

REGISTRAR OF COMPANIES

The Elstree UTC

Annual Report and Financial Statements

31 August 2017

Company Limited by Guarantee
Registration Number
07906423 (England and Wales)

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Reference and administrative information

Members	U H Holdings Limited The Meller Educational Trust Elstree Film Studios Limited
Governors/Directors	Mr Roger Morris (Chair) Ms Judy Glasman Mr Steve Carr Ms Susan McGuire Ms Dalia Smith Mr Brian Larholm Ms Amanda Roberts Mr Chris Mitchell
Company Secretary	Miss Kathleen Kwan
Senior Management Team	
Principal	Chris Mitchell
Vice Principal	Desrae Le Roux
Assistant Principal	Ben Rice
Assistant Principal	Lauren Christy
Assistant Principal	Peter Holt
Registered address	The Elstree UTC Studio Way Borehamwood WD6 5NN
Company registration number	07906423 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank plc 67 Lower High Street Town Centre Watford WD17 2DU
Solicitors	Brownejacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

Governors' report Year to 31 August 2017

The governors of The Elstree UTC ('the UTC') present their annual report together with the financial statements and the auditor's and accountant's reports of the charitable company for the year to 31 August 2017. The annual report serves the purposes of both a governors' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 to 36 of the attached financial statements and comply with the UTC's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Elstree UTC is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association and the UTC Funding Agreement dated 25 April 2013 made between the UTC and the Secretary of State for Education are the primary governing documents of the Elstree UTC. The governors of Elstree UTC are also the directors of the charitable company for the purposes of company law.

The University of Hertfordshire Higher Education Corporation, Elstree Film Studios Limited and The Meller Educational Trust are sponsors of the UTC.

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 cease to be a member.

Principal activities

The principal activities of the UTC are in the field of education, managing a UTC. The first cohort of students joined in September 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors

The governors are directors of the charitable company for the purposes of the Companies Act 2006. The following governors were in office at 31 August 2017 and served throughout the year except where shown.

Governor	Appointed/Resigned	Appointing body
Mr Steve Carr	Appointed 1 August 2015	Staff Governor - Members
Mr Brian Larholm	Appointed 22 May 2014	Parent Governor - Members
Mr Chris Mitchell	Appointed 17 November 2016	Principal
Mrs Susan McGuire	Appointed 30 August 2012	Employer sponsor (ATG Limited)
Ms Judy Glasman	Appointed 17 November 2016	University Sponsor (UH Holdings Limited)
Ms Dalia Smith	Appointed 17 November 2016	Parent Governor - Members
Mr Richard Elms	Appointed 17 November 2016 and Resigned 31 August 2017	MET Sponsor
Mr David Hughes	Resigned 17 November 2016 and Resigned 31 August 2017	MET Sponsor
Mr Roger Morris (Chair)	Appointed 30 August 2012	Employer sponsor (Elstree Film Studios Limited)
Ms Amanda Roberts	Appointed 1 August 2015; Resigned 31 August 2017	University Sponsor (UH Holdings Limited)
Mr David Meller	Resigned 29 March 2017	Meller Educational Trust

Method of recruitment and appointment or election of governors

Mandatory categories

1. Up to nine Governors appointed by the Members under Article 50, of whom no less than:
 - two shall be appointed by UH Holdings Limited; and
 - two shall be appointed by the Employer Sponsors (Elstree Film Studios Limited and Ambassador Theatre Group Limited).
2. Two Parent Governors elected by parents of registered pupils of the UTC (Articles 53-58) through such process as the Board of Governors may determine from time-to-time.
3. Two Governors appointed by the Meller Educational Charitable Trust (Article 46. d).
4. Principal (ex officio).

Discretionary categories

5. Where appointed, up to two Staff Governors can be appointed by the Members (Article 50A) through such process as the Members may determine from time-to-time.
6. Where appointed, up to three Co-opted Governors, who are not employees of the UTC, appointed by the Governors who have not themselves been co-opted (Article 59).

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of governors

Statutory training for governors is in place. The latest DFE Governor handbook was circulated to governors in Feb 2017. All governors have education training provided to them (CPD certified) including safeguarding, child protection and exclusions training. The EUTC DSL further provides in house training as necessary for all governors and those with designated responsibilities for SEND and Safeguarding.

Further regular training in the form of workshops is provided for governors and governors are invited to regularly visit the UTC so that they have a thorough understanding of the day to day activities and management imperatives for the UTC.

Organisational structure

The day-to-day operation of the UTC is overseen by the Principal who is accountable to the board of governors. The board of governors has oversight of the finances of the UTC and are provided with a monthly breakdown of income and expenditure. There are processes and procedures in place for planned expenditure which includes ensuring that value for money is assured. The Elstree UTC has an agreed scheme of delegation in place which includes procurement and payment authorisation procedures. The Principal is the Accounting Officer of the Elstree UTC.

The Lead Sponsors of the Elstree UTC are The University of Hertfordshire, Elstree Film Studios Limited and the Meller Educational Trust. The board of governors delegates certain responsibilities to two committees:

- ◆ Curriculum and Standards; and
- ◆ Personnel, Premises and Resources

These committees and the full board of governors met a total of 11 times during 2016/17. Each committee has its own terms of reference and an annual schedule of work which is set by the committee and agreed in full by the governing board.

The Senior Management Team meets weekly to ensure the UTC is run effectively from an operational point of view.

