

London Design & Engineering UTC

Annual Report and Financial Statements

Year to 31 August 2018

Company Limited by Guarantee
Registration Number
08283657 (England and Wales)

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Reference and administrative information

Members	University of East London Thames Water Utilities Ltd Costain Ltd Skanska UK plc Chelmsford Diocese Educational Trust
Directors	Shahina Ahmad Chris Beales Janet Burr Fary Cachelin Dan Forbes-Pepitone Geoffrey Fowler Jeremy Galpin (Chair) Anne Heal Nick Rathbone Catherine Ritman-Smith (Vice Chair) Harry Wain Lucy Webster
Staff Director	Furnaz Ahmed
Parent Directors	Matthew Herbert Dorith Morgan Ian Wightman
Leadership Team Chief Executive Officer (CEO) Chief Information Officer (CIO) Chief Experience Officer (CXO) Chief Financial Officer (CFO) Director of Pastoral Care (Assistant Principal)	Geoffrey Fowler Victoria Webb Gloria Gold Dave Watherston Kenan Drugzani
Company and academy name	London Design & Engineering UTC
Registered address	London Design & Engineering UTC Docklands Campus University Way London E16 2RD
Company registration number	08283657
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers

Lloyds Bank plc
PO Box 1000
Andover
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 2018. 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 29 to 34 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), effective from accounting periods commencing 1 January 2015 or later.

The trust operates a University Technical College (UTC) for students aged 14 to 19 based in Newham serving the whole of London and beyond. It opened on 6 September 2016 in temporary accommodation on the University of East London's (UEL's) Docklands Campus with a total of 175 students. For the academic year 2017/18 the UTC increased its student cohort to a total of 446 learners on roll consisting of 175 students at Key Stage 4; 233 students at post-16, and 38 apprentices. The permanent building, which the UTC will move in to in 2019, is situated alongside UEL's Dockland Campus on the Royal Docks. It will accommodate a total of 750 learners; 600 full time students and 150 apprentices.

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.

Director	Appointed/resigned
Feroze Fredoon Amroliwala	(Resigned 31 October 2017)
Chris Beales	
Janet Burr	
Fary Cachelin	(Appointed 7 December 2017)
Haydn Evans	(Resigned 5 May 2018)
Dan Forbes Pepitone	
Geoffrey Fowler (CEO)	
Jeremy Galpin (Chair from 16 Nov 2017; and Vice Chair until 16 Nov 2017)	
Anne Heal	(Appointed 3 July 2018)
David Hogben	(Resigned 3 November 2017)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Constitution (continued)

Director	Appointed/resigned
Roxanna Lucas (née Osso)	(Resigned 20 April 2018)
Dorith Morgan	
Grace Oba' Fayose	(Resigned 27 September 2017)
Lord Patel of Bradford (Chair until 18 Oct 2017)	(Resigned 18 October 2017)
Nick Rathbone	(Appointed 6 November 2017)
Catherine Ritman-Smith (Vice Chair from 16 Nov 2017)	
Lucy Webster	(Appointed 22 February 2018)

Since the period end the following Directors were appointed, Harry Wain on 1 September 2018; Furnaz Ahmed on 3 October 2018 and Shahina Ahmed, Matthew Herbert and Ian Wightman on 23 October 2018.

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.

Method of Recruitment and Appointment or Election of Directors

- ◆ There shall be at least 5 Members, all of whom to be UK-based, in order to ensure both a range of views, but also that meetings can be scheduled and managed with ease. Less than half the Members will be Directors. The current members are The University of East London, Thames Water Utilities Ltd, Costain Ltd, Skanska UK plc and the Chelmsford Diocese Educational Trust.
- ◆ The Board of Directors will contain at least 5 Directors and no more than 17, all of whom 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 Members can appoint by ordinary resolution up to 15 Directors provided that in making such appointments the Members shall ensure that nominees of the Employer Sponsors and University Sponsor together form a majority of the total number of Directors.
- ◆ The Chair of the Board of Directors will seek candidates, using the UTC's networks or related organisations to approach suitable individuals where relevant this could include advertising. Other Directors will also be invited to recommend suitable candidates.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of Recruitment and Appointment or Election of Directors (continued)

- ◆ Prospective Directors will be expected to read the UTC's prospectus and relevant policies setting out information for prospective Directors, visit the UTC and meet the Chair of the Board of Directors ahead of confirming their appointment to familiarise themselves with London Design & Engineering UTC and ensure they fully understand the requirements.
- ◆ The prospective candidates will be considered at London Design & Engineering UTC Board Meetings or by correspondence.
- ◆ Depending on the outcome of this process the Chair of the Board of Directors will then make a recommendation to Members as to whether candidates should be appointed as a Director to the Board.
- ◆ London Design & Engineering UTC will not always fill vacant positions and will operate on the principle of preferring to leave a position vacant than fill it with an inappropriate candidate. It falls to the Chair of the Board of Directors to conduct succession planning and continuously scan for new candidates.

