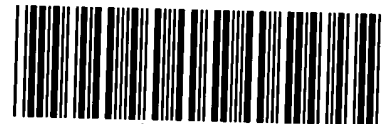


# East London UTC Limited

(A Company Limited by Guarantee)

Annual Report and Financial Statements  
For the year ended 31 August 2017

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COMPANIES HOUSE

Company Registration Number: 07649596 (England and Wales)

# East London UTC Limited

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# East London UTC Limited

## Reference and Administrative Details

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Members	Prospects College of Advanced Engineering (PROCAT) The Centre for Engineering and Manufacturing Excellence (CEME) Robert Cohen	
Trustees	Mrs J Abbott Ms A Antoine Mr N Bates Ms A Calnan Mr S Carpenter Mr P Chandler Mr R Cohen Ms K Donovan-Maddix Ms J Godwin-Samuel Professor A Greig Mr G Holmes Mr R Leighton Professor E Sorensen Mrs R Umerah Mr M Williams	(appointed 18 October 2017) (appointed 17 October 2016) (resigned 31 July 2017)  (resigned 31 December 2016)   (appointed 18 October 2017) (appointed 9 December 2016)  (resigned 19 October 2016) (appointed 26 April 2017)
Senior Management Team:		
Principal	Mrs R Umerah	
Vice principal	Mr R Bristow	
Assistant principal	Mrs A Hussain	
Bursar	Mrs D Kilner	
Principal and Registered Office	Yew Tree Avenue Londoneast Business and Technical Park Dagenham Essex RM10 7FN	
Company Registration Number	07649596 (England and Wales)	
Independent Auditor	Kingston Smith LLP Orbital House 20 Eastern Road Romford RM1 3PJ	
Bankers	Lloyds Bank Plc	

# **East London UTC Limited**

## **Governors' Report for the year ended 31 August 2017**

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purpose of both a governors' report for the purposes of charity legislation and a directors' report under company law.

East London UTC Limited ('Elutec' or 'the UTC') is a University Technical College for 14 to 19 year olds specialising in engineering, design and technology.

Elutec opened in September 2014 and spent its first two academic years in challenging circumstances in two different sets of temporary accommodation on different sites. The 2016/2017 academic year commenced with Elutec installed in its new permanent building at the Londoneast Business and Technical Park in Dagenham. The new building has state of the art teaching accommodation and exceptional workshop facilities for engineering and technology, with capacity for 600 students. As at the October 2016 census, Elutec had 248 students on roll for the 2016/17 academic year and at October 2017 had 197 students on roll for the 2017/2018 academic year

### **Structure, Governance and Management**

#### **Constitution**

Elutec is a private company limited by guarantee and an exempt charity. The company is registered in England and Wales. The charitable company's memorandum and articles of association are its primary governing documents.

The governors of Elutec act as the trustees for the charitable activities of the UTC and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Elutec.

Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

#### **Members' Liability**

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

#### **Governors' Indemnities**

Elutec has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000.

#### **Method of Recruitment and Appointment or Election of Governors**

The articles of association provide for the appointment or election of governors as follows:

- The members may appoint up to 10 governors provided that nominees of the University Sponsor and Employer sponsors together form a majority of the total number of governors;
- The members may appoint Staff governors provided that the total number of Staff governors (including the Principal) shall not exceed one third of the total number of governors;
- Two parent governors should be elected by parents of registered pupils of the UTC;
- The Principal;
- Up to 3 Co-opted governors may be appointed by governors who are not themselves co-opted.

# **East London UTC Limited**

## **Governors' Report**

The term of office of any governor (except the Principal) is four years. Subject to remaining qualified, any governor may be re-appointed or re-elected.

New governors are introduced to the Board by sponsors and are then approved by the full Governing Body.

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

The majority of governors were chosen for their significant skills and experience, with a mix of educational, engineering and commercial experience. The induction process is tailored to the needs of the individual.

All new governors are given the opportunity to attend training courses specifically for new governors that are run by a local supplier.

### **Organisational Structure**

Elutec's board consists of Governors and Senior Leaders. The aim of the organisational structure is to devolve responsibility and encourage involvement in decision making at all levels.

The governors are responsible for:

- Ensuring clarity of vision, ethos and strategic direction;
- Holding the principal to account for the educational performance of the UTC and its pupils and the performance management of staff;
- Overseeing the financial performance of the UTC and making sure its money is well spent.

The senior leadership team, led by the principal, oversee Elutec at an executive level implementing the strategy laid down by the governors and reporting back to them. The senior managers are responsible for the authorisation of spending within agreed limits and the appointment of non-senior staff.

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

The HR, Health and Safety, Safeguarding and Community Committee makes determinations of pay for key management personnel annually in accordance with the Pay Policy. Key management personnel are considered to be the senior leadership team. The committee will consider the quality of performance with particular regard to leadership, management and student progress at Elutec and will be subject to a review of performance against performance objectives set for the year.

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

Elutec brings four sponsors together to create a very special opportunity for young people in East London and Essex:

- The Faculty of Engineering at UCL (University College London) is recognised as a top provider of engineering higher education. UCL is ranked in the top 20 of world university rankings;
- Ford is the 5th largest manufacturer of motor vehicles in the world and not only produces over 1 million diesel engines in Dagenham, but also has the UK's largest automotive research and development centre close by;
- CEME (the Centre for Engineering and Manufacturing Excellence) provides a world class facility packed with state-of-the-art engineering training equipment and operates a business innovation and research campus;
- PROCAT (Prospects College of Advanced Technology) brings superb education expertise with over 40 years' experience in vocational education.

# East London UTC Limited

## Governors' Report

### Objectives and Activities

#### Objects and Aims

Elutec's object is specifically restricted to the following: to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a UTC offering a broad and balanced curriculum, focused on engineering and design.

