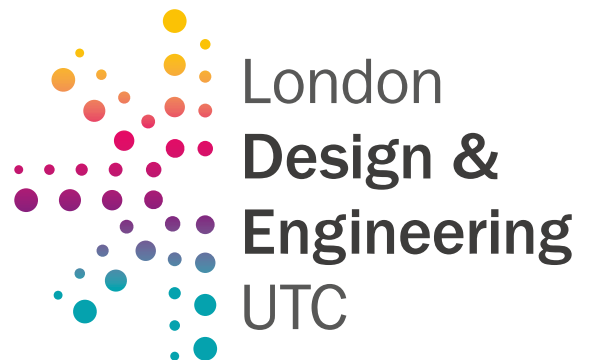


Annual Report and Financial Statements

Year to **31 AUGUST 2023**





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MEMBERS

..... University of East London
 Thames Water Utilities Ltd
 Costain Ltd
 Skanska UK PLC
 Chelmsford Diocese Educational Trust

DIRECTORS

..... Prof H Abdulla
 S Ahmad
 C Beales
 D Forbes-Pepitone (Resigned 31/03/2023)
 G Fowler (CEO)
 L Graham (Resigned 22/09/2023)
 A Heal (Chair)
 G Lois (Staff Director)
 N Rathbone
 H Wain (Vice Chair)
 L Webster
 P Sheikh (Parent Director) (Appointed 09/03/2023)
 U Salman (Parent Director) (Appointed 09/03/2023)
 C Kennett (Appointed 16/03/2023)
 C Hunter (Appointed 01/03/2023)
 S Moss (Appointed 19/01/2023)
 J Galpin (Chair) (Resigned 23/09/2022)

STRATEGY TEAM

CEO and Principal G Fowler
 Vice Principal - Quality of Education V Webb
 Vice Principal - Wellbeing G Gold
 Vice Pincipal - Head of Post 16 Provisions K Drugzani
 Chief Financial Officer D Watherson (resigned 15/09/2023)
 Chief Financial Officer A Agidee- Adekunle (appointed 15/09/2023)

COMPANY REGISTRATION NUMBER

08283657 (England & Wales)

COMPANY AND ACADEMY NAME

London Design & Engineering UTC

PRINCIPAL & REGISTERED ADDRESS

15 University Way
 East Ham
 London E16 2RD
 England

INDEPENDENT AUDITOR

Azets Audit Services
 First Floor, River House
 1 Maidstone Road, Sidcup
 Kent DA14 5RH
 United Kingdom

BANKERS

Lloyds Bank plc
 PO Box 1000
 Andover BX1 1LT



**LDE UTC continues to
be a truly inclusive,
popular, and heavily
oversubscribed college.**

DIRECTORS' REPORT

The Directors of London Design & Engineering UTC ('the academy trust') present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2022 to 31 August 2023. The annual report serves the purposes of both a trustees' report, and a directors' report and strategic report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 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).

The academy trust operates a University Technical College (UTC) for learners aged 13 to 19 based in Newham and serving the whole of London. The UTC opened in September 2016 and moved into its purpose-built permanent building, on the dock front of London's Royal Albert Dock in January 2019. For the academic year 2022/23, the UTC remains heavily oversubscribed with 769 learners on roll across national curriculum year groups 9 to 11 and its Sixth Form (2021/22 – 646 learners). In addition the UTC has around 32 adult apprentice learners on roll.

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
Prof. Hassan Abdulla	
Shahina Ahmad	
Chris Beales	
Charlene Hunter	Appointed (01/03/2023)
Dan Forbes-Pepitone	Resigned (31/03/2023)
Geoffrey Fowler (CEO)	
Jeremy Galpin (Chair)	Resigned (23/09/2022)
Lynne Graham	Resigned (22/09/2023)
Anne Heal (Chair)	Appointed Chair (22/09/2022)
Caroline Kennett	Appointed (16/03/2023)
Gill Lois (Staff Director)	
Stuart Moss	Appointed (19/01/2023)
Nick Rathbone	
Uzma Salman (Parent Director).....	Appointed (09/03/2023)
Parvez Sheikh (Parent Director).....	Appointed (09/03/2023)
Harry Wain (Vice Chair).....	Appointed Vice Chair (22/09/2022)
Lucy Webster	
Ian Wightman (Parent Director).....	Resigned (22/10/2022)

DIRECTORS REPORT (continued)**Members' liability**

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

Director's Indemnities

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

Method of Recruitment and Appointment or Election of Directors

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

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

DIRECTORS REPORT (continued)

Policies and procedures adopted for the induction and training of Directors

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

Organisational structure

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

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

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

The Board of Directors at the start of the 2021/22- financial year moved to a three Committee structure to improve oversight and strengthen governance. The three Committees have their own terms of reference detailing their responsibilities. The terms of reference and meeting frequency for each Committee are reviewed and approved by the Board of Directors. The terms of reference for the Finance, Operations and Audit Committee ("FOAC") detail the UTC's authorised spending limits. The FOAC also convenes a Remuneration Committee meeting once a year to review the Trust's pay policy and agree the recommendations put forward by the CEO/Principal for the annual pay increases for all staff employed by the Trust. The Remuneration Committee also sets the annual pay increase for the CEO/Principal.

The three Committees of the Board of Directors in operation during 2022/23 were:

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

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

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

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

DIRECTORS REPORT (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. These have been benchmarked against other schools and academies. Staff pay and progression are reviewed annually, including a performance management appraisal, to ensure value for money is delivered. The performance management appraisal for the Principal is undertaken by the Chair of the Board of Directors in a panel with other Board members.

Trade union facility time

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

Related parties and other connected charities and organisations

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

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

OBJECTIVES AND ACTIVITIES

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

The LDE UTC prepares learners for the exciting and wide employment opportunities across the engineering, construction and digital industries from major projects such as the Thames Tideway Tunnel, High Speed 2 through to the essential skills necessary to provide the new housing that London needs and support the local Enterprise Zone to grow the data/digital economy in Newham.