Staff and Parent Directors are elected by their respective constituencies. Elections operate as follows:

Staff - Director elections

- ◆ Ahead of the election, the CEO/Principal shall publicise the nature of the role and the process for election to all (teaching and non-teaching) staff.
- ◆ Any member of staff who wishes to stand for election should notify the CEO/Principal and provide a short personal statement that may be circulated to all staff. This will set out who they are, why they wish to become a Staff Director, and what they would bring to the role. Members of the UTC's Leadership Team may not stand for election.
- ◆ If there is only one nominee per vacancy, that candidate will be deemed elected.
- ◆ If there are more than one nominee per vacancy, then the full list of candidates and supporting personal statements will be circulated to staff, all of whom other than the CEO/Principal will have one vote.
- ◆ Staff votes are returned to the CEO/Principal through a secret ballot; email votes will be acceptable. The CEO/Principal will act as Returning Officer and in the event of a tie will consult the Board of Directors to choose the successful candidate.
- ◆ If there are no nominees, the Board of Directors will either ask a member of staff (including members of Leadership Team) to become a Staff Director without an election (known as co-opting) or leave the vacancy unfilled.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Parent - Director elections

- ◆ Ahead of the election, the CEO/Principal shall publicise the nature of the role and the process for election to all parents.
- ◆ Any parent who wishes to stand for election should notify the Principal and provide a short personal statement that will be circulated to all parents. This will set out who they are, why they wish to become a Parent Director, and what they would bring to the role.
- ◆ If there is only one nominee per vacancy, that candidate will be deemed elected.
- ◆ If there are more than one nominee per vacancy, then the full list of candidates and supporting personal statements will be circulated to parents, who will cast one vote for each child attending London Design & Engineering UTC at the point of election.
- ◆ Parent votes are returned to the CEO/Principal through a secret ballot; email votes will be acceptable. The CEO/Principal will act as Returning Officer and in the event of a tie will consult the Board of Directors to choose the successful candidate(s). When the results are announced, the number of votes received by each candidate will not be published.
- ◆ If there are no nominees, the Board of Directors will either ask a parent to become a Parent Director without an election (known as co-opting) or will leave the vacancy unfilled or co-opt a parent who does not have a child attending the UTC, but who is a parent of a child or children attending other state-funded schools.

Policies and Procedures Adopted for the Induction and Training of Directors

On appointment, new Directors follow an induction programme, which includes:

- ◆ Personal reading: within the first month of appointment, all new Directors will be encouraged to read:
 - ◇ The London Design & Engineering UTC Governance Plan
 - ◇ Keeping children safe in education part 1 and 2
 - ◇ The DfE's 'Governors' Handbook'
 - ◇ London Design & Engineering UTC's Funding Agreement and Articles of Association
 - ◇ Ofsted's School Inspection Framework
 - ◇ London Design & Engineering UTC's Directors Code of Conduct

Other training includes

- ◆ Induction meeting with the Clerk to the Board of Directors to familiarise them about how the Board and its Committees operate.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Parent - Director elections (continued)

- ♦ Formal induction training: following their appointment, new Directors will also undertake induction training covering the role of an effective Director, delivered by an experienced school governance expert.
- ♦ A chance for new Directors to visit the UTC including arranging to spend a day observing the UTC in operation as soon as possible after taking up their post. This will include a meeting with the CEO/Principal to receive a briefing on the current UTC priorities.
- ♦ Meeting with the Chair of the Board: within the first couple of months, new Directors will meet with the Chair and/or Vice-Chair of the Board to be briefed on their role and the UTC's over-arching priorities.

Organisational Structure

- ♦ **Directors** are responsible for setting the outcomes the UTC should achieve. This will always happen in discussion with the Leadership Team.
- ♦ **The Leadership Team** are responsible for deciding and implementing the methods by which the UTC should achieve those outcomes.
- ♦ **Directors** are responsible for assessing the efficacy of the Leadership Team's approaches and acting to secure an alternate approach if necessary.
- ♦ **The Leadership Team** are responsible for providing sufficient information to Directors to enable them to effectively assess the efficacy of the approaches and the likelihood of the chosen outcomes being achieved.
- ♦ **Directors** are responsible for setting parameters to guide the Leadership Team's freedom of manoeuvre to select their approaches (for example, placing restrictions on what qualifications may be offered, through the formulation of policies).
- ♦ **The Leadership Team** are responsible for discharging school policies once they are agreed, holding true to their intent – even with aspects with which they disagree.
- ♦ **Directors** are responsible for considering and approving what the Leadership Team think they need to be effective, whilst safeguarding value for public money.
- ♦ **The Leadership Team** are responsible for requesting support / feeding back to Governors on what they need to be effective and continuously improving.
- ♦ **Directors** are responsible for discharging any functions where an impartial judgement is needed (for example, considering complaints or assessing the performance of the Principal).
- ♦ **The Leadership Team** are responsible for managing the day-to-day operations, specifically staff, facilities and students.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 to. These have been benchmarked against other school and academies. Staff pay and progression are reviewed annually to ensure value for money is delivered.