The UTC's aim is to inspire young people in East London and Essex to become the next generation of talented Engineers and Designers through a positive education experience which equips them with the skills, knowledge and personal qualities they need to have a successful career in industry.

Elutec will work collaboratively with business and industry, as well as the learned societies, to ensure that the students experience a world of work context to their learning.

#### Objectives, Strategies and Activities

Elutec's purpose can be summarised as:

- **Our Aim** is to inspire young people in East London and Essex to become the next generation of talented Engineers and Designers through a positive education experience which equips them with the skills, knowledge and personal qualities they need to have a successful career in industry.
- **Our Focus** is for each and every student to develop the confidence to challenge conventional thinking, and the skills to do this in a positive and creative way.
- **Our Passion** is to provide our students, staff and employer partners with an inspiring environment in which to learn, to educate, and to connect.
- **Our Dream** is that our students develop a strong sense of self belief, are happy, and will lead successful and fulfilling lives.

Elutec's Mission is to be the first choice for students, educators and employers with an interest in engineering, design and technology, because of our passion, our results and our reputation.

Elutec is an exciting partnership between some of the most successful organisations in their fields in the world. The Faculty of Engineering at University College London (UCL) is the University sponsor and provides input, oversight and direction to the education content and approach. Industrial sponsors and partners such as Ford, Network Rail, and National Grid are deeply involved in designing and supporting education projects. Students learn from practising engineers, designers and managers from industry alongside world class teachers and staff.

The key activities for achieving this are:

- Delivery of a high quality contextualised curriculum in all year groups;
- Recruiting and developing staff that share the Elutec vision and provide a learning environment for students to succeed;
- Developing partnerships within industry and higher education;
- Providing work experience and careers education to allow students to make informed decisions when taking their next steps.

# **East London UTC Limited**

## **Governors' Report**

### **Public Benefit**

In setting Elutec's vision, aims and objectives and the strategic planning of activities and development, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

Elutec operates under a Funding Agreement with the Secretary of State for Education. Elutec is incorporated as a Company Limited by Guarantee and is exempt from registration with the Charity Commission.

The governors of Elutec are satisfied that they meet the public benefit criteria as required by the section 17 of the Charities Act 2011.

## **Strategic Report**

### **Achievements and Performance**

Student recruitment remains at a disappointing level, leading to a claw back of funding of £422,000 for 2016/17. As a UTC, Elutec received transitional funding of £200,000 in the year that was offset against the 2015/16 claw back of funding. The amount due to the ESFA as at 31 August 2017 was £1,464,182 (2016: £1,241,646). The senior leadership team have been working closely with the ESFA to put together a financial plan that addresses the deficit and balances the budget in future years.

Elutec had its second set of results in 2017 and reported improvements in both Maths and English at GCSE level. All students leaving us in 2017 secured places in employment, further education or training.

### **Ofsted Inspection and Report**

Elutec had its first Ofsted inspection at the end of March 2017 and received an inadequate rating and was placed into special measures. The full Ofsted report can be found on the Ofsted website. The governors took immediate action and, in consultation with the Regional Schools Commissioner, appointed a part-time Interim Executive Principal who was co-opted onto the board of Governors, together with the Chief Executive of Partnership Learning, a local multi-academy trust (MAT) which includes a teaching School which had been working with Elutec to support our teaching and staff development since November 2016.

The board delegated most of its powers and responsibilities to an Interim Executive Board (IEB) consisting of the Chair and three Elutec governors (including a parent governor), the Interim Executive Principal, the Chief Executive of Partnership Learning and an independent member recommended by the Regional Schools Commissioner. The IEB meets frequently to drive forward the actions for rapid school improvement.

Led by the Interim Executive Principal, the senior leadership reflected on the key findings of the Ofsted report and developed a rapid school improvement plan which was discussed and approved by the IEB. Changes to the 2017/18 course offering and entry level criteria at Post-16 have been made and whilst this had an adverse impact on student numbers recruited at September 2017, it is expected to significantly improve student outcomes for 2017/18 and therefore student numbers in the medium to long term.

Discussions are underway for Elutec to join Partnership Learning as a member of their MAT. The DfE and ESFA are involved in these negotiations, with the aim of obtaining additional resources and support (financial, strategic and technical) to further drive school improvement.

# **East London UTC Limited Governors' Report**

## **Leadership changes**

Elutec Principal, Ruth Umerah, will be leaving her post at the end of December 2017, having worked relentlessly to build Elutec from the initial conceptual idea to its current state-of-the art establishment. Elutec has benefitted from her vision, tenacity and commitment. The governing board are extremely grateful to her for all that she has done over the last four and a half years.

An interim Principal will be appointed to start at the beginning of January to ensure that day-to-day leadership of the school is conducted in a safe and stable manner. The Board has commenced a search and advertising process to attract and appoint a suitable permanent Principal for Elutec.

## **Key Performance Indicators**

Our key performance indicators include the following:

- meeting our targets for student achievements and outcomes;
- achieving a level of pupil recruitment that will ensure the financial viability of Elutec;
- successful implementation of the rapid school improvement plan and improvement in Ofsted rating.

## **Going Concern**

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

## **Financial Review**

These accounts cover the 3<sup>rd</sup> year since Elutec opened in September 2014. We are now established in the London Borough of Barking and Dagenham on the Londoneast-UK site at Dagenham East and moved into our new premises in September 2016, in time for the start of the 2016/17 academic year.

During the year, funding was received from the ESFA in the form of the General Annual Grant of £1,633,714 (2016: £1,592,048) and a start-up grant of £41,000 (2016: £180,631). A grant of £341,953 (2016: £884,470) was also received from the ESFA to fund the cost of temporary accommodation for the year and £nil (2016: £213,096) to cover the dilapidation costs of the CEME site.