Leadership structures

In 2016/17, there was a Principal, one Vice Principal and three assistant Vice Principals. Leadership and management responsibilities are distributed through the senior team as follows:

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Leadership structures (continued)

The Principal line manages:

- ◆ the Vice Principal;
- ◆ the Director of the Communications faculty;
- ◆ the Director for Projects and Partnerships;
- ◆ the Finance Manager;
- ◆ the Premises and Operations Manager;
- ◆ the PA to SLT;
- ◆ the Communications Coordinator;
- ◆ the Admin Coordinator;
- ◆ staff development and performance management; and
- ◆ the Assistant Principals, jointly with the Vice Principal.

The Vice Principal line manages:

- ◆ EUTC operations including monitoring of student achievement;
- ◆ The Data and Exams Manager;
- ◆ the SLT;
- ◆ the Maths and Science departments;
- ◆ SENDCo; and
- ◆ Head of Post 16.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Deployment of teachers – In 2016/17, the curriculum included the following subjects with the specified contact hours per week:

Teacher	Teaching Sessions
GCSE Maths	5
GCSE English	5
GCSE Science	5
GCSE Film Studies	3
GCSE Art	3
GCSE Photography	3
GCSE Graphics	3
GCSE Product Design	3
GCSE Computing	3
BTEC Level 2 Information Creative Technology	3
BTEC Production Arts Level 2	3
GCSE Music	3
BTEC Music Technology Level 2	3
GCSE Drama	3
GCSE Dance	3
PE	1
PSHE / Life Skills	1
A Level Maths	4
A Level English Lit	4
A Level Media Studies	4
A Level Film Studies	4
BTEC Media Production Level 3	4
A Level Biology	4
A Level Physics	4
Tech Level Level 3 in App Programming	4
Tech Level Level 3 in Game Design	4
BTEC Production Arts Level 3	4
A Level Art	4
BTEC Art Level 3	4
A Level Photography	4
A Level Graphics	4
BTEC Dance Level 3	4
BTEC Music Performance Level 3	4
BTEC Music Technology Level 3	4

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

At Elstree UTC, we have our own TLR structure (Teaching and Learning Responsibility pay)

Governors' report Year to 31 August 2017

Key management personnel includes the Senior Leadership Team (on the Leadership pay spine) and the Middle Leadership team (those staff in receipt of a TLR).

University of Hertfordshire and the board of governors set the Principal's salary on appointment. Subsequent Senior Leadership remuneration was decided by the Principal and approved by the Chair of the governing board. Criteria was based on current salaries, experience and area of responsibilities allocated. During the academic year, the Personnel, Premises and Resources Committee scrutinise and approve all salaries.

Connected organisations, including related party relationships

The Meller Educational Trust

The Meller Educational Trust (MET) is a member of the Elstree UTC as defined in the articles of association. A Service Level Agreement between the two parties was in place for the academic year 2016-17 and came to an end on 31 August 2017. This SLA provided access to expertise and advice, consultancy and governance. This SLA was set at 2% of the UTC GAG.

UH Holdings Limited

UH Holdings Limited is a member of the Elstree UTC as defined in the Articles of Association. It is a wholly owned subsidiary company of the University of Hertfordshire Higher Education Corporation.

University of Hertfordshire Higher Education Corporation

The Elstree UTC works with the University of Hertfordshire, who is the University sponsor of the UTC, providing advice and guidance.

Elstree Film Studios Limited

Elstree Film Studios Limited is a member of the Elstree UTC as defined in the Articles of Association. Elstree Film Studios provides guidance and expertise in key technical areas which are at the core of the Elstree UTC.

Ambassador Theatre Group Limited

Ambassador Theatre Group is an employer sponsor for the Elstree UTC as that term is defined in the Articles of Association. The Ambassador Theatre Group provides advice and guidance in subject areas which align with the core areas of study at the Elstree UTC.

In addition, the UTC works with a range of partners who provide employer briefs and work experience for students.

OBJECTIVES AND ACTIVITIES

Objects and aims

The UTC's objects are 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 school offering a broad and balanced curriculum, which includes provision for technical education.

The purpose of the Elstree UTC is to educate 14-19 year olds with a focus on the specialist area of Multimedia, Production Arts and behind the scenes entertainments technologies alongside approved qualifications such as GCSE, A Level and equivalents. To prepare our 14-19 year old students for the world of work, Apprenticeships, Further/Higher Education via development of employability skills.

Our Vision

To create a learning environment which is inspiring and professional, where students' dreams are valued and young people develop the creative resilience and practical resourcefulness to achieve their aspirations.

Our Mission

To support and challenge each of our students to become culturally competent through inspiring academic study and technically capable through industry standard vocational learning enabling our students to be creative professionals and resilient lifelong learners.

Our Values

Be resilient and confident; respectful and professional.

Be curious and show a Passion for Learning.

Use the power in your dreams to achieve beyond the minimum.

The comprehensive College Development Plan includes the following:

- ◆ **Ensure that at least 75% of students make expected progress or better** (and that those in receipt of pupil premium are making accelerated progress so that their attainment is in line with other students) through using our accurate and clearly presented achievement data to set challenging targets based on 2 GCSE levels progress from baseline entry assessment and ALPS 'challenge' targets at Post 16.
- ◆ **Ensure that the progress of students with SEND is at least in line with other students** through an accurate SEND register which is used by all staff along with consistently applied strategies for differentiated teaching to ensure that all students can access the learning and excel.

OBJECTIVES AND ACTIVITIES (continued)

Our Values (continued)

- ◆ **Ensure that at least 85% of teaching is good and better** across the college and that no teaching is inadequate; building on our consistent approach to lesson planning and delivery with regular, formative marking which develops accurate, well presented student work and provides teacher feedback which drives forward student progress. The UTC hopes to increase this target to 90% in the future.
- ◆ **Provide all students with an opportunity to gain professional creative arts experience working on industry projects or work placements** and to develop our partnerships and projects programme to offer professionally recognised qualifications (including ArtsMark) and industry opportunities at both key stages.
- ◆ **Improve students' attendance to above 95%** and ensure that students are punctual.