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 by the following five organisations: University of East London (UEL), Thames Water Utilities Ltd, Costain Ltd, Alpha Building Services Engineering Ltd and Rainmaker Books Ltd. 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.

In June 2016, both Alpha Building Services Engineering Ltd and Rainmaker Books Ltd stepped down from the Trust and were replaced by Skanska UK plc and the Chelmsford Diocese Educational Trust.

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

Objectives, Strategies and Activities

Whilst focusing on the water industry the London Design & Engineering (LDE) UTC will prepare 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.

LDE UTC will therefore provide both strong educational support and access to a thriving employment sector - at all levels, be it apprentice or graduate engineer level - within the large and dynamic water industry and into the wider 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Objectives, Strategies and Activities (continued)

- ♦ 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 young 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 students training them today for jobs of tomorrow. Built around real work related employer driven projects every aspect of the curriculum is linked to the students' future. LDE UTC students will be well known for having the skills, behaviours, attitudes, experience and knowledge looked for by leading employers. Being well connected with its sponsors, UTC students will get unparalleled access to great opportunities for employment and future support.

Public Benefit

As laid down in the articles of association the Academy 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 the provision of facilities for recreation or other leisure time occupation. In all instances the Academy exists for the benefit of the public.

STRATEGIC REPORT

Achievements and Performance

The London and Engineering (LDE) UTC has now been open for two years and has had a remarkable journey to establish itself over that period. Despite the many challenges, including still being in temporary accommodation, the LDE UTC continues to be a successful employer-led, over-subscribed, mixed-ability, multi-cultural and thriving College.

The first year of operation focused on putting in to place systems and processes and establishing the culture and ethos of the UTC. The second year of operation has been about embedding and refining the systems and the culture to maintain and improve the student experience as the college doubled in size, both in terms of staff and learner numbers. The second year has also been about supporting and preparing the College's first cohort of students to take public examinations at both Key Stage 4 (KS4) and Key Stage 5 (KS5).

The College's first set of provisional exam results are both encouraging and promising for a fledgling 14-19 educational institution. Overall the exam results place the LDE UTC amongst the highest performing UTC's across the country at Key Stage 4. At student-level, some of the UTC's students have achieved amazingly well, securing the highest possible grades, placing them in the top achieving students in the country.

STRATEGIC REPORT (continued)

Achievements and Performance (continued)

The UTC's provisional achievement and performance at KS4 is close to national averages and places the LDE UTC amongst the top 10 highest performing UTCs nationally. Highlights include:

- ◆ 22 of the highest marks possible (i.e. 11 grade 9s, 7 grade A* and 4 Distinction *s).
- ◆ 49 grade A equivalents or above and 111 at grade B equivalents or above.
- ◆ 37% of the UTC's students achieving an average point score equivalent to the old B grade and above in every subject they took.
- ◆ 8% of our students achieved two or more grade 9s.
- ◆ A Progress 8 score equal to the national average when measured from the point when students started at the LDE UTC in Year 10.
- ◆ An Attainment 8 score of 42.9 and an Ebacc average point score of 3.64, which are both close to the national average scores.

The LDE UTC's provisional achievement and performance at KS5 is more mixed with positive technical results and mixed A Level results. Student end destinations have been really positive for our first cohort of learners and 100% of students have confirmed destinations. This demonstrates that the ethos, learning experience and opportunities at the LDE UTC is helping students to develop the skills and aspirations to progress. The LDE UTC's student end destinations after completing Sixth Form were:

- ◆ 54% of students progressing on to secure a university place.
- ◆ 46% securing either an Apprenticeship or Employment with companies like Rolls-Royce, Jaguar, Royal Navy, Tideway, Costain, BAM, and many more.

Other achievements during the year include:

- The LDE UTC has been approved by ESFA to become a recognised apprenticeship training provider both for levy and non-levy paying employers. The LDE UTC is one of only two UTCs to achieve this approval.
- No permanent exclusions and well below national average fixed term exclusions, demonstrating the inclusivity and high standards of discipline and behaviour at the LDE UTC.
- Further development of the Multi-Faith Chaplaincy Service funded by the Diocese of Chelmsford and delivered through the Centre for Theology and Community to turn it into an innovative and ground-breaking programme for promoting social, moral, spiritual and cultural (SMSC) learning of students as well as supporting their well-being.

Whilst the Board of Directors accept the achievement and performance of the LDE UTC to date, they are aware of the need for further improvements moving into the third year. They have high expectations and their ambitions are to drive the LDE UTC to become an outstanding and world class educational institution.

STRATEGIC REPORT (continued)

Achievements and Performance (continued)

Early in the new college year (2018/19) LDE UTC had its first ever Ofsted inspection and the report has now been published. The report highlights a number of areas where we are doing well. It says that we have been successful in creating a popular and inclusive school; that we are welcoming and friendly; and that our students behave well. As a result, our personal development, behaviour and welfare rating is 'good'. This is very positive as it is the culture and behaviour that are the foundation of a good school. The inspectors recognised that outcomes in English, maths, science, construction and the built environment are good, and this was also demonstrated in our exam results in the summer. The report also highlights the opportunities from which our students benefit; including effective careers advice and guidance, and the work with our sponsors and local employers.