The cost of the UTC's educational operations (excluding depreciation) of £2,761,143 (2016: £3,482,044) include salaries of £1,749,355 (2016: £1,853,088) and the costs of leasing temporary accommodation of £341,953 (2016: £884,470).

A deficit balance on restricted revenue funds (excluding the pension reserve) of £483,887 (2016: £280,329) has been carried forward.

The capital grant is only claimable to the extent that it has been used for the purchase of fixed assets. The amount of the grant in these accounts should match the expenditure incurred on temporary building works, furniture and equipment except for the devolved capital grant of £8,404 (2016: £7,223) that was received in the year but not used.

During the year, the key transactions relating to land and buildings included:

- Elutec moved to its new premises in August 2016. The cost of the new building and renovation work as at 31 August 2017 is £11,477,670 (2016: £11,267,008).



# East London UTC Limited

## Governors' Report

- The licence on the temporary buildings expired in January 2017 and the cost of leasehold improvements of £784,625, that were fully depreciated at the end of last year, have been treated as a disposal this year.

### Reserves Policy

As this is the 3<sup>rd</sup> year of operation, the Governors continue to keep the level of reserves under review.

In the medium term the UTC wishes to build up reserves (excluding restricted fixed asset reserves) to a level where resources will cover long term needs relating to replacement of IT, specialist equipment and any unforeseen contingencies.

The Governors consider reserves equivalent to 6 months of operational expenditure to be an optimal level of reserves.

At 31 August 2017, the UTC had £55,162 (2016: £43,779) of unrestricted free reserves, a deficit of £483,887 (2016: £280,329) of restricted general funds, a pension deficit of £410,000 (2016: £411,000) and £13,303,941 (2016: £13,517,080) of restricted fixed asset funds.

### Investment Policy

Governors of Elutec are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk. Governors do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds.

The management of cash flow should ensure that there are always sufficient funds in the main bank account to cover operational costs. Banks must be selected from the FCA Approved List included in the Financial Services Compensation Scheme.

### Principal Risks and Uncertainties

Governors have identified the following areas affecting risk and uncertainties at Elutec:

#### ***Financial Viability***

The long term success of Elutec depends on the UTC being able to attract the right number and calibre of students to ensure that it is financially viable. The temporary nature of our accommodation and the uncertainty over our permanent solution has impacted on our ability to attract students in the numbers that were anticipated in the original plan. Now our new permanent site is completed, we expect to be able to attract the number of students that we require to be financially viable.

#### ***Reputational Risk***

The success of Elutec depends on maintaining high educational standards in order to attract sufficient numbers of students to the UTC. Governors are focused on monitoring and reviewing the achievement and success of the students.

#### ***Safeguarding and Child Protection Risks***

Governors continue to ensure that high standards are maintained in selecting staff. The school has a child protection policy and provides training and support in order to protect the vulnerable young children in its care.

### Plans for Future Periods

The emphasis for the coming year will be on promoting excellence in teaching and the continued development of a curriculum for the 21<sup>st</sup> century that prepares young people for the workplace.

## **East London UTC Limited Governors' Report**

Other activities will include:

- Monitoring the marketing strategy to ensure that the optimum number of students is reached.

### **Auditor**

Insofar as the governors are aware:

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

Kingston Smith LLP were appointed auditors to the charitable company and in accordance with section 485 of the Companies Act 2006, a resolution that they be reappointed will be put at a General Meeting.

The Governors' Report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 18 December 2017 and signed on the board's behalf by:



**Mr R Cohen**  
Chair of Governors

# East London UTC Limited

## Governance Statement

### Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Elutec 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 governing body 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 Elutec and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors responsibilities. The UTC's governing body has formally met 7 times during the year. The normal schedule is for 4 meetings per year. During the year 3 additional meetings were called: 1 to approve the Annual Financial Report, a special meeting to discuss strategy and an emergency meeting after receipt of the Ofsted verbal report.

Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Ms A Antoine	4	6
Mr N Bates	3	7
Ms A Calnan	7	7
Mr S Carpenter	1	2
Mr P Chandler	5	7
Mr R Cohen (Chair)	7	7
Mrs J Godwin-Samuel	5	5
Professor A Greig	2	7
Mr R Leighton	2	2
Professor E Sorensen	5	7
Mrs R Umerah	6	6
Mr M Williams	7	7

A review of governance has taken place during the year and following the appointment of parent governors and other appointments made to strengthen the Board, the Board is considered to have the right mix of skills. Various committees are in place to ensure that the meetings are effective.

The Finance Committee is a sub-committee of the main Board of Directors. Its purpose is:

- To oversee the annual budget setting.
- To propose the annual budget to the Full Governing Body and regularly report to the Full Governing Body on all financial matters.
- Regularly monitor income and expenditure against budget, including reporting of any significant budget amendments.
- To review and monitor all policies under the scope of the Finance Committee, as delegated from the Governing Body.
- To ensure compliance with the Finance Policy and Academies Financial Handbook and ensure that academy financial control systems are robust.
- To ensure the Annual Report and Accounts are produced in accordance with the Academies Financial Handbook.

# East London UTC Limited

## Governance Statement

- To review the annual report and accounts and recommend for approval to the Members and Governing Body.
- To approve opening and operation of academy bank accounts; authorised signatories; operation of credit cards; payment system controls including BACS.
- To approve improvement plans and actions relating to the finance and premises area.
- To ensure a strategic financial review of income, staffing, other expenditure and capital projects.
- To have a strategic view regarding forward planning of school finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for school improvement projects.

