGPS notional pension charge £343,000 (2020 – £326,000)) | 779                                       | 758                             |
|   | <b>4,046</b>                              | 3,871                           |
| Supply staff costs  | 202                                       | 180                             |
| Staff restructuring costs   | 44  | —                               |
|   | <b>4,292</b>                              | <b>4,051</b>                    |

**(b) Non-contractual severance payments**

There was one non-contractual severance payment in 2021 for £44,000 (2020 – £nil).

**(c) Staff numbers**

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2021 expressed as average headcount and as full-time equivalents was as follows:

| <b>Charitable activities</b> | <b>2021<br/>No.</b> | 2020<br>No. |
|------------------------------|---------------------|-------------|
| Teachers                     | 38                  | 39          |
| Administration and support   | 38                  | 37          |
| Management                   | 4                   | 4           |
|                              | <b>80</b>           | <b>80</b>   |

**6 Staff**

**(c) Staff numbers**

| Charitable activities      | 2021<br>FTE | 2020<br>FTE |
|----------------------------|-------------|-------------|
| Teachers                   | 36          | 36          |
| Administration and support | 30          | 30          |
| Management                 | 4           | 4           |
|                            | <b>70</b>   | <b>70</b>   |

**(d) Higher paid staff**

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

|                     | 2021<br>No. | 2020<br>No. |
|---------------------|-------------|-------------|
| £60,001 - £70,000   | 6           | 4           |
| £70,001 - £80,000   | 2           | 1           |
| £80,001 - £90,000   | 1           | 1           |
| £130,001 - £140,000 | <b>1</b>    | <b>1</b>    |

**(e) Key management personnel**

The key management personnel of the academy trust comprise the Directors and the Leadership Team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £494,136 (2020 – £469,303).

**(f) Directors' remuneration and expenses**

The Principal and Staff Director only receive remuneration in respect of services provided undertaking their roles in the capacity of employment and not in respect of services as Directors. Other Directors did not receive any payments from the academy in respect of their role as Directors. The value of Directors' remuneration for the period they acted as Directors was as follows:

|   | 2021<br>£'000 | 2020<br>£'000 |
|---|---------------|---------------|
| Geoffrey Fowler, Principal and Director |               |               |
| . Remuneration                          | 135-140       | 130 – 135     |
| . Employer's pension contributions      | 30-35         | 30 – 35       |
| Fahad Tariq, Staff Trustee              |               |               |
| . Remuneration                          | 20-25         | —             |
| . Employer's pension contributions      | <b>—</b>      | <b>—</b>      |

During the year ended 31 August 2021, no travel and subsistence expenses were reimbursed or paid directly to any directors (2020 – £344 to two directors).