Public Benefit

The Elstree UTC governors, as trustees, have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The activities undertaken to further the Elstree UTC's purposes for the public benefit include:

- ◆ Masterclass programme (known as EPICs - visiting speakers from industry teaching and inspiring our learners);
- ◆ Projects (industry links, media productions made in response to actual industry briefs, workshops and practical experience);
- ◆ High-quality work placements (including with our partners - BBC Elstree and Elstree Studios);
- ◆ Social enterprise (working with groups on community and charity projects);
- ◆ Personal, Social, Health Education through assembly programme, visiting speakers, learning materials, advice and counselling and tutor sessions; and
- ◆ Trips and visits (local, regional, national, European to support UTC based learning and curriculum).

STRATEGIC REPORT

Achievements and performance

Ofsted inspected Elstree UTC in May 2017. The UTC was judged to 'require improvement' for overall effectiveness. Ofsted judged the leadership and management of Elstree UTC to be good. Behaviour, safety and wellbeing of students was also judged to be good. This inspection showed very clear and demonstrable improvement since the 2015 inspection.

STRATEGIC REPORT (continued)

Key performance indicators

Overall KS4 Achievement and Progress Data - August 2017 GCSE and BTEC overall percentages

- ◆ EUTC achieved 62 A* - A grades which is 12% of grades achieved.
- ◆ EUTC achieved 309 A* - C grades which is 60% of grades achieved.
- ◆ Overall, the A*-C target was 445 (86%) and we achieved 309 (60%). It should be noted that these targets are based on three levels progress from KS2 teacher assessment levels.
- ◆ 516 was the target number of A*-G grades and we achieved 495 (96%) based on three levels progress from teachers' assessments at KS2.

	Whole Year Group	Boys	Girls	FSM	SEN
	64	23	41	10	18
GCSE including BTEC					
Overall 5+A*-C	(36) 56%	(13) 57%	(23) 56%	(4) 40%	(8) 44%
Overall 5+A*-C including Maths and English (Strong Pass 5+)	(17) 27%	(5) 22%	(10) 24%	(1) 10%	(3) 17%
Overall 5+A*-C including Maths and English (Strong Pass 4+)	(32) 50%	(8) 35%	(22) 54%	(3) 30%	(4) 22%
Overall 5+ A*-C Grades including Maths not English	(33) 52%	(10) 43%	(23) 56%	(4) 40%	(8) 44%
Overall 5+ A*-C Grades including English not Maths	(35) 55%	(11) 48%	(22) 54%	(3) 30%	(7) 39%
9-4 In English not Maths	8 Students 13%				
9-4 in Maths not English	3 Students 5%				

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Overall KS5 Achievement and Progress Data - August 2017 A2 overall percentages

- ◆ 81 was the target number of A*-A grades (or equivalent) and we achieved 72.
- ◆ Overall, the A*-A (or equivalent) target was 22.8% and we achieved 20.3%.
- ◆ 162 was the target number of A*-B grades (or equivalent) and we achieved 117.
- ◆ Overall, the A*-B (or equivalent) target was 46% and we achieved 33%.
- ◆ 355 was the target number of A*-E grades (or equivalent) and we achieved 324.
- ◆ Overall, the A*-E (or equivalent) target was 100% and we achieved 92%.

Inspection

- ◆ As noted above Ofsted visited in May 2017.
- ◆ DfE inspections took place in March 2017 and October 2016. Outcomes - DfE 'reassured by improvements in systems for improving student progress'. 'Student attitudes and behaviour are good'. 'The Principal, senior staff, faculty leaders and staff have worked hard to transform the UTC'.
- ◆ Improvements can clearly be seen in all of the inspection evidence. Two out of four Ofsted judgement criteria are now good and EUTC remains focused on student progress to move the college to an overall judgement of good at the next inspection.
- ◆ Pupil attendance data –

	Cohort	Attendance target	Actual Attendance	Attendance without including the small number of persistent absentees known to C/A services
Year 10	97	95%	90%	94.6%
Year 11	52	96%	91%	95.8%
Year 12	109	95%	92.3%	95%
Year 13	93	95%	93.6%	94.5%

- ◆ Pupil recruitment data – Recruitment figures remain strong in comparison to other UTCs but are lower than original expectation. Accurate recruitment figures have been hard to predict accurately but are beginning to stabilise. Forecast figures are to aim for 100 in year 10, 100 in year 11, 120 in year 12 and 100 in year 13. This makes a total of 420 across the college. Current number on roll - 351.

STRATEGIC REPORT (continued)

Going concern

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. In particular, the board of governors considers that a combination of the following factors should allow the UTC to deliver a sustainable financial model and to manage cash flow sufficiently:

- ◆ Our cash reserves at the balance sheet date meet the UTC's immediate needs, and cover the expected clawback of General Annual Grant caused by a temporary dip in student numbers;
- ◆ We are in negotiation with the ESFA regarding the timing of clawback and support, as well as the long-term plans for the sustainability of the UTC. As our primary funder and key stakeholder, they have proved flexible and supportive;
- ◆ The Government announced in January 2017 that UTCs would each receive an additional £200,000 per year for three years. Elstree UTC is in receipt of this funding, and have agreed to the terms of this transition funding;

Student numbers have stabilised, and we are taking steps to maximise recruitment, engaging with the local authority, the Baker Dearing Trust, parents and potential students to raise awareness and to demonstrate the uniqueness of what the UTC offers key stage 4 and post 16 students.