There were a number of areas however where Ofsted said that we could be better and where we need to improve; our overall rating therefore is 'requires improvement.' Whilst this is disappointing, Ofsted acknowledges that in many of the areas identified for improvement plans are already in place and we are moving in the right direction. The report also does not take into account the strong provision we have in the college for apprenticeships, which were not covered by the inspection. The inspection took place very early in the year, with 65% new students and 37% new staff, and all of the bedding-in associated with that. We are raising these issues with the Ofsted team – we think it's vital that apprenticeships are covered in the assessment and that the timing issues are acknowledged.

The report acknowledges that Leaders have worked effectively to give learners' opportunities that link with the colleges design and engineering specialism, including employer engagement strategies. This was echoed by the views of parents and learners. Last year, every one of the learner who left the UTC in year 13 are now at university, working in an apprenticeship or in employment with a very large percentage in STEM-related subjects and careers. Our GCSE results this year also tell a positive story about the progress our learners have made since joining us, which is above the national average. Out of 52 KS4 learners - 22 of the highest grades were achieved, 49 grade A or equivalent and above and 111 grade B or equivalent and above.

All of the positives aside, as a new college we do recognise as the report states that there is 'room for improvement' and more for us to do to ensure that our learners are getting the best possible experience from the UTC. This is our goal everyone in the college shares this commitment. We are studying every aspect of the report to make sure we act on the recommendations and build on the good progress we have made in our journey so far.

STRATEGIC REPORT (continued)

Going Concern

The Trust had net current assets at 31 August 2018 of £102,000 (2017 - £60,000). During the year the Trust made an operational surplus of £42,000 (2017 – surplus of £56,000). This excludes movements on the fixed assets fund and the defined benefit scheme pension adjustments. Due to strong student recruitment and careful financial management, the UTC has been able to generate this modest level of reserves in its first two years as an open academy. This along with the increasing size of the student roll 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 successfully received its third intake of students, and its student recruitment remains very strong, with the UTC again over-recruiting at both year 10 and year 12 cohorts.

Significant progress has been made on the UTC's permanent building, with the building "topping-out" in April 2018, and good progress continuing since then. This new state-of-the-art technical building is estimated to be completed ready for students to start using at the beginning of the 2019 calendar year. Until the time the final building is ready the Education and Skills Funding Agency (ESFA) has shown a significant financial commitment to ensure the UTC has temporary accommodation.

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

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 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

STRATEGIC REPORT (continued)

Financial Review (continued)

The trust also receives capital grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice (FRS 102), such grants 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 Governors. The aim of the governors is to increase this reserve to meet future working capital requirements.

Total revenue funds carried forward as of 31 August 2018 were in excess of £82,000, this represents less than 3% of the UTCs annual expenditure budget, this low percentage is due to funding pressures and the UTCs early stage of operations, with only two years' operations to build reserves. Directors are particularly conscious of the need to build reserves, to support the renewal of the UTC's specialist ICT and other equipment in order 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, pension contribution rates and additional resources required whilst the UTC grows. As such, they believe that a cautious approach to reserves is currently required.

Investment Policy

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

Principal Risks and Uncertainties

The academy trust is developing a formal risk management process in place to assess all risks and implements risk management strategies. The process, which will be 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.

STRATEGIC REPORT (continued)

Principal Risks and Uncertainties (continued)

The principal risks for the academy trust are connected with:

- ◆ 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;
- ◆ Management of the temporary site and the move to the permanent site. Mitigation includes building a relationship with planning bodies and the prospective freeholder, working closely with the ESFA and appointed building contractors and utilising the construction and project management expertise of our sponsoring employers through a dedicated accommodation sub-committee of the board; and
- ◆ 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.

Fundraising

The UTC does not actively solicit donations and therefore is not registered with the Fundraising Regulator or 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 2018, the UTC received no complaints about fundraising activities.

Plans for Future Periods

The UTC's three year plan key priorities are:

- ◆ Sustaining the LDE UTC's Future;
- ◆ Embedding the Quality of Teaching, Learning and Assessment;
- ◆ Embedding Personal Development, Behaviour and Welfare of the Highest Standard; and
- ◆ Ensuring Leadership and Strategic Guidance is of the Highest Quality.

For the next academic year, 2018/19, the UTC's key priority will be:

- ◆ to increase parental/carers engagement;
- ◆ to enhance teaching & learning by systematically sharing good practice across and within Faculties and to effectively use the PiXI resources and networking opportunities for all staff to improve performance across the College;

Directors' report Year to 31 August 2018

- ♦ to further quality assure systems for monitoring & reviewing the quality of provision, leading to further improvements;

STRATEGIC REPORT (continued)

Plans for Future Periods (continued)

- ♦ to ensure that professional development opportunities for staff are focused on succession planning & improving the quality of teaching & learning; and
- ♦ to ensure financial viability.