The LDE UTC provides both strong educational and career support at all levels - be it apprentice or graduate engineer level - within the large and dynamic construction, engineering and digital sectors. 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 pro-actively engage with the vision, mission, core values and ethos of the UTC.

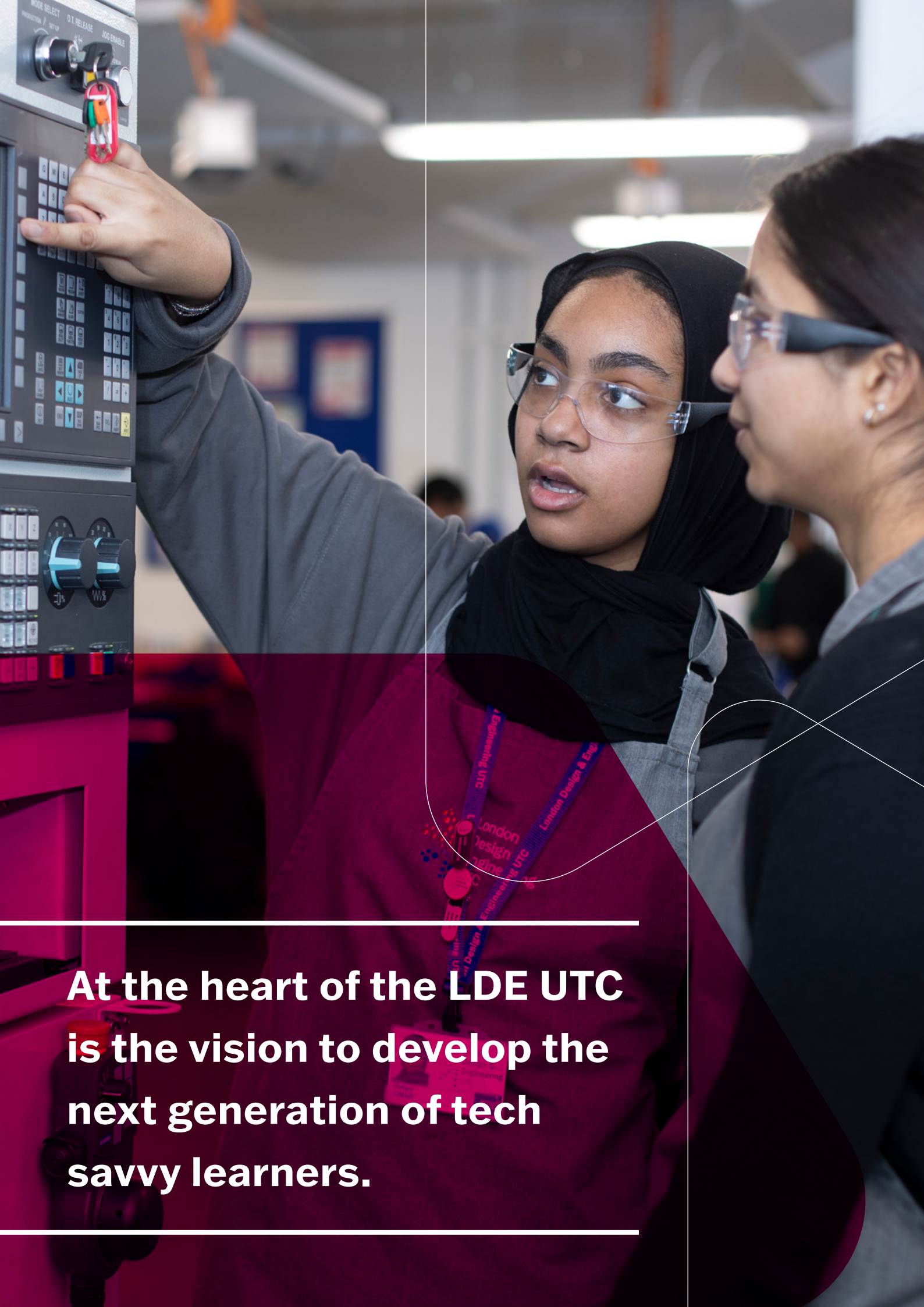
DIRECTORS REPORT (continued)

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

Objectives, strategies and activities**Public benefit**

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



**At the heart of the LDE UTC
is the vision to develop the
next generation of tech
savvy learners.**

DIRECTORS REPORT (continued)**STRATEGIC REPORT****Achievements and performance**

The London Design & Engineering University Technical College (LDE UTC) is now operating into its eighth year. It has had a remarkable journey to establish itself over that period. Despite the many challenges, including being in temporary accommodation for two and half years, the LDE UTC continues to be a successful employer-led, oversubscribed, mixed-ability, multi-cultural and thriving College. The 2021/22 year was a significant milestone in the establishment of the LDE UTC, as the college achieved a “Good” rating from Ofsted for its Key Stage 3, 4 and 5 provision.

During the 2022/23 academic year the College has focused on building upon that achievement by concentrating on two key issues. Firstly making continuous improvements to address the areas for development highlighted by Ofsted in 2022. Secondly, looking to grow and develop the LDE UTC to better meet the huge demand from the local community for its educational provision.

During 2022/23, the LDE UTC, supported by the Newham Local Authority, made two bids to the Department for Education (DfE). The first bid was to the Post-16 Capacity Fund for capital funding to construct a standalone satellite building on nearby vacant brownfield land. This bid was specifically looking to increase the LDE’s accommodation and capacity so that it could take on an additional 200 learners at post-16 given its huge demand and the projected growth in 16-17 year olds in the borough. Unfortunately, the LDE UTC was not successful with that post-16 bid.

The second bid was to the DfE’s Buildings and Facilities Improvement Grant (BFIG) for T-Levels. This bid was again for capital funding to construct a standalone T-Level building to provide the UTC with the necessary workshop space to deliver its chosen T-Level courses in Craft & Design, Engineering, Construction and Digital. This time, in June 2023 the LDE UTC was notified by the DfE that it had been successful in securing a £4m capital grant. So much of the next financial year will be taken up with UTC working with architects and technical advisers to design and deliver a new T-Level building.