## Notes to the Financial Statements Year to 31 August 2021

### 7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2020 between restricted and unrestricted funds:

|  | Notes | Unrestricted<br>general<br>fund<br>£'000 | Restricted funds         |                                  | 2020<br>Total<br>funds<br>£'000 |
|--|-------|--|--------------------------|----------------------------------|---------------------------------|
|  |       |  | General<br>fund<br>£'000 | Fixed<br>assets<br>fund<br>£'000 |                                 |
| <b>Income from:</b>  |       |  |                          |                                  |                                 |
| Donations and capital grants                                     | 1     | 50                                       | —                        | 27                               | 77                              |
| Charitable activities  |       |  |                          |                                  |                                 |
| . Funding for the academy's<br>educational operations            | 2     | —  | 5,044                    | —                                | 5,044                           |
| Other trading activities   | 3     | 8  | 27                       | —                                | 35                              |
| <b>Total income</b>  |       | <b>58</b>                                | <b>5,071</b>             | <b>27</b>                        | <b>5,156</b>                    |
| <b>Expenditure on:</b>   |       |  |                          |                                  |                                 |
| Charitable activities  |       |  |                          |                                  |                                 |
| . Academy's educational operations                               | 5     | 61                                       | 5,091                    | 811                              | 5,963                           |
| <b>Total expenditure</b>   | 4     | <b>61</b>                                | <b>5,091</b>             | <b>811</b>                       | <b>5,963</b>                    |
| <b>Net expenditure</b>   |       | <b>(3)</b>                               | <b>(20)</b>              | <b>(784)</b>                     | <b>(807)</b>                    |
| <b>Transfers between funds</b>                                   | 11    | —  | (213)                    | 213                              | —                               |
| <b>Other recognised losses</b>                                   |       |  |                          |                                  |                                 |
| Actuarial losses on defined benefit pension<br>schemes           | 15    | —  | (146)                    | —                                | (146)                           |
| <b>Net movement in funds</b>                                     |       | <b>(3)</b>                               | <b>(379)</b>             | <b>(571)</b>                     | <b>(953)</b>                    |
| <b>Reconciliation of funds</b>                                   |       |  |                          |                                  |                                 |
| Total fund balances brought forward at 31<br>August 2019         | 11    | 61                                       | (465)                    | 20,328                           | 19,924                          |
| <b>Total fund balances carried forward at 31<br/>August 2020</b> |       | <b>58</b>                                | <b>(844)</b>             | <b>19,757</b>                    | <b>18,971</b>                   |

Notes to the Financial Statements Year to 31 August 2021

**8 Tangible fixed assets**

|                          | Leasehold<br>land and<br>buildings<br>£'000 | Furniture<br>and<br>equipment<br>£'000 | Computer<br>equipment<br>£'000 | <b>Total<br/>2021<br/>£'000</b> |
|--------------------------|---|--|--------------------------------|---------------------------------|
| <b>Cost/valuation</b>    |   |  |                                |                                 |
| At 1 September 2020      | 19,861                                      | 1,295                                  | 899                            | <b>22,055</b>                   |
| Additions                | (15)  | 578                                    | 72                             | <b>635</b>                      |
| At 31 August 2021        | <u>19,846</u>                               | <u>1,873</u>                           | <u>971</u>                     | <b>22,690</b>                   |
| <b>Depreciation</b>      |   |  |                                |                                 |
| At 1 September 2020      | 662   | 897                                    | 785                            | <b>2,344</b>                    |
| Charge for the year      | 396   | 375                                    | 104                            | <b>875</b>                      |
| At 31 August 2021        | <u>1,058</u>                                | <u>1,272</u>                           | <u>889</u>                     | <b>3,219</b>                    |
| <b>Net book value</b>    |   |  |                                |                                 |
| <b>At 31 August 2021</b> | <b>18,788</b>                               | <b>601</b>                             | <b>82</b>                      | <b>19,471</b>                   |
| At 31 August 2020        | <u>19,199</u>                               | <u>398</u>                             | <u>114</u>                     | <u>19,711</u>                   |

**9 Debtors**

|                               | <b>2021<br/>£'000</b> | 2020<br>£'000 |
|-------------------------------|-----------------------|---------------|
| Trade debtors                 | <b>13</b>             | 18            |
| VAT recoverable               | <b>27</b>             | 31            |
| Accrued ESFA capital grants   | —                     | 323           |
| Other debtors                 | <b>6</b>              | 5             |
| Prepayments and other debtors | <b>85</b>             | 40            |
|                               | <u><b>131</b></u>     | <u>417</u>    |

**10 Creditors: amounts falling due within one year**

|                                  | <b>2021<br/>£'000</b> | 2020<br>£'000 |
|----------------------------------|-----------------------|---------------|
| Trade creditors                  | <b>79</b>             | 92            |
| Tax and social security          | <b>83</b>             | 81            |
| Payable to ESFA                  | —                     | 3             |
| ESFA creditors: abatement of GAG | <b>205</b>            | —             |
| Other creditors                  | <b>149</b>            | 185           |
| Accrued capital expenditure      | —                     | 348           |
| Accruals and deferred income     | <b>182</b>            | 126           |
|                                  | <u><b>698</b></u>     | <u>835</u>    |

|                                     | <b>2021<br/>£'000</b> | 2020<br>£'000 |
|-------------------------------------|-----------------------|---------------|
| <b>Deferred income</b>              |                       |               |
| Deferred income at 1 September 2020 | <b>37</b>             | 130           |
| Released during the year            | <b>(37)</b>           | (130)         |
| Resources deferred in the year      | <b>33</b>             | 37            |
| Deferred income at 31 August 2021   | <u><b>33</b></u>      | <u>37</u>     |