We have sufficient cash flow to meet our needs at present and student numbers are starting to grow again. For these reasons, 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

Financial report for the year

The majority of the UTC's income is obtained from the ESFA in the form of a recurrent grant, the use of which is restricted to particular purposes. The grants received during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The UTC's total income was £2,453,000 (2016: £3,543,000) and the total expenditure was £3,210,000 (2016: £3,596,000) for the year.

At the 31 August 2017 the net book value of the fixed assets was £12,324,000 (2016: £12,985,000) and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the UTC.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy

The UTC is in year 5 of operation (2017/18). The building works are now complete with the exception of one area (still mothballed) and the need for an additional perimeter fence due to new domestic residences recently built adjacent to the college campus. The UTC is completing a CIF bid to the ESFA in December 2017 to access capital funding to provide for a new perimeter fence and associated landscaping due to safeguarding concerns without a sufficient perimeter. We will also need some further technology refresh over the next two academic years. Our current reserves are too low and the governors and the senior leadership team are reviewing the financial situation with the view to ensuring that in excess of two months operating costs will be accrued in reserves over the next two years in line with increased student numbers.

Restricted general fund – The ESFA provides regular guaranteed remittances to the UTC and therefore a large proportion of the income and expenditure for any academic year is predictable. This reduces the need to hold reserves for the current academic year in terms of working capital, cash flow and uncertainties.

Unrestricted funds (free reserves) – The governors aim to build up free reserves to meet the UTC's objectives and to meet any future liabilities as they fall due. The free reserves will also serve to meet the UTC's longer-term objectives and ensure that it is a going concern for the benefit of the students of the UTC and other schools and the local community.

Free reserves will be built by surpluses generated through unrestricted business activities of the UTC, currently lettings and investment income.

Restricted pension reserve – The UTC's employees belong to one of two defined benefit pension schemes, the Teachers' Pension Scheme and the Local Government Pension Scheme. The pension costs and liabilities are assessed by independent actuaries and the value of the deficit in the Local Government Pension Scheme is reported in the pension reserve in the UTC's financial statements annually.

The Governors review and monitor the asset value annually and take guidance from the external auditor if there is a need to take further action.

Investment policy

The governors' investment powers are governed by the articles of association, which permit the UTC's funds, not immediately required, to be invested in furtherance of its objects after obtaining expert financial advice. The UTC did not engage in any investment of surplus funds during the year under review.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks continue to be around the need for increased student recruitment in order to finance technology refresh and necessary refurbishment works such as the top floor currently mothballed.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Financial and risk management objectives and policies

During this period, the risks were as follows:

- ◆ Student recruitment for year 3 and 4 being low. Student recruitment failing to meet expectations. This has led to Elstree UTC being required to make clawback payments to the ESFA. The net impact has been that the Elstree UTC cost base expanded more quickly than it should have and therefore the Governors have had to put together a financial recovery plan which was submitted to the ESFA early in 2017. The timeline for repayment has since been adjusted due to the UTC transitional grant from the ESFA (£200,000 per year for three years - to be taken off the clawback amount owed) and a delay in repayment schedule pending the outcome of the 2017 CIF bid for perimeter and landscaping works.
- ◆ Staff costs and curriculum offer had expanded too quickly under the previous Principal and was not in line with student recruitment. Governors have requested a new organisational structure which enables educational aims to be met and costs to be reduced and the Principal also restructured the curriculum to increase efficiency and reduce cost further.
- ◆ Student recruitment had been hard to predict accurately and, while improving in the current year 10, student admissions for year 10 in 2016/17 were significantly reduced (53) leading to a smaller 14-16 student cohort. Consequently, students being retained into year 12 are less and so a smaller year 12 is anticipated in 2018/19. The resultant shortfall in GAG funding results in financial risk due to diseconomies of scale. The college has invested in a review and research action marketing plan to increase the effectiveness of outreach and PR communications to increase external applicants into year 12 for 2018/19. A marketing campaign has launched in 2017 Autumn term and will continue into the Spring of 2018.

FUTURE PLANS

The Elstree UTC has accepted the conditions laid out by the DfE to join a Multi Academy Trust (MAT). This entitles the UTC to £200,000 per year for the next three years as part of the UTC transitional fund. The Elstree UTC board of governors selected the Danes Educational Trust and is due to commence formal due diligence in the Spring of 2018 with a view to joining the Danes MAT in 2018/19.

The Elstree UTC has begun the CIF bid to the ESFA for some capital funding to install a perimeter fence and some associated landscaping works to reappropriate space to the front of the campus for student recreation and physical education (to be completed December 2017). This is necessary as a development to the rear of the campus has been built which includes balconies which overlook the current 'playground' area which will be re-appropriated as the car park.

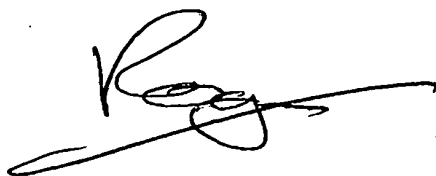
Governors' report Year to 31 August 2017

AUDITOR

In so far 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 to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Governors' report, incorporating a strategic report, approved by order of the board of governors on 19 December 2017 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Roger Morris', with a long horizontal stroke extending to the right.

Roger Morris
Chair of governors

Governance statement 31 August 2017

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that the Elstree 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 governors have 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 the UTC and the Secretary of State for Education. The Principal is also responsible for reporting to the board of governors 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 full board of governors has formally met five times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Brian Larholm	5	5
Susan McGuire	—	5
Roger Morris	4	5
Chris Mitchell	5	5
Amanda Roberts	5	5
Steve Carr	4	5
Dalia Smith	5	5
David Hughes	4	5
Richard Elms	3	5
Judy Glasman	4	5
David Meller	0	3

Governance reviews

During 2016/17, the work of the previous year was consolidated. The governors continued to search for the correct skills balance. Richard Elms and David Hughes were added as governors representing the MET and brought capacity as experienced educational and finance governors.