The College also, has an enhanced focus on learner and staff wellbeing, putting in place a range of measures such as flexible working, a confidential Employee Assistance Programme, recruiting a trained counsellor and various other wellbeing initiatives.

Ofqual announced that the 2023 public examinations results would be returning to pre-pandemic standards. This meant that results in 2023 would be lower than in 2022.

However, the LDE’s Key Stage 5 (KS5) results in 2023 have continued to be strong with an average grade being a “Distinction” in technical subjects. The first ever Aviation results were particularly strong with an average grade being “Distinction**” which is excellent. A-Level results were slightly suppressed with the average grade now being a C; down from C+ in 2022. As a technical college, the LDE is particularly pleased to be able to maintain an average grade of a B in A-Level Maths. Also, pleasing was that the average grade for A-Level Arts was a C, which was significant improvement from the previous year.

DIRECTORS REPORT (continued)

The LDE UTC is pleased that its 2023 KS5 results as they are an improvement on its results from 2019 and are roughly in line 2019 national averages and expectations.

No national data for 2023 is available and there will be no value added or completion and attainment rates calculated for this cohort as they did not sit GCSE exams due to the pandemic.

Overall	Average Technical result is a Distinction	Average A Level result is a C
<ul style="list-style-type: none"> • 40% A> or Distinction> • 47% B> • 71% C> or Merit> 	<ul style="list-style-type: none"> • Aviation average result Triple Distinction* • Digital Media average result Distinction • Engineering average result Distinction 	<ul style="list-style-type: none"> • Maths average result B • Art average result B

At Key Stage 4, the LDE's GCSE results were strong in 2023. GCSE grade boundaries were increased in 2023 to bring results back in line with pre-pandemic. This means that learners grades were lowered.

At LDE, results were above the 2023 national averages and continue to demonstrate significant progress from entry (+0.66). The Achievement 8 (A8) score for the LDE in 2023 was 46.5 compared to a national average of 46.2 and a score of 44.3 in 2019.

This year, 22.7% of GCSEs were graded 9-7, compared to 21.9% in 2019. And 70.5% were graded 9-4, compared to 69.9% in 2019. The proportion graded 9-1 was slightly down in 2023, it stood at 98.1%, compared to 98.4% in 2019.

The percentage of learners achieving a strong pass (i.e. grade 5+) in both English and maths was 51% respectively, which compares favourably to the national average figures of 45%.

	A8	A8 English (double)	A8 Maths (double)	A8 EBACC (triple)	Open = academic	Open = vocational	E&M 5+	E&M 4+	P8	
									Entry	KS2
LDE	46.5	10.5	9.4	14.1	8.5	4.1	51%	76%	0.66	-0.32
England	46.2	9.8	9.1	13.4	11.2	2.6	45%	65%		-0.03
ALL UTCs	38.2	8.4	8.3	10.5	5.9	5.2	32%	54%		-0.78

Girls and Boys both demonstrate achievement higher than the 2023 national average and our gap between disadvantage and non-disadvantaged remains lower than the 2023 nation average with our disadvantaged learners achieving significantly higher than their national counterparts.

	Girls	Boys	A8 Girls	A8 Boys	Gender Gap	Dis	Non Dis	A8 Dis	A8 Non Dis	Dis Gap	EAL	Non EAL	A8 EAL	A8 Non EAL	EAL Gap
LDE	32 (35%)	59 (65%)	50.3	44.4	+5.9	44 (48%)	47 (52%)	40.2	52.3	-11.9	35 (38%)	56 (62%)	45.3	47.7	-2.5
England	49%	51%	48.5	43.9	+4.6	26%	74%	34.9	50.2	-15.3	18%	81%	48.5	46.6	+1.9
ALL UTCs	35%	65%	39.4	37.7	+1.7	33%	67%	32.6	40.8	-8.2	14%	82%	46.5	unavailable	

On learner admissions for 2022/23, the LDE UTC was oversubscribed in every entry year group, with considerable waiting lists for both Year 9 and Year 12. Looking ahead the college remains in a strong position for 2023/24 with record numbers of learners on roll and a high volume of applications from potential learners for 2024/25 entry. The LDE UTC continues to be a truly inclusive, popular, and heavily oversubscribed college.

DIRECTORS REPORT (continued)**STRATEGIC REPORT****Going concern**

The Trust had net current assets at 31 August 2023 of £1,230k (2022 – £271k). During the year the Trust made an operational surplus of £308k (2022 – £49k). This excludes movements on the fixed assets fund and the defined benefit scheme pension adjustments. Due to strong learner recruitment and careful financial management, the UTC has been able to generate this modest level of reserves in its first five years as an open academy. This along with now being full to capacity has put the LDE UTC in a healthy financial position, as such budgets and forecasts for the first years of opening have been set to use these positives to further strengthening the unique offer of the UTC as a leading provider of technical education and training.

Post year end the UTC has continued to recruit learners exceptionally well and is forecast to continue to make surpluses in each year of its 3-year forecast, despite the challenging economic outlook and funding environment.

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

FINANCIAL REVIEW

In addition to the operational result mentioned above, the value of the fixed asset funds held at the year end was £18,078k (2022: £18,658k), and an unspent capital grant was carried forward amounting to £651k (2022: nil) The net liability within the restricted pension fund was £nil (2022 – net liability of £522k).

The total funds of the Trust as at 31 August 2023 was £19,308k (2022 - £18,407k).

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 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The trust also receives capital grants for fixed assets from the ESFA. During 2022/23 the trust received donated laptops from the DfE. In accordance with the Charities Statement of Recommended Practice (FRS 102), such grants and donations are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset balance is reduced by annual depreciation charges over the expected life of the relevant assets.

Reserves policy

Funding for the 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.