## 11 Funds

|                                      | Balance at<br>1 September<br>2020<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | Gains,<br>losses and<br>transfers<br>£'000 | Balance at<br>31 August<br>2021<br>£'000 |
|--------------------------------------|--|-----------------|----------------------|--|--|
| <b>Restricted general fund</b>       |  |                 |                      |  |  |
| . General Annual Grant (GAG)         | 156  | 4,307           | (4,300)              | —  | <b>163</b>                               |
| . Pupil Premium                      | —  | 110             | (110)                | —  | —  |
| . Catch-up premium                   | —  | 21              | (21)                 | —  | —  |
| . Other DfE/ESFA COVID-19<br>funding | —  | 70              | (70)                 | —  | —  |
| . Other grants                       | —  | 578             | (578)                | —  | —  |
| . Pension reserve                    | (1,000)                                    | —               | (359)                | (392)                                      | <b>(1,751)</b>                           |
|                                      | <u>(844)</u>                               | <u>5,086</u>    | <u>(5,438)</u>       | <u>(392)</u>                               | <u><b>(1,588)</b></u>                    |
| <b>Fixed assets fund</b>             |  |                 |                      |  |  |
| . DfE/ESFA capital grants            | 19,554                                     | 59              | (678)                | 13   | <b>18,948</b>                            |
| . Donated fixed assets               | —  | 530             | (111)                | —  | <b>507</b>                               |
| . GAG capital expenditure            | 192  | —               | (78)                 | (13)                                       | <b>101</b>                               |
| . Private sector sponsorship         | 11   | —               | (8)                  | —  | <b>3</b>                                 |
|                                      | <u>19,757</u>                              | <u>589</u>      | <u>(875)</u>         | <u>—</u>                                   | <u><b>19,471</b></u>                     |
| <b>Total restricted funds</b>        | <u>18,913</u>                              | <u>5,675</u>    | <u>(6,313)</u>       | <u>(392)</u>                               | <u><b>17,883</b></u>                     |
| <b>Unrestricted funds</b>            |  |                 |                      |  |  |
| . Unrestricted funds                 | 58   | 34              | (33)                 | —  | <b>59</b>                                |
| <b>Total unrestricted funds</b>      | <u>58</u>                                  | <u>34</u>       | <u>(33)</u>          | <u>—</u>                                   | <u><b>59</b></u>                         |
| <b>Total funds</b>                   | <u>18,971</u>                              | <u>5,709</u>    | <u>(6,346)</u>       | <u>(392)</u>                               | <u><b>17,942</b></u>                     |

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

### **ESFA revenue grant funds and other restricted funds**

#### *ESFA revenue grant funds*

The General Annual Grant (GAG) has been provided by the ESFA in order to fund the normal running costs of the UTC. Other funding received from the ESFA included the Pupil Premium, and a Start Up Grant. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

#### *Fixed asset fund*

Restricted fixed assets funds were largely funded by government grants, along with other sources of funding, including donations from sponsors. When capital expenditure is incurred, a transfer is made from the fund which funded the acquisition to the restricted fixed asset fund. That asset is then depreciated through the restricted fixed asset fund over the lifetime of that asset.

11 Funds (continued)

**ESFA revenue grant funds and other restricted funds (continued)**

*Other restricted funds*

Other restricted funds comprise of income from learners and parents paid for college trips and to make purchases from the College canteen and other small items, and also includes other ESFA funding, for the Colleges Apprenticeship training programme, Local Authority funding and other miscellaneous grants.