The Finance Committee also acts as the Audit Committee. Its purpose is:

### Effectiveness of financial control

- To review the effectiveness of financial and other control systems.
- To oversee the academy's policy on fraud and irregularity.
- To ensure that all significant losses have been properly investigated and reported as appropriate, including notification to the ESFA of losses through fraud or theft in excess of £5,000.
- To ensure capture of all business and pecuniary interests of members, governors and senior employees.
- To oversee the academy's corporate governance arrangements including the code of practice for governing body members and code of conduct for senior staff.
- To monitor the academy's arrangements to secure value for money.

### Risk management

- To advise the governing body on risk management by:
  - Being familiar with the requirements of risk management
  - Ensuring appropriate audit work on risk management

### Audit

- To consider and advise the governing body on the assessment of overall audit needs.
- To advise the governing body on the appointment and remuneration of external auditors and the scope of their work.
- To guide the external auditor on the nature and scope of the audit as necessary.
- To consider and advise the governing body on external audit reports and management letters.
- To appoint the reviewer and set the overall scope of the checks.
- To review reports from the reviewer on the effectiveness of the financial procedures and controls.
- To consider and advise the governing body on review reports.

Daryl Kilner, who is a qualified accountant, is the Bursar and has been present at all Finance Committee meetings. Attendance at meetings in the year was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr N Bates	3	5
Mr R Cohen	5	5
Mrs R Umerah	4	5
Mr M Williams (Chair)	5	5

# **East London UTC Limited**

## **Governance Statement**

### **Review of Value for Money**

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the governors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Regularly challenging quotes received and negotiating further reductions when appropriate in order to ensure that Best Value for Money is obtained. Staff are encouraged to obtain best value for money by researching alternative suppliers online for comparative products when spending their budgets. The Principal approves all purchase orders over £3,000 and regularly challenges to ensure that we are obtaining best value.
- Putting in place a procurement framework that ensures that formal tender processes are followed or three supplier quotes are obtained according to specified order value limits. The quality of service, contract prices and terms and conditions of the academy's suppliers are regularly reviewed and compared with the open market.

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

### **Capacity to Handle Risk**

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

### **The Risk and Control Framework**

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

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

## East London UTC Limited Governance Statement

- identification and management of risks.

The board of governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governors have appointed Kingston Smith LLP, the external auditor, to perform additional checks.

This 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 the current period included:

- Review and testing of payroll systems
- Review and testing of purchase systems
- Review and testing of bank reconciliations
- Review and testing of petty cash systems

During the year ended 31 August 2017, Kingston Smith LLP carried out one review that covered the whole of the year and reported to the Governing Body, through the finance committee on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities. Going forward, these visits will take place termly.

There were no material control issues arising as a result of the reviewer's work.

### Review of effectiveness

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

- The work of the reviewer;
- The work of the external auditor;
- The financial management and governance self-assessment process;
- The work of the executive managers within the academy trust who have responsibility for the development maintenance of the internal control framework

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

Approved by order of the members of the Governing Body on 18 December 2017 and signed on its behalf by:



**Mr R Cohen**  
Chair of Governors



**Mrs R Umerah**  
Accounting Officer

## **East London UTC Limited**

### **Statement on Regularity, Propriety and Compliance**

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

I confirm that I and the academy trust board of governors 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's funding agreement and the Academies Financial Handbook.

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 governors and the ESFA.



**Mrs R Umerah**  
Accounting Officer

**18 December 2017**

# **East London UTC Limited**

## **Statement of Governors' Responsibilities**

The Governors (who act as trustees for charitable activities of Elutec and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 18 December 2017 and signed on its behalf by:



**Mr R Cohen**  
Chair of Governors



# East London UTC Limited

## Independent Auditor's Report on the Financial Statements to the Members of East London UTC Limited

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### Opinion

We have audited the financial statements of East London UTC Limited ('the Academy Trust'), for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA.

This report is made solely to the Trust'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 Trust's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### 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 financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRS's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

# East London UTC Limited

## Independent Auditor's Report on the Financial Statements to the Members of East London UTC Limited

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### Other information

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

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

We have nothing to report in this regard.

### Opinion on other matter 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 strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

# East London UTC Limited

## Independent Auditor's Report on the Financial Statements to the Members of East London UTC Limited

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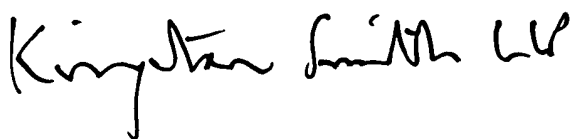
### Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Date: 19 December 2017

**James Cross (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP, Statutory Auditor

Orbital House  
20 Eastern Road  
Romford  
RM1 3PJ

# East London UTC Limited

## Independent Reporting Accountant's Assurance Report on Regularity to East London UTC Limited and the Education and Skills Funding Agency

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In accordance with the terms of our engagement letter dated 9 May 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by East London UTC Limited during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to East London UTC Limited and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to East London UTC Limited 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 East London UTC Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of East London UTC Limited's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of East London UTC Limited's funding agreement with the Secretary of State for Education dated 3 February 2014 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by 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.

The work undertaken to draw to our conclusion includes:

- Enquiry
- Inspection and review
- Observation and reperformance

# East London UTC Limited

## Independent Reporting Accountant's Assurance Report on Regularity to East London UTC Limited and the Education Funding Agency (continued)

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### 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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Kingston Smith LLP