DIRECTORS REPORT (continued)

STRATEGIC REPORT

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

Total revenue funds carried forward as of 31 August 2023 were in excess of £500k, which is about double the position as the same time last year. This now represents over one month of the UTCs payroll costs which, despite funding pressures and the UTCs early stage of operations with only six years’ operations to build reserves, represents the trustees financial directions. Directors have developed a cash reserves policy, to support the renewal of the UTC’s specialist ICT and other equipment to keep the technology up to date to maintain the UTC’s position as one of the most technically advanced Colleges in the UK. Further to this, Directors are aware of a number of future financial pressures and uncertainties including increased inflation (particularly on energy costs), cost of living pressures and pension contribution rates. As such, they believe that a cautious approach to reserves is currently required.

While the UTC remains in its formative years it is not realistic to target significant surpluses, however the Board had set a policy to continue building reserves with a targeted operating surplus of 3% per annum and will be reviewing this in light of the improved position after taking into consideration future projections.

Investment policy

Directors considered the investment of surplus funds of the academy trust as circumstances improved and have invested £1m in a deposit account , in accordance with the Academy Trust Handbook.

Principal risks and uncertainties

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

The principal risks for the academy trust are connected with:

- Continue to build the reputation of the trust for achieving positive outcomes for its learners. Mitigation includes working closely with the Department for Education (DfE), the Regional Directors team, maintaining a strong focus on setting targets and tracking learner progress through a dedicated Quality of Education and Curriculum Committee and recruiting high quality teaching and leadership personnel; and
- Learner recruitment levels remain the key driver behind the financial stability of the trust, and while learner numbers continue to be very strong, and LDE UTC continues to be heavily oversubscribed, this can never be taken for granted. Mitigations include, continued investment in marketing, events and parental liaison, rigorously following up every expression of interest and continuing the highly successful open evenings (both virtual and in person).

DIRECTORS REPORT (continued)

STRATEGIC REPORT

- The current high levels of inflation on all costs and particularly energy costs, resulting in cost pressures for the college (both non-staff costs and staff cost inflationary pressures), and a cost of living crises for our staff and learners families.
- 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.
- The Academy recognises the critical importance of maintaining a safe and compliant estate as a cornerstone of its educational offering. To manage these risks, the Academy implements a robust risk management framework, which includes regular risk assessments, the development of a strategic risk register and a committee to oversee risk management practices. Trustees have appointed a responsible person to undertake Health & Safety audits with actions points followed up by management. The trust estate is relatively new having been built in 2018 and confirmation has been received from the builders that RAAC was not used in its construction.

Financial and risk management objectives and policies

Fundraising

The UTC does not actively solicit donations and therefore is not registered with the Fundraising Regulator and does not subscribe to any fundraising codes of practice. When donations from individuals are received, the UTC aims to protect personal data and never sells data or swaps data with other organisations. During 2021/22, the UTC received no complaints about fundraising activities.

Plans for future periods

The UTCs key priorities for 2023/24 are designed around the College foci, Assessment for Learning (AfL), Wider reading, Digital transformation, Employer Engagement and Attendance. The first two areas for development have been identified by either Ofsted, or they form part of our USP as a college to deliver employer led education or because they are part of a long-term goal to eradicate the digital divide and become more sustainable. The fifth priority around improving attendance is now a national priority as deemed by the DfE.

Having successfully secured £4m from the T-Level BFIG, the LDE will be focusing on working to deliver a new standalone satellite building.

The Trust will also continue to explore opportunities to grow in scale by forming a MAT or expanding the size of the LDE UTC's current provision in order to benefit from economies of scale, both educationally and financially.

STRATEGIC REPORT (continued)

Auditor

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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, on 14 December 2023 and signed on its behalf by:

anne heal

A Heal, Chair



**Learner recruitment levels
remain the key driver behind the
financial stability of the trust.**

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. The accounting officer is 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 six 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
Prof H Abdalla.....	4	6
S Ahmad	2	6
C Beales.....	3	6
D Forbes-Pepitone (Resigned 31/03/2023).....	3	5
G Fowler (CEO).....	6	6
L Graham (Resigned 22/09/2023).....	5	6
A Heal (Chair)	6	6
G Lois (Staff Director).....	1	2
N Rathbone.....	5	6
H Wain (Vice Chair).....	4	6
L Webster	6	6
P Sheikh (Parent Director) (Appointed 09/03/2023)	0	1
U Salman (Parent Director) (Appointed 09/03/2023)	1	1
C Kennett (Appointed 16/03/2023).....	1	2
C Hunter (Appointed 01/03/2023).....	1	1
S Moss (Appointed 19/01/2023)	2	3
J Galpin (Chair) (Resigned 23/09/2022)	1	1

GOVERNANCE STATEMENT (continued)

During the period, Jeremy Galpin resigned as Chair and as a Director on 22 September 2022, Anne Heal was appointed Chair by the Board, on the same day and took up the Chair role from 23 September 2022. Harry Wain was appointed Vice-Chair of the Board on 22 September 2022. Both Parent Directors' terms of office came to end on 22 October 2022. On the 7 November 2022, Matthew Herbert was appointed as an independent Director by the Board. Matthew later resigned from the Board in July 2023.

A new Director from Skanska plc (Stuart Moss) was appointed on 19 January 2023. Then in March 2023, the Board appointed the following Directors: Charlene Hunter (1 March 2023); Uzma Salman and Parvez Sheikh (two new Parent Directors) on 9 March 2023; and Caroline Kennett from Costain Group plc (16 March 2023).

After the period end, Lynne Graham resigned as a Director on 22 September 2023. The Trust is currently in the process of recruiting a replacement from Thames Water Utilities Ltd.

Conflicts of interest

All Directors and senior staff make an annual declaration of any pecuniary, personal and or related interests. The Directors declarations are collated and published on the College's website for all to see.