**Comparative information**

Comparative information in respect of the preceding period is as follows:

|                                 | <i>Balance at<br/>1 September<br/>2019<br/>£'000</i> | <i>Income<br/>£'000</i> | <i>Expenditure<br/>£'000</i> | <i>Gains,<br/>losses and<br/>transfers<br/>£'000</i> | <b>Balance at<br/>31 August<br/>2020<br/>£'000</b> |
|---------------------------------|--|-------------------------|------------------------------|--|--|
| <b>Restricted general fund</b>  |  |                         |                              |  |  |
| . General Annual Grant (GAG)    | 54   | 4,187                   | (3,872)                      | (213)  | 156  |
| . Start Up Grant                | —  | 68                      | (68)                         | —  | —  |
| . Pupil Premium                 | —  | 97                      | (97)                         | —  | —  |
| . Other grants                  | —  | 719                     | (719)                        | —  | —  |
| . Pension reserve               | (519)  | —                       | (335)                        | (146)  | (1,000)  |
|                                 | <u>(465)</u>   | <u>5,071</u>            | <u>(5,091)</u>               | <u>(359)</u>   | <u>(844)</u>                                       |
| <b>Fixed assets fund</b>        |  |                         |                              |  |  |
| . DfE/ESFA capital grants       | 20,272   | (8)                     | (710)                        | —  | 19,554   |
| . GAG capital expenditure       | 46   | —                       | (67)                         | 213  | 192  |
| . Private sector sponsorship    | 10   | 9                       | (8)                          | —  | 11   |
| . Rental expense                | —  | 26                      | (26)                         | —  | —  |
|                                 | <u>20,328</u>  | <u>27</u>               | <u>(811)</u>                 | <u>213</u>   | <u>19,757</u>                                      |
| <b>Total restricted funds</b>   | <u>19,863</u>  | <u>5,098</u>            | <u>(5,902)</u>               | <u>(146)</u>   | <u>18,913</u>                                      |
| <b>Unrestricted funds</b>       |  |                         |                              |  |  |
| . Unrestricted funds            | 61   | 58                      | (61)                         | —  | 58   |
| <b>Total unrestricted funds</b> | <u>61</u>  | <u>58</u>               | <u>(61)</u>                  | <u>—</u>   | <u>58</u>  |
| <b>Total funds</b>              | <u>19,924</u>  | <u>5,156</u>            | <u>(5,963)</u>               | <u>(146)</u>   | <u>18,971</u>                                      |



## 12 Analysis of net assets between funds

|  | Unrestricted<br>funds<br>£'000 | Restricted<br>General<br>Funds<br>£'000 | Restricted<br>Fixed<br>Asset<br>Fund<br>£'000 | <b>Total<br/>2021<br/>£'000</b> | Total<br>2020<br>£'000 |
|--|--------------------------------|---|---|---------------------------------|------------------------|
| <b>Fund balances at 31 August 2021 are represented by:</b> |                                |   |   |                                 |                        |
| Tangible fixed assets                                      | —                              | —                                       | 19,471  | <b>19,471</b>                   | 19,711                 |
| Current assets   | 95                             | 825                                     | —   | <b>920</b>                      | 1,095                  |
| Current liabilities  | —                              | (698)                                   | —   | <b>(698)</b>                    | (835)                  |
| Pension scheme liability                                   | —                              | (1,751)                                 | —   | <b>(1,751)</b>                  | (1,000)                |
| <b>Total net assets</b>                                    | <b>95</b>                      | <b>(1,624)</b>                          | <b>19,471</b>                                 | <b>17,942</b>                   | <b>18,971</b>          |