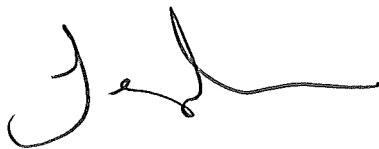
A major feature of the upcoming year will be the UTC moving into its new purpose built state-of-the-art permanent building at the beginning of the 2019 calendar year, this building will significantly enhance the learning environment and student experience by providing excellent facilities in aspirational surroundings.

AUDITOR

Insofar as the Directors are aware:

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

The Directors' report, incorporating a strategic report, was approved by order of the board of Directors, as the company directors, and signed on the board's behalf by:



Jeremy Galpin

Chair of the Board of Directors

Date: 13 December 2018

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between London Design & Engineering UTC and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met four times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings Attended	Out of a possible
Lord Patel of Bradford (Chair until 18 Oct 2017)	0	1
Jeremy Galpin (Chair from 16 Nov 2017; Vice Chair until 16 Nov 2017)	8	8
Feroze Fredoon Amroliwala	0	1
Chris Beales	8	8
Janet Burr	6	8
Fary Cachelin	5	6
Haydn Evans	1	5
Dan Forbes Pepitone	5	8
Geoffrey Fowler (CEO)	8	8
Anne Heal	0	2
David Hogben	0	1
Roxanna Lucas (née Osso)	4	4
Dorith Morgan	3	8
Grace Oba' Fayose	0	1
Nick Rathbone	7	7
Catherine Ritman-Smith (Vice Chair from 16 Nov 2017)	4	8
Lucy Webster	5	5

Review of Value for Money

As accounting officer, the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in London Design & Engineering UTC for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

The academy trust is in the process of developing a system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it will include:

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

The Board of Directors has considered the need for a specific internal audit function and has appointed Buzzacott to carry out a programme of internal checks.

Review of Effectiveness

As accounting officer, the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors and signed on its behalf by:



Jeremy Galpin

Chair of the Board of Directors

Date: 13 December 2018



Geoffrey Fowler

Accounting Officer

Date: 13 December 2018

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of London Design & Engineering UTC, I have considered my responsibility to notify the academy trust board of Directors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of Directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



Geoffrey Fowler

Accounting Officer

Date: 13 December 2018

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

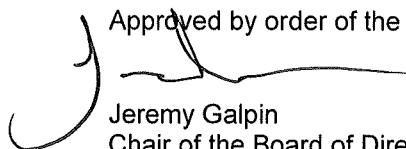
- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

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

The Directors are responsible for ensuring that in its conduct and operation the academy trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Directors and signed on its behalf by:



Jeremy Galpin
Chair of the Board of Directors

Date: 13 December 2018

Independent auditor's report on the financial statements to the Members of London Design & Engineering UTC

Opinion

We have audited the financial statements of London Design & Engineering UTC (the 'charitable company') for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

- ◆ the financial statements are not in agreement with the accounting records or returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Requirements of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Requirements of trustees (continued)

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

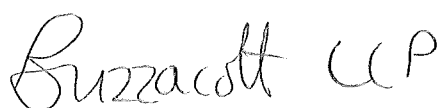
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Hugh Swainson, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

19 December 2018

Independent reporting auditor's assurance report on regularity to London Design & Engineering UTC and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 20 March 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by London Design & Engineering UTC during the period from 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to London Design & Engineering UTC and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to London Design & Engineering UTC and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than London Design & Engineering UTC and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of London Design & Engineering UTC's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of London Design & Engineering UTC's funding agreement with the Secretary of State for Education dated April 2016 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

19 December 2018

Statement of financial activities (including income and expenditure account)
Year to 31 August 2018

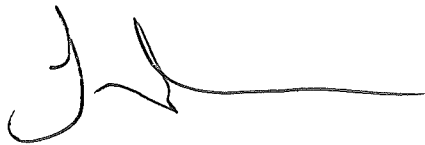
		Restricted funds				
	Notes	Unrestricted general fund £'000	General fund £'000	Fixed assets fund £'000	2018 Total funds £'000	2017 Total funds £'000
Income from:						
Donations and capital grants	1	79	—	18,219	18,298	2,288
Charitable activities						
. Funding for the academy's educational operations	2	—	3,010	—	3,010	1,786
Other trading activities	3	10	22	—	32	9
Investments		4	—	—	4	2
Total income		93	3,032	18,219	21,344	4,085
Expenditure on:						
Charitable activities						
. Academy's educational operations	5	52	3,137	2,100	5,289	2,926
Total expenditure		52	3,137	2,100	5,289	2,926
Net income (expenditure)		41	(105)	16,119	16,055	1,159
Transfers between funds	11	—	(55)	55	—	—
Other recognised losses						
Actuarial losses on defined benefit pension schemes	16	—	83	—	83	(38)
Net movement in funds		41	(77)	16,174	16,138	1,121
Reconciliation of funds						
Total fund balances brought forward at 31 August 2017		13	(56)	2,150	2,107	986
Total fund balances carried forward at 31 August 2018		54	(133)	18,324	18,245	2,107