Furthermore, at every Board and Committee meeting all Directors and attendees are asked to declare any new or any interests in relation to any agenda item. If any declarations are made then these are recorded in the minutes of the meeting. Should any conflicts of interest arise at a governance meeting the Chair will take advice from the governance professional and will decide how best to manage that conflict of interest. This could include withdrawing from all or part of the meeting or abstaining from any decision-making that may be required.

The Board and its Committees as part of their work receive and scrutinise a range of data on key performance indicators for the College. These included learner progress data, examination outcomes, pupil premium data, behaviour, and attendance data, safeguarding and SEN data; management accounts; financial data and benchmarking data. The Board also receive information from external reviews to help challenge and hold the College leadership to account.

Governance reviews

Directors have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance. A governance review was conducted in 2021/22, which concluded that governance was outstanding and had contributed to the continuing success of the LDE UTC. Relationships between College Leaders and Directors are exemplary with mutual respect fostered in the shared ambition for all learners. Leaders and Directors are resolute in their determination to constantly improve and raise the bar in all aspects of the College's work. The Directors have established a Governance Working Group, which meets annually to review governance and to keep making improvements to ensure governance remains outstanding.

GOVERNANCE STATEMENT (continued)

Finance, Operations & Audit Committee Meetings

Director Meetings Attended Out of a possible

G Fowler (CEO).....	5	.....5
L Graham (Resigned 22/09/2023).....	5	.....5
A Heal (Chair).....	1	.....1
N Rathbone.....	4	.....5
U Salman (Parent Director) (Appointed 09/03/2023)	2	.....2
S Moss (Appointed 19/01/2023).....	2	.....3

**Geoffrey Fowler is an attendee only for the Audit Committee portions of these meetings.*

Quality of Education & Curriculum Committee Meetings

Director Meetings Attended Out of a possible

Shahina Ahmad (Chair)	1	.....2
Harry Wain	2	.....2
Lucy Webster.....	2	.....2
Charlene Hunter	0	.....1
Geoffrey Fowler (CEO)	2	.....2

Personal Development & Community Committee Meetings

Director Meetings Attended Out of a possible

Prof H Abdalla.....	1	.....3
C Beales.....	2	.....3
D Forbes-Pepitone (Resigned 31/03/2023).....	1	.....2
G Fowler (CEO)	3	.....3
A Heal (Chair).....	3	.....3
P Sheikh (Parent Director) (Appointed 09/03/2023)	1	.....1
C Kennett (Appointed 16/03/2023).....	1	.....1

GOVERNANCE STATEMENT (continued)

Review of value for money

As accounting officer, the CEO/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, as well as estates safety and management, 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 Trust has processes in place for the reviewing procurement across the estate and has buildings which are just over 5 years old. The accounting officer is in charge of ensuring that the trust utilises its funding effectively to ensure that the estate remains safe, well-maintained and compliant with relevant regulations through prudent financial management and prioritising key areas within the estate requiring urgent attention, thereby mitigating potential risks to its capital assets.

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 2022 to 31 August 2023 and up to the date of approval of the annual report and accounts.

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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Directors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Finance, Operation & Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

GOVERNANCE STATEMENT (continued)

- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

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

The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in 2022/23 included a review of finance /budgeting, procurement and website compliance. Results are reported to the board of trustees through the Finance, Operations & Audit Committee, with any recommendations considered and implemented in a timely manner. No significant internal control weaknesses have been identified during the 2022/23 reviews.

Review of effectiveness

As accounting officer, the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the financial management and governance self-assessment process or the school resource management self-assessment tool;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework;
- the work of the external auditor
- correspondence from ESFA, e.g. financial notice to improve/notice to improve (FNtI/NtI) and 'minded to' letters.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Operations & Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors on 14 December 2023 and signed on its behalf by:

Ane Heal

A Heal, Chair

STATEMENT OF 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 (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement between academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022, including responsibilities for estate safety and management.

I confirm that I and the academy trust's 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 Academy Trust Handbook 2022.

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

.....
G Fowler, Accounting Officer

14 December 2023



We are particularly pleased as a technical college to have our A-Level maths at an average grade of a B, and further maths at an average grade of an A.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors (who also act as trustees for London Design & Engineering UTC) are responsible for preparing the Directors report and the accounts in accordance with the Academies Accounts Direction 2022 to 2023 published 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 accounts for each financial year. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures
- disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Directors on 14 December 2023 and signed on its behalf by:



A Heal, Chair

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF LONDON DESIGN & ENGINEERING UTC**

Opinion

We have audited the accounts of London Design & Engineering UTC for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the accounts, including significant accounting policies. 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), the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023.

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 accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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

In auditing the financial statements, we have concluded that the Directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LONDON DESIGN & ENGINEERING UTC (continued)****Other information**

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the accounts 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the accounts themselves. 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 Directors report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Directors report including the incorporated 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 academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors report, including the incorporated 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:

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LONDON DESIGN & ENGINEERING UTC (continued)****Responsibilities of Directors**

As explained more fully in the statement of Directors responsibilities, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error. In preparing the accounts, the Directors are responsible for assessing the academy trust'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 Directors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of senior leadership, Governors/Trustees and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LONDON DESIGN & ENGINEERING UTC (continued)**

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations including compliance with the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency;
- Performing audit work over the recognition of grant income and the allocation of expenditure to funds;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

Catherine Cooper FCCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

Chartered Accountants
Statutory Auditor

19 December 2023

First Floor
River House
1 Maidstone Road
Sidcup
Kent
DA14 5RH
United Kingdom

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LONDON DESIGN & ENGINEERING UTC AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED
31 AUGUST 2023

INDEPENDENT REPORTING ACCOUNTANT'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 7 July 2023 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, 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 1 September 2022 to 31 August 2023 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The London Design & Engineering UTC and 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 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 accountant

The accounting officer is responsible, under the requirements of London Design & Engineering UTC's funding agreement with the Secretary of State for Education dated 7 April 2016 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 1 September 2022 to 31 August 2023 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LONDON DESIGN & ENGINEERING UTC AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED
31 AUGUST 2023