|  | Unrestricted<br>funds<br>£'000 | Restricted<br>General<br>Funds<br>£'000 | Restricted<br>Fixed<br>Asset<br>Fund<br>£'000 | Total<br>2020<br>£'000 |
|--|--------------------------------|---|---|------------------------|
| <i>Fund balances at 31 August 2020 are represented by:</i> |                                |   |   |                        |
| Tangible fixed assets                                      | —                              | —                                       | 19,711  | 19,711                 |
| Current assets   | 58                             | 991                                     | 46  | 1,095                  |
| Current liabilities  | —                              | (835)                                   | —   | (835)                  |
| Pension scheme liability                                   | —                              | (1,000)                                 | —   | (1,000)                |
| <b>Total net assets</b>                                    | <b>58</b>                      | <b>(844)</b>                            | <b>19,757</b>                                 | <b>18,971</b>          |

## 13 Capital commitments

The Academy Trust had no capital commitments at 31 August 2021 (2020 – none).

## 14 Commitments under operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

|  | <b>2021<br/>£'000</b> | 2020<br>£'000 |
|--|-----------------------|---------------|
| Amounts due within one year            | <b>35</b>             | —             |
| Amounts due between one and five years | <b>70</b>             | —             |
|  | <b>105</b>            | —             |

## 15 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.

## 16 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Newham. Both are multi-employer defined benefit schemes.

**16 Pension and similar obligations** (continued)

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £52,323 were payable to the schemes at 31 August 2021 (2020 – £64,454) and are included within creditors.

***Teachers' Pension Scheme***

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £328,000 (2020 – £332,000).

**16 Pension and similar obligations (continued)**

***Valuation of the Teachers' Pension Scheme (continued)***

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

***Local Government Pension Scheme***

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £169,000 (2020 – £154,000), of which employer's contributions totalled £112,000 (2020 - £100,000) and employees' contributions totalled £57,000 (2020 – £54,000).

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

| <b>Principal Actuarial Assumptions</b>               | <b>At 31<br/>August<br/>2021</b> | <b>At 31<br/>August<br/>2020</b> |
|--|----------------------------------|----------------------------------|
| Rate of increase in salaries                         | <b>3.85%</b>                     | 3.20%                            |
| Rate of increase for pensions in payment / inflation | <b>2.85%</b>                     | 2.20%                            |
| Discount rate for scheme liabilities                 | <b>1.70%</b>                     | 1.65%                            |

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

|                             | <b>At 31<br/>August<br/>2021<br/>years</b> | <b>At 31<br/>August<br/>2020<br/>years</b> |
|-----------------------------|--|--|
| <i>Retiring today</i>       |  |  |
| Males                       | <b>21.4</b>                                | 21.3                                       |
| Females                     | <b>24.0</b>                                | 23.9                                       |
| <i>Retiring in 20 years</i> |  |  |
| Males                       | <b>22.9</b>                                | 22.8                                       |
| Females                     | <b>25.6</b>                                | 25.5                                       |

**16 Pension and similar obligations (continued)**

**Local Government Pension Scheme (continued)**

| <b>Sensitivity analysis</b>                                    | <b>At 31<br/>August<br/>2021<br/>£'000</b> | <b>At 31<br/>August<br/>2020<br/>£'000</b> |
|--|--|--|
| Discount rate +0.1%  | 562  | 409  |
| Discount rate -0.1%  | (611)                                      | (442)                                      |
| Mortality assumption – 1 year increase                         | 613  | 441  |
| Mortality assumption – 1 year decrease                         | (560)                                      | (409)                                      |
| Adjustment to pension increases and deferred revaluation +0.1% | 610  | 441  |
| Adjustment to pension increases and deferred revaluation -0.1% | (562)                                      | (409)                                      |
| Adjustment to long term salary increase +0.1%                  | 586  | 425  |
| Adjustment to long term salary increase -0.1%                  | (586)                                      | (425)                                      |