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

Balance sheet 31 August 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible fixed assets	8		18,324		2,150
Current assets					
Debtors	9	3,838		1,568	
Cash at bank and in hand		3,608		372	
		7,446		1,940	
Liabilities					
Creditors: amounts falling due within one year	10	(7,344)		(1,880)	
Net current assets			102		60
Total assets less current liabilities			18,426		2,210
Defined benefit pension scheme	16		(181)		(103)
Total net assets			18,245		2,107
Funds of the Academy					
Restricted income funds					
. Fixed assets fund	11		18,324		2,150
. General fund	11		48		47
. Pension reserve	11		(181)		(103)
Total restricted funds			18,191		2,094
Unrestricted funds					
. General fund	11		54		13
Total funds			18,245		2,107

The financial statements on page 26 to 48 were approved by the Directors, and authorised for issue on 13 December 2018 and are signed on their behalf by:



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 2018

		2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash (used in) provided by operating activities	A	608	126
Cash flows from investing activities			
	B	2,628	234
Change in cash and cash equivalents in the year		3,236	360
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2017		372	12
Cash and cash equivalents at 31 August 2018	C	3,608	372
A Reconciliation of income to net cash flow from operating activities			
		2018 £'000	2017 £'000
Net income for the year (as per the statement of financial activities)		16,055	1,159
Adjusted for:			
Depreciation charges (note 8)		910	601
Rental expense		1,190	478
Capital grants from DfE and other capital income		(18,219)	(2,210)
Interest receivable		(4)	—
Defined benefit pension scheme cost less contributions payable (note 16)		161	67
Defined benefit pension scheme finance cost (note 16)		—	(2)
Decrease in non-capital debtors		121	(41)
Increase in non-capital creditors		394	74
Net cash provided by operating activities		608	126
B Cash flows from investing activities			
		2018 £'000	2017 £'000
Interest receivable		4	—
Proceeds from disposal of tangible fixed assets		40	—
Purchase of tangible fixed assets		(17,124)	(1,769)
Increase (decrease) in capital debtors		(2,391)	271
Increase in capital creditors		5,070	—
Capital grants from DfE/ESFA for rental expense		(1,190)	(478)
Capital grants from DfE/ESFA		18,219	2,210
Net cash used in investing activities		2,628	234
C Analysis of cash and cash equivalents			
		2018 £'000	2017 £'000
Cash at bank and in hand		3,608	372
Total cash and cash equivalents		3,608	372

Principal accounting policies 31 August 2018

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going concern

The Trust had net current assets at 31 August 2018 of £102,000 (2017 - £60,000). During the year the Trust made an operational surplus of £42,000 (2017 – surplus of £56,000). This excludes movements on the fixed assets fund and the defined benefit scheme pension adjustments. Due to strong student recruitment and careful financial management, the UTC has been able to generate this modest level of reserves in its first year as an open academy. This along with the increasing size of the student roll 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.

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.

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.

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 resources expended are 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 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'), for teaching staff who qualify for the scheme, and the Local Government Pension Scheme ('LGPS') for all other staff. 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 18, 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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

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

Notes to the Financial Statements Year to 31 August 2018

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
Capital grants	—	—	18,219	18,219	2,210
Donations	79	—	—	79	78
	79	—	18,219	18,298	2,288

Included within unrestricted donations are chaplaincy services provided by Chelmsford Diocese Education Trust valued at £48,720. The corresponding expenditure is shown within support staff costs.

2 Funding for academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
DfE / ESFA revenue grants				
. General Annual Grant	—	2,647	2,647	1,509
. Start Up Grants	—	230	230	240
. Other DfE / ESFA	—	133	133	37
	—	3,010	3,010	1,786

3 Other trading income

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Trip income	—	2	2	—
Catering income	—	20	20	3
Miscellaneous income	10	—	10	6
	10	22	32	9

Notes to the Financial Statements Year to 31 August 2018

4 Expenditure

		Non pay expenditure			
	Staff costs £'000	Premises £'000	Other costs £'000	2018 Total funds £'000	2017 Total funds £'000
Charitable activities					
. Academy's educational operations					
.. Direct costs	1,666	910	296	2,872	1,689
.. Allocated support costs	748	1,318	351	2,417	1,237
	2,414	2,228	647	5,289	2,926
Expenditure for the period includes:					
Operating lease rentals				1,190	478
Depreciation				910	601
Fees payable to auditor					
. Statutory audit				9	7
. Other services				5	5