An external review of governors has been arranged for 2017/18 and a further staff governor has also been sought to start in 2017/18.

The Personnel, Premises and Resources Committee is a sub-committee of the main board of governors. Its purpose is to evaluate the financial position of the UTC regularly, forward budget plan and to ensure best value for money in the financial running of the UTC.

Governance (continued)

Governance reviews (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Brian Larholm (Chair)	3	3
Chris Mitchell	3	3
Susan McGuire	—	3
Roger Morris	2	3
Steve Carr	1	3

Review of value for money

As Accounting Officer, the Principal has responsibility for ensuring that the UTC delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the UTC's use of its resources has provided good value for money during the 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 UTC has delivered and improved value for money during the year by:

- ♦ The Elstree UTC is committed to raising student attainment and therefore reputation to increase word of mouth and improve student recruitment. The UTC has in place rigorous tracking of student progress and achievement, with underachievement identified early and focused interventions and individualised care packages put in place as appropriate. The UTC sets itself high targets. The Improvement Plan has set out very clear targets for student achievement with a clear focus on working towards achieving outstanding outcomes. The UTC also tracks attendance and behaviour of all students. The UTC applies a range of strategies to ensure that attendance is in line with the national average.
- ♦ The UTC has an effective targeted continued professional development programme. This programme is delivered centrally by appropriately skilled trained staff. This programme focuses on developing and enhancing management and leadership skills. The programme is cost efficient and enables staff to share good practice and work together. This programme has raised motivation and morale and thus has been crucial in aiding retention and thereby reducing the need to recruit. The programme has had a positive impact on the quality of lessons and departmental resources. Staff have attended these twilight sessions and therefore have still been able to deliver the scheduled timetabled lessons.
- ♦ The UTC regularly benchmarks financial performance and procurement against other academies and UTCs to demonstrate that the UTC provides good value for money and efficient use of resources to support the continued progress of our students.

Review of value for money (continued)

- ◆ The UTC secured the assurance services of an independent finance consultant and chartered accountant to conduct in year quality assurance checks and reports.
- ◆ The Principal has conducted reviews of pay and benchmarking against national pay scales to ensure fair and reasonable rates of pay and progression for staff.
- ◆ The Elstree UTC promotes fair competition through tendering procedures which are in accordance with its Financial Regulations. Goods and services are secured in the most economic, efficient and effective way. The Governing Body regularly reviews the functions of the UTC, challenging how and why services are provided and setting targets and performance indicators for improvement.
- ◆ The UTC explores every opportunity to generate income through the hire of the college facilities and associated services, and providing support to other schools and academies. In 2016/17, the UTC contracted 'Schools Plus' to manage the hires of the facilities and services and to secure additional clients. The number of regular hire clients has increased from one to four.
- ◆ The Principal and Assistant Principal for curriculum have reviewed and reduced the curriculum model to maximise class sizes and staff deployment and to increase appropriate courses for students.
- ◆ The links that the UTC has with business and charities has enabled group of students to benefit from a wide range of learning activities and morale raising events. To that end, students have benefited from work experience opportunities, events at the House of Commons, Merchant Taylors Hall and at the University of Hertfordshire. These opportunities have enabled students to display and develop skills.

The work of the Elstree UTC has been guided at all times by the principles of best value, namely:

- ◆ The allocation of resources to best promote the aims and values of the UTC.
- ◆ The targeting of resources to best improve standards and the quality of provision.
- ◆ The use of resources to support the various educational needs of all students.
- ◆ Clearly defined purchasing guidelines including regular appraisal and renegotiation of services and contracts.
- ◆ Delegation of authority and segregation of duties.
- ◆ Identification and management of risks.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the UTC's 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. Campbell Wilson (Howard Wilson Chartered Accountants) conducted an internal assurance review for 2016-17, and for the last few months of the Accounting Period the UTC has been working with Campbell Wilson of Howard Wilson Chartered Accountants to provide Independent Assurance to the Governors that systems of internal control are in place. His visits will now be carried out on a termly basis. Please see the further comments below.

Capacity to handle risk

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

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.

During the year ended 31 August 2017, the UTC succeeded in implementing some significant recommendations within the post audit report from the prior year's external audit and required under the Academies Financial Handbook including introducing standardised employment contracts and standardised pay scales (now in place for all staff). During the year, the UTC has finalised the implementation of the financial software package and accounting system (PS Financials). The system will be fully operational for the accounting year ending 31 August 2018 and will be able to deliver more appropriate and timely reporting to the SLT and Governors.

The governors are satisfied that the appropriate action has been taken to improve processes and controls which ensures compliance with the standards expected under the Academies Financial Handbook. Going forward, the UTC will be receiving financial direction from the Danes Educational Trust, initially as part of an SLA and then as part of the MAT from 2018/19.

The framework for risk and control will include the following going forward:

- ◆ HCSS budgeting system with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;

The risk and control framework (continued)

- ♦ regular reviews by the Personnel, Premises and Resources Committee of reports which indicate financial performance against the forecasts;
- ♦ setting targets to measure financial and other performance;
- ♦ clearly defined purchasing guidelines;
- ♦ delegation of authority and segregation of duties;
- ♦ identification and management of risks.