The Academy's share of the assets and liabilities in the scheme were:

|  | <b>Fair value<br/>at 31<br/>August<br/>2021<br/>£'000</b> | <b>Fair value<br/>at 31<br/>August<br/>2020<br/>£'000</b> |
|--|---|---|
| Equities                                   | 391   | 284   |
| Gilts                                      | 53  | 27  |
| Other bonds                                | —   | 52  |
| Property                                   | 62  | 51  |
| Cash and other liquid assets               | 36  | 37  |
| Alternative assets                         | 99  | 86  |
| <b>Total market value of assets</b>        | <b>641</b>  | <b>537</b>  |
| <b>Present value of scheme liabilities</b> |   |   |
| Funded                                     | (2,392)   | (1,537)   |
| <b>Deficit in the scheme</b>               | <b>(1,751)</b>  | <b>(1,000)</b>  |

| <b>Amounts recognised in statement of financial activities</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|--|-----------------------|-----------------------|
| Current service cost (net of employer contributions)           | 343                   | 326                   |
| Net interest cost  | 16                    | 9                     |
| <b>Total amount recognised in the SOFA</b>                     | <b>359</b>            | <b>335</b>            |

| <b>Changes in the present value of defined benefit obligations were as follows:</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|---|-----------------------|-----------------------|
| At 1 September 2020   | 1,537                 | 768                   |
| Current service cost  | 455                   | 426                   |
| Interest cost   | 25                    | 15                    |
| Employee contributions  | 57                    | 54                    |
| Benefits paid   | (132)                 | (8)                   |
| Actuarial loss  | 450                   | 282                   |
| <b>At 31 August 2021</b>  | <b>2,392</b>          | <b>1,537</b>          |

**16 Pension and similar obligations (continued)**

***Local Government Pension Scheme (continued)***

| <b>Changes in the fair value of the Academy's share of scheme assets:</b> | <b>2021<br/>£'000</b> | <b>2020<br/>£'000</b> |
|---|-----------------------|-----------------------|
| At 1 September 2020   | <b>537</b>            | 249                   |
| Interest income   | <b>8</b>              | 6                     |
| Actuarial gain  | <b>59</b>             | 136                   |
| Benefits paid   | <b>(132)</b>          | (8)                   |
| Employer contributions  | <b>112</b>            | 100                   |
| Employee contributions  | <b>57</b>             | 54                    |
| <b>At 31 August 2021</b>  | <b>641</b>            | 537                   |

**17 Related party transactions**

Owing to the nature of the trust's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the Directors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations, the requirement of the Academies Financial Handbook (Academy Trust Handbook) and normal procurement procedures.

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

- ◆ Purchases of £39,444 (2020 - £51,693) were made from The University of East London during the 2019 financial year at an arms' length basis. The University of East London paid LDE UTC £1,000 (2020 - £1,800) during the period for the placement of Trainee Teachers at the Academy Trust as part of their teacher training at the University.
- ◆ The Chelmsford Diocese Educational Trust has provided chaplaincy services to the UTC throughout the year in question, including placing dedicated staff and resources on-site at the UTC to provide a highly successful Chaplaincy programme available to all learners and staff. The value of this service has been assessed as a Gift in Kind of £28,734 (2020 - £49,487). The Chelmsford Diocese Educational Trust is a member of the UTC.
- ◆ Thames Water Utilities Ltd has paid the UTC £nil (2020 - £2,987) during the period for services provided by the UTC staff to Thames Water Utilities Ltd. Thames Water Utilities Ltd is a member of the UTC.
- ◆ LDE UTC trains apprentice learners from Skanska UK plc, all funding for these learners is received directly from the ESFA, not Skanska UK plc itself. During the period LDE UTC passed on to Skanska UK plc £5,500 (2020 - £nil) of "employer incentive payments" received from the ESFA for these learners which it is required to pay to the employer in accordance with ESFA apprenticeship funding rules. Skanska UK plc is a member of the UTC.

**17 Related party transactions**

The academy trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook (Academy Trust Handbook), including notifying the ESFA of all new transactions entered in to or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures. Where, for goods or services exceeding £2,500 cumulatively in the year, the element above £2,500 has been provided at no more than cost.