5 Charitable activities - academy's educational operations

	2018 Total funds £'000	2017 Total funds £'000
Direct costs	2,872	1,694
Support costs	2,417	1,232
	5,289	2,926

	2018 Total funds £'000	2017 Total funds £'000
Analysis of support costs		
Support staff costs	748	376
Technology costs	74	42
Premises costs	1,318	572
Other support costs	220	193
Governance costs	57	49
Total support costs	2,417	1,232

6 Staff

(a) Staff costs

Staff costs during the period were:

	2018 Total funds £'000	2017 Total funds £'000
Wages and salaries	1,799	893
Social security costs	177	90
Pension costs (including LGPS notional pension charge £161k, 2017: £67k)	377	180
	2,353	1,163
Supply staff costs	55	123
Non-contractual severance payments	6	—
	2,414	1,286

(b) Non-contractual severance payments

Included in staff restructuring costs is one non-contractual severance payment totalling £6,398 (2017: £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 2018 was as follows:

Charitable activities	2018 No.	2017 No.
Teachers	25	10
Administration and support	23	10
Management	5	3
	53	23

(d) Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£110,001 - £120,000	1	1

(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 £484,832 (2017 - £322,000).

(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 Director. Other Directors did not receive any payments from the academy in respect of their role as Directors. The value of Director's remuneration for the period they acted as Directors was as follows:

	2018 £'000	2017 £'000
Geoffrey Fowler, Principal and Director		
. Remuneration	117	116
. Employer's pension contributions	19	17
Roxanna Lucas (née Osso), Staff Director		
. Remuneration	31	25
. Employer's pension contributions	5	4

During the year ended 31 August 2018, travel and subsistence expenses totalling £1,249 were reimbursed or paid directly to one Director (2017 - £301 to two Directors).

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2017 between restricted and unrestricted funds:

	Notes	Restricted funds			2017 Total funds £'000
		Unrestricted general fund £'000	General fund £'000	Fixed assets fund £'000	
Income from:					
Donations and capital grants	1	—	78	2,210	2,288
Charitable activities					
· Funding for the academy's educational operations	2	—	1,786	—	1,786
Other trading activities	3	9	—	—	9
Investments		—	2	—	2
Total income		9	1,866	2,210	4,085
Expenditure on:					
Charitable activities					
· Academy's educational operations	5	—	1,847	1,079	2,926
Total expenditure		—	1,847	1,079	2,926
Net income		9	19	1,131	1,159
Transfers between funds	11	—	(37)	37	—
Other recognised losses					
Actuarial losses on defined benefit pension schemes	16	—	(38)	—	(38)
Net movement in funds		9	(56)	1,168	1,121
Reconciliation of funds					
Total fund balances brought forward at 31 August 2016		4	—	982	986
Total fund balances carried forward at 31 August 2017		13	(56)	2,150	2,107

8 Tangible fixed assets

	Assets under construction £'000	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total 2018 £'000
Cost/valuation					
At 1 September 2017	482	792	925	552	2,751
Additions	16,607	187	125	205	17,124
Disposals	—	—	—	(40)	(40)
At 31 August 2018	17,089	979	1,050	717	19,835
Depreciation					
At 1 September 2017	—	232	185	184	601
Charge for the year	—	477	210	223	910
At 31 August 2018	—	709	395	407	1,511
Net book value					
At 31 August 2018	17,089	270	655	310	18,324
At 31 August 2017	482	560	740	368	2,150

The academy trust is due to move in to their long term site in January 2019 at which point assets under construction will come in to use.

9 Debtors

	2018 £'000	2017 £'000
Trade debtors	2	—
VAT recoverable	1,530	602
Accrued ESFA capital grants	2,273	877
Other debtors	18	18
Prepayments and other debtors	15	71
	3,838	1,568

10 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	2,004	639
Abatement of GAG	288	—
Tax and social security	49	29
Payable to ESFA	4,096	739
Accrued capital expenditure	666	353
Accruals and other creditors	241	120
	7,344	1,880

10 Creditors: amounts falling due within one year (continued)

	2018 £'000	2017 £'000
Deferred income		
Deferred income at 1 September 2017	21	—
Released during the year	—	—
Resources deferred in the year	—	21
Deferred income at 31 August 2018	21	21

11 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general fund					
. General Annual Grant (GAG)	47	2,647	(2,591)	(55)	48
. Start Up Grant	—	230	(230)	—	—
. Pupil Premium	—	76	(76)	—	—
. Other restricted funds	—	79	(79)	—	—
. Pension reserve	(103)	—	(161)	83	(181)
	(56)	3,032	(3,137)	28	(133)
Fixed assets fund					
. DfE/ESFA capital grants	2,150	17,029	(910)	—	18,269
. GAG capital expenditure	—	—	—	55	55
. Rental expense	—	1,190	(1,190)	—	—
	2,150	18,219	(2,100)	55	18,324
Total restricted funds	2,094	21,251	(5,237)	83	18,191
Unrestricted funds					
. Unrestricted funds	13	93	(52)	—	54
Total unrestricted funds	13	93	(52)	—	54
Total funds	2,107	21,344	(5,289)	83	18,245

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 2018.