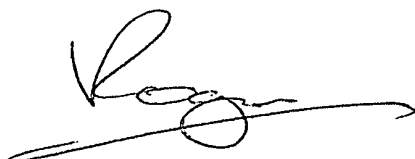
Review of effectiveness

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:

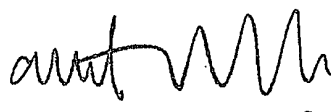
- ♦ the outcomes from the internal assurance review;
- ♦ the work of the external auditor;
- ♦ the financial management and governance self-assessment process;
- ♦ the work of the Senior Management Team within the UTC who have responsibility for the development and maintenance of the internal control framework.
- ♦ The consultancy, support and oversight of the Finance and Business Director at Danes Educational Trust.

The Accounting Officer has advised the Personnel, Premises and Resources Committee of the implications of her review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 19 December 2017 and signed on their behalf by:



Roger Morris
(Chair of governors)



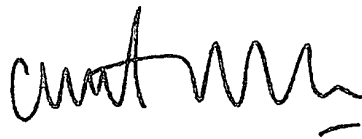
Chris Mitchell
(Accounting Officer)

Statement on regularity, propriety and compliance 31 August 2017

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

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

Other than the issues highlighted within the Governance Statement in relation to financial management and governance arrangements at the UTC which were not to the level required by the Academies Financial Handbook throughout the year, 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.

A handwritten signature in black ink, appearing to read 'Chris Mitchell', with a horizontal line underneath.

Chris Mitchell
Accounting Officer

Date: 19th December 2017

Statement of governors' responsibilities 31 August 2017

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

Company law requires the 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 UTC and of its income and expenditure for that period. In preparing these financial statements, the governors are required to:

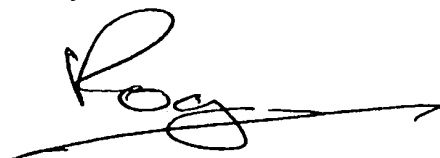
- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the UTC will continue in operation.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the UTC's transactions and disclose with reasonable accuracy at any time the financial position of the UTC 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 UTC 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 UTC 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 UTC'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 board of governors on 19th December 2017 and signed on their behalf by:



Roger Morris
Chair of governors

Independent auditor's report to the members of The Elstree UTC

Opinion

We have audited the financial statements of The Elstree UTC (the 'charitable company') for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2016 to 2017.

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.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Independent auditor's report 31 August 2017

Material uncertainty related to going concern

The financial statements for the year ended 31 August 2017 have been prepared by the Governors on a going concern basis. In light of the net current liabilities of £100,000 which existed at 31 August 2017, we have considered the adequacy of the disclosures made by the Governors pertaining to the application of the going concern assumption in the preparation of these financial statements and their assessment of the associated uncertainties.

Details of the circumstances relating to the Governors' assessment of the going concern position is disclosed on page 12 of the Governors' report, and as part of the principal accounting policies on page 31. We bring these disclosures to the attention of the members in light of the balance sheet position as at 31 August 2017. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Independent auditor's report 31 August 2017

Matters on which we are required to report by exception (continued)

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

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

Responsibilities of Governors

As explained more fully in the statement of Governors' responsibilities, the Governors 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 Governors 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 Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

20 December 2017

Independent reporting accountant's report 31 August 2017

Independent reporting accountant's assurance report on regularity to Elstree UTC and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 7 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Elstree UTC during the period from 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 Elstree UTC and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Elstree UTC and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Elstree UTC and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Elstree UTC's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Elstree UTC's funding agreement with the Secretary of State for Education dated 27 April 2013 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent reporting accountant's report 31 August 2017

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

Other than the issues highlighted within the Governance Statement in relation to financial management and governance arrangements at the UTC which were not the level required by the Academies Financial Handbook throughout the year, in the course of our work, nothing else has come to our attention which suggests that in all material respects the expenditure disbursed and income received throughout the period from 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.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

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20 December 2017

Statement of financial activities (including income and expenditure account) Year to 31 August 2017

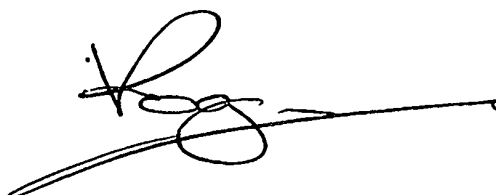
			Restricted funds			
	Notes	Unrestricted general fund £'000	General £'000	Fixed assets fund £'000	2017 Total funds £'000	2016 Total funds £'000
Income from:						
Donations and capital grants	1	—	—	12	12	603
Charitable activities						
· Funding for the UTC's educational operations	4	—	2,347	—	2,347	2,768
Other trading activities	2	93	—	—	93	171
Investments	3	1	—	—	1	1
Total income		94	2,347	12	2,453	3,543
Expenditure on:						
Charitable activities						
· UTC's educational operations	6	92	2,419	699	3,210	3,596
Total expenditure		92	2,419	699	3,210	3,596
Net Income (expenditure) before transfers		2	(72)	(687)	(757)	(53)
Transfers between funds	14	—	(142)	142	—	—
Net Income (expenditure)		2	(214)	(545)	(757)	(53)
Other recognised gains or losses						
Actuarial gain/(loss) on defined benefit pension scheme	19	—	11	—	11	(9)
Net movement in funds		2	(203)	(545)	(746)	(62)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2016		52	12	12,881	12,945	13,007
Total fund balances carried forward at 31 August 2017		54	(191)	12,336	12,199	12,945