Date: 19 December 2017

**James Cross (Senior Statutory Auditor)**  
for and on behalf of Kingston Smith LLP, Statutory Auditor

Orbital House  
20 Eastern Road  
Romford  
RM1 3PJ

# East London UTC Limited

## Statement of Financial Activities for the year ended 31 August 2017 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	97,936	354,452	452,388	11,618,146
Charitable activities:						
Funding for the UTC's educational operations	3	-	2,377,455	-	2,377,455	2,972,336
Other trading activities	4	10,669	-	-	10,669	14,400
Investment income	5	1,214	-	-	1,214	1,852
<b>Total income</b>		<u>11,883</u>	<u>2,475,391</u>	<u>354,452</u>	<u>2,841,726</u>	<u>14,606,734</u>
<b>Expenditure on:</b>						
Charitable activities:						
UTC educational operations	7	500	2,760,643	572,897	3,334,040	4,641,959
<b>Total expenditure</b>	6	<u>500</u>	<u>2,760,643</u>	<u>572,897</u>	<u>3,334,040</u>	<u>4,641,959</u>
<b>Net income/(expenditure)</b>		11,383	(285,252)	(218,445)	(492,314)	9,964,775
Transfers between funds	14	-	(5,306)	5,306	-	-
		11,383	(290,558)	(213,139)	(492,314)	9,964,775
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	23	-	88,000	-	88,000	(193,000)
<b>Net movement in funds</b>		<u>11,383</u>	<u>(202,558)</u>	<u>(213,139)</u>	<u>(404,314)</u>	<u>9,771,775</u>
<b>Reconciliation of funds</b>						
Total funds brought forward	14	43,779	(691,329)	13,517,080	12,869,530	3,097,755
<b>Total funds carried forward</b>		<u>55,162</u>	<u>(893,887)</u>	<u>13,303,941</u>	<u>12,465,216</u>	<u>12,869,530</u>

All of the UTC's activities derive from continuing operations during the above two financial periods.

# East London UTC Limited

## Balance Sheet as at 31 August 2017

	Notes	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	11		13,289,142		13,509,857
<b>Current assets</b>					
Debtors	12	233,948		2,852,700	
Cash at bank and in hand		<u>1,735,295</u>		<u>1,744,500</u>	
		1,969,243		4,597,200	
<b>Liabilities</b>					
Creditors : Amounts falling due within one year	13	<u>(2,383,169)</u>		<u>(4,826,527)</u>	
<b>Net current liabilities</b>			<u>(413,926)</u>		<u>(229,327)</u>
<b>Total assets less current liabilities</b>			12,875,216		13,280,530
Pension scheme liability	23		(410,000)		(411,000)
<b>Net assets including pension liability</b>			<u>12,465,216</u>		<u>12,869,530</u>
<b>Funds of the UTC:</b>					
<b>Restricted funds</b>					
Fixed asset fund	14	13,303,941		13,517,080	
General fund	14	(483,887)		(280,329)	
Pension reserve	14	<u>(410,000)</u>		<u>(411,000)</u>	
<b>Total restricted funds</b>			12,410,054		12,825,751
<b>Unrestricted income funds</b>					
General fund	14	<u>55,162</u>		<u>43,779</u>	
<b>Total unrestricted funds</b>			55,162		43,779
<b>Total funds</b>			<u>12,465,216</u>		<u>12,869,530</u>

The financial statements on pages 20 to 39 were approved by the Governing Body, and authorised for issue on 18 December 2017 and are signed on their behalf by:



**Mr R Cohen**

Chair of Governors

Company number 07649596

## East London UTC Limited

### Statement of Cash Flows for the year ended 31 August 2017

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	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	18	(12,689)	1,032,737
<b>Cash flows from investing activities</b>	19	3,484	9,075
<b>Increase in cash in the year</b>	20	<u>(9,205)</u>	<u>1,041,812</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2016		1,744,500	702,688
<b>Net funds at 31 August 2017</b>		<u>1,735,295</u>	<u>1,744,500</u>

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# East London UTC Limited

## Notes to the Financial Statements for the year ended 31 August 2017

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### 1 Statement of Accounting Policies

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

#### Basis of Preparation

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

#### Going Concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements. After making appropriate enquiries, the governors have a reasonable expectation that the UTC has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

A recovery plan has been submitted to the Education, Skills and Funding Agency (ESFA), with whom the UTC is working very closely to ensure that the recovery of the pupil number adjustment of £1.4m is secured in a way that is sensitive to the operational needs of the Trust. It is anticipated that the part of the debt will be repaid in 2017/2018 with the repayment of the balance deferred until such time as the trust can demonstrate that it has the funds to support the repayment. Elutec has financial plans that will return the school to an in- year surplus position from 2018/19. On this basis the governors are satisfied that the use of the going concern basis is appropriate.

#### Income

All income is recognised when the UTC has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

##### Grants Receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

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

##### Sponsorship Income

Sponsorship income provided to the UTC which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is probability of receipt and it is measurable.

##### Donations

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

##### Other Income

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

##### Donated goods, facilities and services

The value of donated services and gifts in kind provided to the UTC are recognised at their open market value in the period in which they are receivable as income, where the benefit to the UTC can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with UTC's accounting policies.

# East London UTC Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2017

### 1 Statement of Accounting Policies (continued)

#### Expenditure

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category.

#### Charitable Activities

These are costs incurred on the UTC's educational operations including support costs and costs relating to the governance of the UTC.

#### Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the UTC's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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:

Freehold land	<b>Not depreciated</b>
Freehold buildings	<b>50 years</b>
Leasehold improvements	<b>Over life of lease</b>
Fixtures, fittings and equipment	<b>5 years</b>
ICT equipment	<b>3 years</b>
Motor Vehicles	<b>5 years</b>

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

# East London UTC Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2017

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### 1 Statement of Accounting Policies (continued)

#### Leased Assets

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

#### Taxation

The UTC is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the UTC is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### Pensions Benefits

Retirement benefits to employees of the UTC 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 UTC.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the UTC in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the UTC is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the UTC 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### Fund Accounting

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

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 Education and Skills Funding Agency, Ford Motor Company and the Jack Petchey Foundation.

#### Critical accounting estimates and areas of judgement

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# East London UTC Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2017

### 1 Statement of Accounting Policies (continued)

#### Financial instruments

Financial instruments are recognised in the company's balance sheet when the UTC becomes party to the contractual instrument.

#### Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at the transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest rate method unless the transaction constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the effective rate of interest.

#### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or when it transfers the asset and substantially all the risk and rewards of ownership to another entity.

#### Classification of financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

#### Basic financial liabilities

Basic financial liabilities include trade and other payables which are obligations to pay for goods or services that have been purchased in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### Derecognition of financial assets

Financial liabilities are derecognised when the company's obligations are discharged, cancelled, or they expire.

### 2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Capital Grants	-	354,452	354,452	11,496,683
Private sponsorship	-	1,500	1,500	40,245
Other donations	-	96,436	96,436	81,218
	-	452,388	452,388	11,618,146
2016 Total	5,270	11,612,876		11,618,146

### 3 Funding for the UTC's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
<b>DfE / ESFA revenue grants</b>				
General Annual Grant (GAG)	-	1,633,714	1,633,714	1,592,048
Start Up Grants	-	41,000	41,000	180,631
Other DfE/ESFA grants	-	702,741	702,741	1,168,063
	-	2,377,455	2,377,455	2,940,742
<b>Other Government grants</b>				
Local authority grants	-	-	-	31,594
	-	-	-	31,594
	-	2,377,455	2,377,455	2,972,336
2016 Total	-	2,972,336		2,972,336

# East London UTC Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2017

## 4 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Other income	10,669	-	10,669	14,400
	10,669	-	10,669	14,400
<b>2016 Total</b>	<b>14,400</b>	<b>-</b>		<b>14,400</b>

## 5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Short term deposits	1,214	-	1,214	1,852
	1,214	-	1,214	1,852
<b>2016 Total</b>	<b>1,852</b>	<b>-</b>		<b>1,852</b>

## 6 Expenditure

	Staff Costs £	Non Pay Expenditure		Total 2017 £	Total 2016 £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	1,382,487	-	146,930	1,529,417	1,725,065
Support costs	366,868	1,069,566	368,189	1,804,623	2,916,894
	1,749,355	1,069,566	515,119	3,334,040	4,641,959
<b>2016 total</b>	<b>1,853,088</b>	<b>2,282,994</b>	<b>505,877</b>		<b>4,641,959</b>

Net income / (expenditure) for the period includes:

	2017 £	2016 £
Operating leases:		
Other leases	394,453	884,470
Depreciation	572,897	1,159,915
Gain on disposal of fixed assets	(6,000)	(14,400)
Fees payable to auditor for:		
Audit	8,690	8,235
Other services	2,520	2,180
	<b>972,560</b>	<b>2,040,400</b>

# East London UTC Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2017

## 7 Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
<b>Direct costs - educational operations</b>				
Teaching and educational support staff costs	-	1,382,487	1,382,487	1,542,941
Technology costs	-	15,825	15,825	1,908
Educational supplies	-	28,758	28,758	42,726
Examination fees	-	65,704	65,704	61,698
Staff development	-	8,879	8,879	8,131
Educational consultancy	-	7,144	7,144	10,150
Other direct costs	-	20,620	20,620	57,511
	-	1,529,417	1,529,417	1,725,065
<b>Support costs - educational operations</b>				
Support staff costs	-	366,868	366,868	310,147
Depreciation	-	572,897	572,897	1,159,915
Technology costs	-	8,075	8,075	4,063
Recruitment and marketing	-	89,557	89,557	37,988
Premises costs	-	102,216	102,216	238,609
Rent & service charge	-	394,453	394,453	884,470
Insurance	-	9,848	9,848	14,669
Security and transport	-	2,708	2,708	23,850
Catering	-	126,616	126,616	125,507
Bank interest and charges	-	527	527	639
Other support costs	500	111,462	111,962	85,743
Governance costs	-	18,896	18,896	31,294
	500	1,804,123	1,804,623	2,916,894
<b>Total direct and support costs</b>	500	3,333,540	3,334,040	4,641,959
<b>2016 total</b>	-	4,641,959		4,641,959

# East London UTC Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2017

<b>8</b>	<b>Staff</b>		
	<b>a. Staff costs</b>		
	Staff costs during the period were:	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	1,324,807	1,429,929
	Social security costs	132,816	124,402
	Operating costs of defined benefit pension scheme	290,737	260,201
		<b>1,748,360</b>	<b>1,814,532</b>
	Supply staff costs	995	38,556
		<b>1,749,355</b>	<b>1,853,088</b>
	<b>b. Staff numbers</b>		
	The average number of persons employed by the UTC during the year expressed as full time equivalents was as follows:		
		<b>2017</b>	<b>2016</b>
		<b>No.</b>	<b>No.</b>
	<b>Charitable Activities</b>		
	Teachers	14	16
	Curriculum support	14	16
	Administration	7	7
	Management	4	4
		<b>39</b>	<b>43</b>
	<b>c. Higher paid staff</b>		
	The number of employees whose emoluments exceeded £60,000 was:		
		<b>2017</b>	<b>2016</b>
		<b>No.</b>	<b>No.</b>
	£60,001 - £70,000	1	-
	£70,001 - £80,000	-	1
	£80,001 - £90,000	1	-
	£90,001 - £100,000	-	1
	Two of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions amounted to £25,633 (2016: £25,633).		
	<b>d. Key management personnel</b>		
	The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £338,035 (2016: £321,791).		

## East London UTC Limited

### Notes to the Financial Statements (continued) for the year ended 31 August 2017

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#### **9 Related Party Transactions - Governors' Remuneration and Expenses**

One governor (the principal) has been paid remuneration or has received other benefits from an employment with the UTC. The principal only receives remuneration in respect of services they provide undertaking the role of principal under their contract of employment, and not in respect of their role as governor. The value of governors' remuneration and other benefits was as follows:

Ruth Umerah (principal and governor):

Remuneration	£85,000 - £90,000 (2016: £95,000 - £100,000)
Employer's pension contributions	£10,000 - £15,000 (2016: £10,000 - £15,000)

During the year ended 31 August 2017 and 31 August 2016, no travel and subsistence expenses were reimbursed or paid to governors.