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LONDON DESIGN & ENGINEERING UTC AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

19 December 2023

Azets Audit Services
First Floor
River House
1 Maidstone Road
Sidcup
Kent
DA14 5RH
United Kingdom

**On average our
learners achieve
a “Distinction”
in their technical
subjects in our
Sixth Form.**



STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED
31 AUGUST 2023

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2023 £'000	Total 2022 £'000
Income and endowments from:						
Donations and capital grants	3	20	-	786	806	38
Charitable activities:						
- Funding for educational operations	4	65	6,320	-	6,385	5,490
Other trading activities	5	18	33	-	51	12
Investments	6	2	-	-	2	-
Total		<u>105</u>	<u>6,353</u>	<u>786</u>	<u>7,244</u>	<u>5,540</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	85	6,241	668	6,994	6,802
Total	7	<u>85</u>	<u>6,241</u>	<u>668</u>	<u>6,994</u>	<u>6,802</u>
Net income/(expenditure)		20	112	118	250	(1,262)
Transfers between funds	16	-	47	(47)	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	18	-	651	-	651	1,727
Net movement in funds		<u>20</u>	<u>810</u>	<u>71</u>	<u>901</u>	<u>465</u>
Reconciliation of funds						
Total funds brought forward		48	(299)	18,658	18,407	17,942
Total funds carried forward		<u>68</u>	<u>511</u>	<u>18,729</u>	<u>19,308</u>	<u>18,407</u>

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED
31 AUGUST 2023

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

Comparative year information Year ended 31 August 2022

	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2022 £'000
Income and endowments from:					
Donations and capital grants	3	17	-	21	38
Charitable activities:					
- Funding for educational operations	4	-	5,490	-	5,490
Other trading activities	5	4	8	-	12
Total		21	5,498	21	5,540
Expenditure on:					
Charitable activities:					
- Educational operations	8	32	5,923	847	6,802
Total	7	32	5,923	847	6,802
Net expenditure		(11)	(425)	(826)	(1,262)
Transfers between funds	16	-	(13)	13	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	18	-	1,727	-	1,727
Net movement in funds		(11)	1,289	(813)	465
Reconciliation of funds					
Total funds brought forward		59	(1,588)	19,471	17,942
Total funds carried forward		48	(299)	18,658	18,407

BALANCE SHEET

FOR THE YEAR ENDED
31 AUGUST 2023

BALANCE SHEET

	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		18,078		18,658
Current assets					
Debtors	13	170		117	
Cash at bank and in hand		1,579		646	
		1,749		763	
Current liabilities					
Creditors: amounts falling due within one year	14	(519)		(492)	
Net current assets			1,230		271
Net assets excluding pension liability			19,308		18,929
Defined benefit pension scheme liability	18		-		(522)
Total net assets			19,308		18,407
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			18,729		18,658
- Restricted income funds			511		223
- Pension reserve			-		(522)
Total restricted funds			19,240		18,359
Unrestricted income funds	16		68		48
Total funds			19,308		18,407

The accounts on pages 23 to 44 were approved by the Directors and authorised for issue on 14 December 2023 and are signed on their behalf by:

anne heal

A Heal, Chair

Company registration number 08283657 (England and Wales)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED
31 AUGUST 2023

STATEMENT OF CASH FLOWS

	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	19		233		(130)
Cash flows from investing activities					
Dividends, interest and rents from investments		2		-	
Capital grants from DfE Group		771		21	
Purchase of tangible fixed assets		(73)		(34)	
Net cash provided by/(used in) investing activities			700		(13)
Net increase/(decrease) in cash and cash equivalents in the reporting period			933		(143)
Cash and cash equivalents at beginning of the year			646		789
Cash and cash equivalents at end of the year			1,579		646
Relating to:					
Bank and cash balances			577		646
Short term deposits			1,002		-

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

London Design and Engineering UTC is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Directors report.

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.

1.1 Basis of preparation

The accounts 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 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

All incoming resources are 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.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet 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.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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.

1.5 Tangible fixed assets and depreciation

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. Where there are specific conditions attached to the funding that require the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies

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 life, as follows:

Land and buildings	The lesser of 50 years or the remaining lease term
Computer equipment	3 years
Fixtures, fittings & equipment	5 years

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

1.6 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 of services it must provide.

1.7 Leased assets

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

1.8 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. 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. 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.

1.9 Taxation

The academy trust 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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer 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 net income or expenditure 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.

1.11 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the [Department for Education Group].

1.12 Agency Arrangements

The Academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 24.

2 Critical accounting estimates and areas of judgement

Accounting 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.

Critical accounting estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Critical accounting estimates and areas of judgement

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18 will impact on the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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 pension value also includes an asset ceiling adjustment and the assumptions used to calculate this are:

- The scheme is open to new entrants;
- There is a minimum funding requirement in relation to the LGPS;
- There is the ability to recover a surplus through the ability to reduce future contributions (not refund)
- In calculating the surplus, the present value of current and past service costs is offset against the future contributions over the future period;
- The present value in the above calculations are calculated using an annuity representing participation into perpetuity.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Donated fixed assets	-	15	15	-
Capital grants	-	771	771	21
Other donations	20	-	20	17
	<u>20</u>	<u>786</u>	<u>806</u>	<u>38</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
DfE/ESFA grants				
General annual grant (GAG)	-	5,659	5,659	4,790
Other DfE/ESFA grants:				
- Pupil premium	-	126	126	113
- Teachers pay and pension grants	-	98	98	100
- Supplementary grant	-	81	81	-
- Apprenticeship levy	-	128	128	-
- Others	-	105	105	212
	-	6,197	6,197	5,215
Other government grants				
Local authority grants	-	123	123	133
COVID-19 additional funding				
DfE/ESFA				
Other DfE/ESFA COVID-19 funding	-	-	-	83
Other incoming resources	65	-	65	59
Total funding	65	6,320	6,385	5,490