11 Funds (continued)

Fixed asset fund

Restricted fixed assets funds were funded by government grants. 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.

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 and other miscellaneous grants.

Comparative information

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general fund					
. General Annual Grant (GAG)	—	1,509	(1,449)	(13)	47
. Start Up Grant	—	240	(240)	—	—
. Pupil Premium	—	37	(37)	—	—
. Other restricted funds	—	78	(54)	(24)	—
. Pension reserve	—	2	(67)	(38)	(103)
	—	1,866	(1,847)	(75)	(56)
Fixed assets fund					
. DfE/ESFA capital grants	982	1,732	(601)	37	2,150
. Rental expense	—	478	(478)	—	—
	982	2,210	(1,079)	37	2,150
Total restricted funds	982	4,076	(2,926)	(38)	2,094
Unrestricted funds					
. Unrestricted funds	4	9	—	—	13
Total unrestricted funds	4	9	—	—	13
Total funds	986	4,085	(2,926)	(38)	2,107

12 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	18,324	18,324
Current assets	54	3,296	4,096	7,446
Current liabilities	—	(3,248)	(4,096)	(7,344)
Pension scheme liability	—	(181)	—	(181)
Total net assets	54	(133)	18,324	18,245

13 Capital commitments

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	3,761	291

14 Commitments under operating leases

	2018 £'000	2017 £'000
Amounts due within one year	465	1,082
	465	1,082

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

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

16 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are: employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (previously 14.1%))

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

16 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £168k (2017 - £92k).

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

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 2018 was £77k (2017 - £33k), of which employer's contributions totalled £48k (2017 - £21k) and employees' contributions totalled £29k (2017 - £12k). The agreed contribution rates for future years are 12% per cent for employers and a sliding scale of 5.5% to 12.5% per cent for employees.

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

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.8%	4.2%
Rate of increase for pensions in payment / inflation	2.3%	2.7%
Discount rate for scheme liabilities	2.7%	2.6%
Inflation assumption (CPI)	2.3%	2.7%

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

16 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

	At 31 August 2018 years	At 31 August 2017 years
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	24.9	24.8
Females	27.5	27.4

Sensitivity analysis	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate +0.1%	14	7
Discount rate -0.1%	(15)	(8)
Mortality assumption – 1 year increase	(10)	(5)
Mortality assumption – 1 year decrease	10	5
CPI rate +0.1%	15	7
CPI rate – 0.1%	(14)	(7)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	84	26
Gilts	5	2
Other bonds	13	4
Property	14	3
Cash and other liquid assets	10	8
Alternative assets	15	2
Total market value of assets	141	45
Present value of scheme liabilities		
Funded	(322)	(133)
Deficit in the scheme	(181)	(88)

16 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in statement of financial activities	2018 £'000	2017 £'000
Current service cost	(209)	(88)
Interest income	5	3
Interest cost	(5)	(1)
Total amount recognised in the SOFA	(209)	(86)

Changes in the present value of defined benefit obligations were as follows:	2018 £'000	2017 £'000
At 1 September 2017	162	—
Current service cost	209	88
Interest cost	5	1
Employee contributions	29	12
Actuarial (gain) loss	(83)	61
At 31 August 2018	322	162

Changes in the fair value of the Academy's share of scheme assets:	2018 £'000	2017 £'000
At 1 September 2017	59	—
Interest income	5	3
Actuarial gain	—	23
Employer contributions	48	21
Employee contributions	29	12
At 31 August 2018	141	59

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 Director 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 and normal procurement procedures.

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

The University of East London is a member of the UTC.

17 Related party transactions (continued)

- ♦ Purchases of £49,976 (2017 - £57,161) were made from The University of East London during the 2018 financial year at an arms' length basis.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

The element above £2,500 has been provided 'at no more than cost'.

- ♦ The trust has entered into a lease with The University of East London at a peppercorn rent.
- ♦ A sponsorship grant was received from Skanska UK plc during the year totalling £30,000. Skanska UK plc is a member of the UTC.
- ♦ The Dioceses of Chelmsford 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 each day of College term 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 £48,720. The Dioceses of Chelmsford Educational Trust is a member of the UTC.
- ♦ Thames Water Utilities Ltd has paid the UTC £7,960 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.

In addition the following related party transactions took place in the previous period of account ended 31 August 2017.

- ♦ Limited accounting services and use of premises were provided free of charge by the University of East London, these have not been valued as a Gift in Kind due to the absence of an open market value. Purchases of £57,161 were made from The University of East London during the 2017 financial year at an arms' length basis.
- ♦ Sponsorship grants were received from Costain Ltd during the year totalling £8,500. Costain Ltd is a member of the UTC.
- ♦ The UTC was awarded a grant of £69,500 in the year from The Sir John Cass's Foundation. David Hogben was a Director of the UTC and a Governor of The Sir John Cass's Foundation. The award was made in accordance with the Sir John Cass's Foundation's normal grants policy.

In the process of these transactions the trust complied with the requirements of the Academies Financial Handbook.