Other related party transactions involving the governors are set out in note 24.

#### **10 Governors' and Officers' Insurance**

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



# East London UTC Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2017

### 11 Tangible Fixed Assets

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
<b>Cost</b>						
At 1 September 2016	12,767,008	784,627	725,627	571,371	70,020	14,918,653
Additions	210,662	-	59,451	82,069	-	352,182
Disposals	-	(784,627)	-	(12,904)	-	(797,531)
At 31 August 2017	12,977,670	-	785,078	640,536	70,020	14,473,304
<b>Depreciation</b>						
At 1 September 2016	-	784,627	210,410	385,751	28,008	1,408,796
Charged in year	229,554	-	157,016	172,323	14,004	572,897
Disposals	-	(784,627)	-	(12,904)	-	(797,531)
At 31 August 2017	229,554	-	367,426	545,170	42,012	1,184,162
<b>Net book values</b>						
At 31 August 2017	12,748,116	-	417,652	95,366	28,008	13,289,142
At 31 August 2016	12,767,008	-	515,217	185,620	42,012	13,509,857

The trust's transactions relating to land and buildings included:

- the acquisition of freehold land on 28 April 2015 which was purchased by the ESFA and donated to the trust at a value of £1,500,000. The development of this land started in September 2015 and the building was ready for occupation in September 2016;
- Elutec moved to temporary buildings next to the freehold plot of land in Yew Tree Avenue, Dagenham East in August 2015. The leasehold agreement for this property ended on 31 January 2017.

### 12 Debtors

	2017 £	2016 £
VAT recoverable	17,655	716,298
Prepayments and accrued income	216,293	2,136,402
	<u>233,948</u>	<u>2,852,700</u>

# East London UTC Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2017

### 13 Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	55,160	1,063,196
Taxation and social security	31,961	35,526
ESFA creditor: abatement of GAG	1,464,182	1,241,646
Other creditors	573,432	616,718
Accruals and deferred income	258,434	1,869,441
	<b>2,383,169</b>	<b>4,826,527</b>

### Deferred income

	2017 £	2016 £
Deferred Income at 1 September	302,423	60,187
Resources deferred in the year	23,115	302,423
Amounts released from previous years	(302,423)	(60,187)
Deferred Income at 31 August	<b>23,115</b>	<b>302,423</b>

At the balance sheet date the UTC was holding funds received in advance to cover September 17 lease payments.

### 14 Funds

	Balance at 1 Sept 2016 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(481,543)	1,633,714	(1,818,252)	-	(666,081)
Start Up Grant	-	41,000	(41,000)	-	-
Other ESFA/LA grants	13,714	702,741	(716,455)	-	-
Other voluntary income	187,500	97,936	(97,936)	(5,306)	182,194
Pension reserve	(411,000)	-	(87,000)	88,000	(410,000)
	<b>(691,329)</b>	<b>2,475,391</b>	<b>(2,760,643)</b>	<b>82,694</b>	<b>(893,887)</b>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	11,961,084	354,452	(558,893)	5,306	11,761,949
Donated fixed assets	1,555,996	-	(14,004)	-	1,541,992
	<b>13,517,080</b>	<b>354,452</b>	<b>(572,897)</b>	<b>5,306</b>	<b>13,303,941</b>
<b>Total restricted funds</b>	<b>12,825,751</b>	<b>2,829,843</b>	<b>(3,333,540)</b>	<b>88,000</b>	<b>12,410,054</b>
<b>Unrestricted funds</b>					
Unrestricted funds	43,779	11,883	(500)	-	55,162
<b>Total unrestricted funds</b>	<b>43,779</b>	<b>11,883</b>	<b>(500)</b>	<b>-</b>	<b>55,162</b>
<b>Total funds</b>	<b>12,869,530</b>	<b>2,841,726</b>	<b>(3,334,040)</b>	<b>88,000</b>	<b>12,465,216</b>

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

#### General Annual Grant (GAG)

The GAG must be used for normal running costs of the UTC including salary costs, overheads, premises costs and curriculum costs.

Under the funding agreement with the Secretary of State, the UTC was not subject to limits on the amount of GAG that it could carry forward at 31 August 2017.

#### Start up grant

Income received from the ESFA to cover the initial set up and development of the UTC.

#### Other ESFA/LA grants

Other grants include funding received from the ESFA and Local Authorities for specific purposes such as bursary funding and pupil premium.

#### Other voluntary income

Voluntary income includes grants from The Harvey McGrath Foundation £22,504; income from catering £52,981 and educational trips £13,229.

#### Pension reserve

The pension reserve is the UTC's share of the liability of the LGPS (see note 24)

The UTC is carrying a net deficit of £483,887 on the restricted general fund (excluding pension reserve). The trust is taking the necessary actions to return these funds to surplus including a drive to attract a higher intake of students and a review of the staffing structure with a view to reduce costs.

# East London UTC Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2017

### 15 Analysis of Net Assets between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	13,289,142	13,289,142
Current assets	55,162	1,728,221	185,860	1,969,243
Current liabilities	-	(2,212,108)	(171,061)	(2,383,169)
Pension scheme liability	-	(410,000)	-	(410,000)
<b>Total net assets</b>	<b>55,162</b>	<b>(893,887)</b>	<b>13,303,941</b>	<b>12,465,216</b>

### 16 Capital Commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	-	330,840

The contract is in respect of a new school building.