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Hire of facilities	4	-	4	2
Other income	14	33	47	10
	18	33	51	12

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Short term deposits	2	-	2	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Expenditure

	Staff costs £'000	Non-pay expenditure Premises £'000	Other £'000	Total 2023 £'000	Total 2022 £'000
Academy's educational operations					
- Direct costs	3,421	668	673	4,762	4,771
- Allocated support costs	1,041	623	568	2,232	2,031
	<u>4,462</u>	<u>1,291</u>	<u>1,241</u>	<u>6,994</u>	<u>6,802</u>

Net income/(expenditure) for the year includes:

	2023 £'000	2022 £'000
Operating lease rentals	70	45
Depreciation of tangible fixed assets	668	847
Fees payable to auditor for:		
- Audit	13	9
- Other services	4	5
Net interest on defined benefit pension liability	48	29

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Direct costs				
Educational operations	20	4,742	4,762	4,771
Support costs				
Educational operations	65	2,167	2,232	2,031
	<u>85</u>	<u>6,909</u>	<u>6,994</u>	<u>6,802</u>

	2023 £'000	2022 £'000
Analysis of support costs		
Support staff costs	1,041	1,228
Technology costs	95	69
Premises costs	623	363
Legal costs	2	15
Other support costs	363	268
Governance costs	108	88
	<u>2,232</u>	<u>2,031</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Staff

Staff costs

Staff costs during the year were:

	2023 £'000	2022 £'000
Wages and salaries	3,301	3,073
Social security costs	359	346
Pension costs	595	954
	<hr/>	<hr/>
Staff costs - employees	4,255	4,373
Agency staff costs	207	288
Staff restructuring costs	-	24
	<hr/>	<hr/>
	4,462	4,685
Staff development and other staff costs	40	19
	<hr/>	<hr/>
Total staff expenditure	4,502	4,704
	<hr/> <hr/>	<hr/> <hr/>
Staff restructuring costs comprise:		
Redundancy payments	-	24
	<hr/> <hr/>	<hr/> <hr/>

Special staff severance payments

Included in restructuring costs for the year ended 31 August 2022 are two special severance payments totalling £24,000.

Staff numbers

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

	2023 Number	2022 Number
Teachers	39	40
Administration and support	38	40
Management	5	4
	<hr/>	<hr/>
	82	84
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Staff

Higher paid staff

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

	2023 Number	2022 Number
£60,001 - £70,000	5	3
£70,001 - £80,000	2	4
£80,001 - £90,000	2	1
£140,001 - £150,000	1	1
	<hr/>	<hr/>

Key management personnel

The key management personnel of the academy trust comprise the Directors and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £585,682 (2022: £508,129)

10 Directors remuneration and expenses

One or more of the Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as Directors.

The value of Directors remuneration and other benefits was as follows:

G Fowler (principal and trustee):

- Remuneration £140,000- £145,000 (2022: £140,000-£145,000)
- Employer's pension contributions £30,000 - £35,000 (2022: 30,000-£35,000)

G Lois (staff trustee):

- Remuneration £40,000 - £45,000 (2022: £30,000-£35,000)
- Employer's pension contributions £5,000- £10,000 (2022: £0-£5,000)

During the year, no expenses were paid directly or reimbursed to the trustees. During the year ended 31 August 2022 travel expenses of £219 were reimbursed to one director.

Other related party transactions involving the Directors are set out within the related parties note.

11 Directors and officers' insurance

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2022	19,846	992	1,885	22,723
Additions	14	59	15	88
At 31 August 2023	19,860	1,051	1,900	22,811
Depreciation				
At 1 September 2022	1,649	952	1,464	4,065
Charge for the year	450	46	172	668
At 31 August 2023	2,099	998	1,636	4,733
Net book value				
At 31 August 2023	17,761	53	264	18,078
At 31 August 2022	18,197	40	421	18,658

The additions for land and buildings are for planning and professional architect fees for T Level Provision building construction.

13 Debtors

	2023 £'000	2022 £'000
Trade debtors	2	25
VAT recoverable	42	16
Other debtors	6	5
Prepayments and accrued income	120	71
	170	117

14 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	85	47
Other taxation and social security	93	91
Other creditors	171	176
Accruals and deferred income	170	178
	519	492

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Deferred income

	2023 £'000	2022 £'000
Deferred income is included within:		
Creditors due within one year	24	57
Deferred income at 1 September 2022	57	33
Released from previous years	(57)	(33)
Resources deferred in the year	24	57
Deferred income at 31 August 2023	24	57

At the balance sheet date, the Academy Trust was holding funds received in advance for T level funding.

16 Funds

	Balance at 1 September 2022 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2023 £'000
Restricted general funds					
General Annual Grant (GAG)	223	5,659	(5,418)	47	511
Pupil premium	-	126	(126)	-	-
Other DfE/ESFA grants	-	412	(412)	-	-
Other government grants	-	123	(123)	-	-
Other restricted funds	-	33	(33)	-	-
Pension reserve	(522)	-	(129)	651	-
	(299)	6,353	(6,241)	698	511
Restricted fixed asset funds					
DfE group capital grants	-	771	-	(120)	651
General fixed assets	18,658	15	(668)	73	18,078
	18,658	786	(668)	(47)	18,729
Total restricted funds	18,359	7,139	(6,909)	651	19,240
Unrestricted funds					
General funds	48	105	(85)	-	68
Total funds	18,407	7,244	(6,994)	651	19,308

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Funds

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy.

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 31st August 2023.

Pupil Premium : Income received from the ESFA as described.

Other DfE/ESFA grants: This includes Teachers Pension Grants, National Tutoring Funding, Recovery Grant, Mainstream Schools Additional Grant, Supplementary grant, Rates and apprenticeship funding.

Other government grants: This includes SEN funding, growth funding and additional pupil premium.

The transfer of funds relate to revenue expenditure funded by DFC.