### 17 Financial Commitments

#### Operating Leases

At 31 August the total of the UTC's future minimum lease payments under non-cancellable operating leases were:

	2017 £	2016 £
<b>Land and buildings</b>		
Amounts due within one year	52,500	393,854
Amounts due between one and five years	210,000	210,000
Amounts due after five years	936,250	988,750
	<b>1,198,750</b>	<b>1,592,604</b>

# East London UTC Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2017

<b>18</b>	<b>Reconciliation of Net Income to Net Cash Inflow from Operating Activities</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
Net income		(492,314)	9,964,775
Depreciation (note 11)		572,897	1,159,915
Capital grants from DfE and other capital income		(354,452)	(11,496,683)
Interest receivable (note 5)		(1,214)	(1,852)
Defined benefit pension scheme cost less contributions payable (note 23)		78,000	29,000
Defined benefit pension scheme finance cost (note 23)		9,000	7,000
Defined benefit pension scheme liability transferred on 1 September 2014		-	-
Decrease/(increase) in debtors		2,618,752	(2,017,239)
(Decrease)/increase in creditors		(2,443,358)	3,387,821
<b>Net cash provided by Operating Activities</b>		<b>(12,689)</b>	<b>1,032,737</b>
<b>19</b>	<b>Cash flows from investing activities</b>		
Interest received		1,214	1,852
Purchase of tangible fixed assets (excluding donated assets)		(352,182)	(11,152,735)
Capital grants from DfE/ESFA		354,452	11,159,958
<b>Net cash provided by/(used in) investing activities</b>		<b>3,484</b>	<b>9,075</b>
<b>20</b>	<b>Analysis of Changes in Net Funds</b>		
	<b>At 1</b>	<b>Cash</b>	<b>At 31</b>
	<b>September</b>	<b>Flows</b>	<b>August</b>
	<b>2016</b>	<b>£</b>	<b>2017</b>
	<b>£</b>		<b>£</b>
Cash in hand and at bank	1,744,500	(9,205)	1,735,295
<b>Total cash and cash equivalents</b>	<b>1,744,500</b>	<b>(9,205)</b>	<b>1,735,295</b>

Notes to the Financial Statements (continued)  
for the year ended 31 August 2017

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**21 Contingent Liabilities**

During the period of Funding Agreement or upon termination of the Funding Agreement and in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the UTC is required either to re-invest the proceeds or to repay to the Education, Skills and Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

A legal charge dated 6 April 2016 was made by Elutec in favour of the Secretary of State in respect of the freehold land and buildings owned by the school.

**22 Members' Liability**

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

**23 Pension and Similar Obligations**

The UTC'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 Barking and Dagenham. Both are multi-employer defined-benefit schemes.

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

Contributions amounting to £21,548 (2016: £28,291) were payable to the schemes at 31 August 2017 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' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

**23 Pension and Similar Obligations (continued)**

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return of 3.0% in excess of prices and 2% in excess of earnings. The rate or real earnings growth is assumed to be 2.75%. The assumed normal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 16 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension cost paid to TPS in the period amounted to £126,570 (2016: £128,453).

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The UTC has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2017 was £111,809 (2016: £132,367) of which employer's contributions totalled £86,167 (2016: £102,748) and employees' contributions totalled £25,642 (2016: £29,619). The agreed contributions for future years are 20% percent for employers and 5.8% per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an 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.

# East London UTC Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2017

### 23 Pension and Similar Obligations (continued)

#### Local Government Pension Scheme (continued)

##### Principal Actuarial Assumptions

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	2.9%	3.6%
Rate of increase for pensions in payment/inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.0%
Commutation of pension to lump sums	50.0%	50.0%

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

	At 31 August 2017 (years)	At 31 August 2016 (years)
<i>Retiring today</i>		
Males	22.0	22.1
Females	24.7	24.1
<i>Retiring in 20 years</i>		
Males	24.0	24.2
Females	26.4	26.7

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

	Fair value at 31 August 2017 £'000	Fair value at 31 Aug 2016 £'000
Equities	424	277
Bonds	108	84
Property	34	24
Cash	-	16
<b>Total market value of assets</b>	<b>566</b>	<b>401</b>
Present value of scheme liabilities		
Funded	(976)	(812)
<b>Surplus/(deficit) in the scheme</b>	<b>(410)</b>	<b>(411)</b>

The actual return on scheme assets was 9.6% (2016: 8.6%).

# East London UTC Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2017

### 23 Pension and Similar Obligations (continued)

#### Local Government Pension Scheme (continued)

##### Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost (net of employee contributions)	168	132
Net interest charge	9	7
Total operating charge	<u>177</u>	<u>139</u>

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

	2017 £	2016 £
<b>At 1 September</b>	<b>812</b>	<b>405</b>
Current service cost	168	132
Interest cost	18	18
Employee contributions	26	30
Actuarial (gain)/loss	(48)	227
<b>At 31 August</b>	<b><u>976</u></b>	<b><u>812</u></b>

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

	2017 £	2016 £
<b>At 1 September</b>	<b>401</b>	<b>223</b>
Expected return on assets	9	11
Actuarial gain/(loss)	40	34
Employer contributions	90	103
Employee contributions	26	30
<b>At 31 August</b>	<b><u>566</u></b>	<b><u>401</u></b>

The estimated value of employer contributions for the year ended 31 August 2018 is £84,000 (2017: £103,000).

	2017 £	2016 £
Present value of defined benefit obligations	(976)	(812)
Fair value of share of scheme assets	566	401
<b>Deficit in the scheme</b>	<b><u>(410)</u></b>	<b><u>(411)</u></b>



**24 Related Party Transactions**

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

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

During the year, a total of £nil (2016: £25,000) was paid to CEME Limited, our sponsor and a company in which Mark Williams is a director. The payments were as follows:

- £nil (2016: £25,000) relating to dilapidation costs