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

	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2022 £'000
Restricted general funds					
General Annual Grant (GAG)	163	4,790	(4,717)	(13)	223
Pupil premium	-	113	(113)	-	-
Other DfE/ESFA COVID-19 funding	-	83	(83)	-	-
Other DfE/ESFA grants	-	312	(312)	-	-
Other government grants	-	133	(133)	-	-
Other restricted funds	-	67	(67)	-	-
Pension reserve	(1,751)	-	(498)	1,727	(522)
	<u>(1,588)</u>	<u>5,498</u>	<u>(5,923)</u>	<u>1,714</u>	<u>(299)</u>
Restricted fixed asset funds					
DfE group capital grants	-	21	-	(21)	-
General fixed assets	19,471	-	(847)	34	18,658
	<u>19,471</u>	<u>21</u>	<u>(847)</u>	<u>13</u>	<u>18,658</u>
Total restricted funds	<u>17,883</u>	<u>5,519</u>	<u>(6,770)</u>	<u>1,727</u>	<u>18,359</u>
Unrestricted funds					
General funds	59	21	(32)	-	48
	<u>59</u>	<u>21</u>	<u>(32)</u>	<u>-</u>	<u>48</u>
Total funds	<u>17,942</u>	<u>5,540</u>	<u>(6,802)</u>	<u>1,727</u>	<u>18,407</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	-	-	18,078	18,078
Current assets	68	1,030	651	1,749
Current liabilities	-	(519)	-	(519)
Total net assets	68	511	18,729	19,308
	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	-	-	18,658	18,658
Current assets	48	715	-	763
Current liabilities	-	(492)	-	(492)
Pension scheme liability	-	(522)	-	(522)
Total net assets	48	(299)	18,658	18,407

18 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 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 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £65,427 were payable to the schemes at 31 August 2023 (2022: £57,399) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 Pension and similar obligations

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to the TPS in the period amounted to £369,192 (2022: £342,073).

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 contributions are as noted below. The agreed contribution rates for future years are 17.3% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Total contributions made	2023 £'000	2022 £'000
Employer's contributions	144	112
Employees' contributions	67	57
	<hr/>	<hr/>
Total contributions	211	169
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 Pension and similar obligations

Principal actuarial assumptions	2023 %	2022 %
Rate of increase in salaries	3.9	3.9
Rate of increase for pensions in payment/inflation	2.9	2.9
Discount rate for scheme liabilities	5.3	4.2

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

	2023 Years	2022 Years
Retiring today		
- Males	19.6	21.4
- Females	23	24.1
Retiring in 20 years		
- Males	21	23
- Females	24.5	25.7

Scheme liabilities would have been affected by changes in assumptions as follows:

The academy trust's share of the assets in the scheme	2023 Fair value £'000	2022 Fair value £'000
Equities	1,006	488
Gilts	-	58
cash and liquid assets	51	43
Property	166	135
Other assets	419	106
Unrecognised asset	(111)	-
Total market value of assets	1,531	830

The actual return on scheme assets was £609,000 (2022: £33,000).

Amount recognised in the statement of financial activities	2023 £'000	2022 £'000
Current service cost	225	580
Interest income	(10)	(12)
Interest cost	58	41
Benefit changes, curtailments and settlements gains or losses	-	1
Total operating charge	273	610

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 Pension and similar obligations

Changes in the present value of defined benefit obligations	2023 £'000	2022 £'000
At 1 September 2022	1,352	2,392
Current service cost	225	580
Interest cost	58	41
Employee contributions	67	57
Actuarial gain	(163)	(1,706)
Benefits paid	(8)	(12)
At 31 August 2023	<u>1,531</u>	<u>1,352</u>
Changes in the fair value of the academy trust's share of scheme assets	2023 £'000	2022 £'000
At 1 September 2022	830	641
Interest income	10	12
Actuarial gain	599	21
Employer contributions	144	112
Employee contributions	67	57
Benefits paid	(8)	(12)
Effect of non-routine settlements and administration expenses	-	(1)
Asset ceiling adjustment	(111)	
At 31 August 2023	<u>1,531</u>	<u>830</u>

Included within the pension assets above is an "asset ceiling adjustment". The asset ceiling is the present value of the economic benefits that the employer can recover from the plan, such as reduced contributions or cash refunds. It is deemed for the Trust that the future costs expected for the employers contributions will outweigh the future service costs and therefore there is no economic benefit to the Trust and therefore the asset value is reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Notes	2023 £'000	2022 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		250	(1,262)
Adjusted for:			
Capital grants from DfE and other capital income		(786)	(21)
Investment income receivable	6	(2)	-
Defined benefit pension costs less contributions payable	18	81	469
Defined benefit pension scheme finance cost	18	48	29
Depreciation of tangible fixed assets		668	847
(Increase)/decrease in debtors		(53)	14
Increase/(decrease) in creditors		27	(206)
Net cash provided by/(used in) operating activities		233	(130)

20 Analysis of changes in net funds

	1 September 2022 £'000	Cash flows £'000	31 August 2023 £'000
Cash	646	(69)	577
Cash equivalents	-	1,002	1,002
	646	933	1,579

21 Long-term commitments

Operating leases

At 31 August 2023 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2023 £'000	2022 £'000
Amounts due within one year	91	56
Amounts due in two and five years	114	82
	205	138

22 Related party transactions

Owing to the nature of the academy trust 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 the Directors have 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 Academy Trust Handbook and normal procurement procedures.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 Related party transactions

Expenditure related party transactions

Purchases of £23,159 (2022:£43,775) were made from the University of East London during the financial year at an arm's length basis.

Income related party transactions

The Chelmsford Diocese Educational Trust has provided chaplaincy services to the UTC throughout the year in question, The value of this service has been assessed as a gift in kind of £18,000 (2022: £16,250).

During the year Costain donated £1,500 to the academy to sponsor awards.

23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

24 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2023 the trust received £63k (2022: £54k) and disbursed £45k (2022: £51k) from the fund. An amount of £18k (2021: £3k) is included in other creditors relating to undistributed funds that is repayable to ESFA.



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