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

Balance sheet 31 August 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible fixed assets	11		12,324		12,985
Current assets					
Debtors	12	210		66	
Cash at bank and in hand		802		984	
		<u>1,012</u>		<u>1,050</u>	
Liabilities					
Creditors: amounts falling due within one year	13	(1,112)		(1,067)	
Net current (liabilities)/assets			<u>(100)</u>		<u>(17)</u>
Total assets less current liabilities			12,224		12,968
Pension liabilities	19		<u>(25)</u>		<u>(23)</u>
Total net assets			<u>12,199</u>		<u>12,945</u>
Restricted funds					
Fixed assets fund	14		12,336		12,881
Restricted income fund	14		(166)		35
Pension reserve	14		<u>(25)</u>		<u>(23)</u>
Total restricted funds			<u>12,145</u>		<u>12,893</u>
Unrestricted income funds					
General fund	14		<u>54</u>		<u>52</u>
Total funds			<u>12,199</u>		<u>12,945</u>

The financial statements on pages 28 to 48 were approved by the governors, and authorised for issue on 19 December 2017 and are signed on their behalf by:



Roger Morris
Chair

Elstree UTC
Company Limited by Guarantee
Registration Number: 07906423 (England and Wales)

Principal accounting policies 31 August 2017

		2017 £'000	2016 £'000
Net cash flows from operating activities			
Net cash provided by operating activities	A	(157)	1,081
Cash flows from investing activities	B	(25)	(706)
Change in cash and cash equivalents in the year		<u>(182)</u>	<u>375</u>
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2016		984	609
Cash and cash equivalents at 31 August 2017	C	<u>802</u>	<u>984</u>

A Reconciliation of income to net cash flow from operating activities

	2017 £'000	2016 £'000
Net (expenditure)/income for the year (as per the statement of financial activities)	(757)	(53)
Adjusted for:		
Depreciation (note 11)	699	714
Capital grants from DfE	(12)	—
Interest receivable (note 3)	(1)	8
Defined benefit pension scheme obligation inherited	—	(1)
Defined benefit pension scheme cost less contributions payable (note 28)	13	—
Decrease (Increase) in debtors	(144)	453
(Decrease) increase in creditors	45	(40)
Net cash provided by operating activities	<u>(157)</u>	<u>1,081</u>

B Cash flows from investing activities

	2017 £'000	2016 £'000
Dividends, interest and rents from investments	1	1
Proceeds from sale of tangible fixed assets	—	(707)
Purchase of tangible fixed assets	(38)	—
Capital grant from DfE/ESFA	12	—
Net cash used in investing activities	<u>(25)</u>	<u>(706)</u>

C Analysis of cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	802	984
Total cash and cash equivalents	<u>802</u>	<u>984</u>

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

The Elstree UTC 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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the UTC has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the UTC's ability to continue as a going concern.

Governors continue to engage with the ESFA regarding support, including timing of funding and clawback. The Government announced in January 2017 that all UTCs would receive additional funding over the next three years, and the UTC is discussing restructuring of the clawback provision timing. With student growth forecast, the UTC remains a going concern, and the governors continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised when the UTC 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.

Principal accounting policies 31 August 2017

Income (continued)

Grants (continued)

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

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

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.

Other income

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

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.

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Principal accounting policies 31 August 2017

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.

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

♦ Freehold buildings	2% per annum
♦ Fixtures, fittings and equipment	20% per annum
♦ IT equipment	20% per annum

Depreciation is charged from the month of acquisition.

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.

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 UTC anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased assets

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

Principal accounting policies 31 August 2017

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the UTC in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Pensions benefits (continued)

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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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 the Education and Skills Funding Agency, Department for Education or other funder's where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions

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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements Year to 31 August 2017

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2017 Total funds £'000	2016 Total funds £'000
Capital grants	—	—	12	12	603
	—	—	12	12	603

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Hire of facilities/lettings income	7	—	7	11
Trip income	4	—	4	15
Catering income	82	—	82	134
Miscellaneous income	—	—	—	11
	93	—	93	171

3 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Interest receivable	1	—	1	1

4 Funding for UTC's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
DfE / ESFA revenue grants				
. General Annual Grant (GAG)	—	2,309	2,309	2,707
. Other DfE/ESFA grants	—	36	36	59
	—	2,345	2,345	2,766
Other Government grants				
. Local authority grants	—	—	—	2
Other income from the UTC's educational operations				
	—	2	2	—
	—	2,347	2,347	2,768

Notes to the Financial Statements Year to 31 August 2017

5 Expenditure

	Non pay expenditure			2017	2016
	Staff costs £'000	Premises £'000	Other costs £'000	Total funds £'000	Total funds £'000
Expenditure on raising funds					
UTC's educational operations					
. Direct costs	1,396	699	107	2,202	2,462
. Allocated support costs	266	303	439	1,008	1,134
	<u>1,662</u>	<u>1,002</u>	<u>546</u>	<u>3,210</u>	<u>3,596</u>
				2017 Total funds £'000	2016 Total funds £'000
Net income for the year includes:					
Depreciation				699	714
Fees payable to auditor for:					
Audit of financial statements					
. Current year				9	10
. Prior year				6	—
Other services				8	8

6 Charitable activities

	2017 Total funds £'000	2016 Total funds £'000
Direct costs	2,202	2,462
Support costs	1,008	1,134
	<u>3,210</u>	<u>3,596</u>
	2017 Total funds £'000	2016 Total funds £'000
Analysis of support costs		
Support staff costs	266	319
Technology costs	110	124
Premises costs	303	245
Other support costs	256	280
Governance costs	73	166
Total support costs	<u>1,008</u>	<u>1,134</u>

6 Comparative information

Analysis of income and expenditure in the year ended 31 August 2016 between restricted and unrestricted funds:

Notes to the Financial Statements Year to 31 August 2017

	Unrestricted general fund £'000	Restricted funds		2016 Total funds £'000
		General £'000	Fixed assets fund £'000	
Income from:				
Donations and capital grants	—	—	603	603
Charitable activities				
· Funding for the UTC's educational operations	—	2,768	—	2,768
Other trading activities	84	87	—	171
Investments	1	—	—	1
Total income	85	2,855	603	3,543
Expenditure on:				
Charitable activities				
· UTC's educational operations	33	2,849	714	3,596
Total expenditure	33	2,849	714	3,596
Net income (expenditure)	52	6	(111)	(53)
Other recognised gains or losses				
Actuarial loss on defined benefit pension scheme	—	(9)	—	(9)
Net movement in funds	52	(3)	(111)	(62)
Reconciliation of funds				
Total fund balances brought forward at 1 September 2015	—	15	12,992	13,007
Total fund balances carried forward at 31 August 2016	52	12	12,881	12,945

Notes to the Financial Statements Year to 31 August 2017

8 Staff

(a) Staff costs

Staff costs during the year were:

	2017 Total funds £'000	2016 Total funds £'000
Wages and salaries	1,341	1,500
Social security costs	136	141
Pension costs	126	164
	1,603	1,805
Supply staff costs	51	116
Staff restructuring costs	8	16
	1,662	1,937

	2017 £'000	2016 £'000
Staff restructuring costs comprise		
Other restructuring costs	8	16
	8	16

Included in staff restructuring costs are non-statutory (non-contractual) severance payments of £8,000 in relation to one individual (2016: £16,000 to two individuals).

(a) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2017 expressed on an average headcount basis was as follows:

	Headcount 2017 No.	Headcount 2016 No.
Charitable activities		
Teachers	21	30
Administration and support	12	16
Management	7	4
	40	50

(b) Higher paid staff

The number of employees whose emoluments (excluding employers pension liabilities) fell within the following bands was:

	2017 No	2016 No
Charitable activities		
£60,001 - £70,000	2	—
£90,001 - £100,000	1	1

Two of the above employees participated in the Teachers' Pension Scheme.

Notes to the Financial Statements Year to 31 August 2017

8 Staff (continued)

(c) Key management personnel

The key management personnel of the UTC comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the UTC was £399,000 (2016 - £236,216).

9 Governors' remuneration and expenses

The Principal only receives remuneration in respect of services he provides undertaking the role of Principal and not in respect of his service as governor. Other governors did not receive any payments, other than expenses, from the UTC in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

	2017 £'000	2016 £'000
Principal and governor		
• Remuneration	90- 95	90- 95
• Employer's pension contributions	15- 20	15- 20

Other related party transactions involving the governors are set out in note 20.

10 Governors' and Officers' insurance

The Company 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 Governors 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 Governor and Officers' indemnity element from the overall cost of the RPA.

11 Tangible fixed assets

	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total funds £'000
Cost				
At 1 September 2016	12,628	1,686	660	14,974
Additions	—	—	38	38
At 31 August 2017	12,628	1,686	698	15,012
Depreciation				
At 1 September 2016	555	999	435	1,989
Charge in year	205	329	165	699
At 31 August 2017	760	1,328	600	2,688
Net book value				
At 31 August 2017	11,868	358	98	12,324
At 31 August 2016	12,073	687	225	12,985

Notes to the Financial Statements Year to 31 August 2017

12 Debtors

	2017 £'000	2016 £'000
VAT recoverable	174	54
Other debtors	34	7
Prepayments and accrued income	2	5
	210	66

13 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	146	13
Taxation and social security	51	38
ESFA: abatement of GAG	887	853
Other creditors	—	4
Accruals	28	159
	1,112	1,067
Deferred income		
Deferred income at 1 September 2016	—	—
Resources deferred in the year	10	—
Deferred income at 31 August 2017	10	—

Deferred income relates to school trip income received in advance.

14 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	(54)	2,309	(2,368)	(142)	(255)
. Pupil premium	—	36	(36)	—	—
. Local authority grants	2	2	(2)	—	2
. Other restricted funds	87	—	—	—	87
. Pension reserve	(23)	—	(13)	11	(25)
	<u>12</u>	<u>2,347</u>	<u>(2,419)</u>	<u>(131)</u>	<u>(191)</u>
Restricted fixed asset funds					
. DfE/ESFA capital grants	12,771	12	(699)		12,084
. Capital expenditure from GAG	110	—	—	142	252
	<u>12,881</u>	<u>12</u>	<u>(699)</u>	<u>142</u>	<u>12,336</u>
Total restricted funds	<u>12,893</u>	<u>2,359</u>	<u>(3,118)</u>	<u>11</u>	<u>12,145</u>
Unrestricted funds					
. General funds	52	94	(92)	—	54
Total unrestricted funds	<u>52</u>	<u>94</u>	<u>(92)</u>	<u>—</u>	<u>54</u>
Total funds	<u>12,945</u>	<u>2,453</u>	<u>(3,210)</u>	<u>11</u>	<u>12,199</u>

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

ESFA revenue grant fund and other restricted funds

Restricted general funds

This fund represents grants received for the UTC operational activities and development. The pension reserve relates to the UTC's share of the deficit to the Local Government Pension Scheme administered by Hertfordshire County Council.

General Annual Grant (GAG)

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

Fixed asset fund

These grants relate to funding received from the DfE, to carry out works of a capital nature as part of the building project.

14 Funds (continued)

Unrestricted funds

The unrestricted funds represent funds available to the governors to apply for the general purposes of the UTC.

15 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset fund £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	—	—	12,324	12,324
Current assets	54	946	12	1,012
Current liabilities	—	(1,112)	—	(1,112)
Pension scheme liabilities	—	(25)	—	(25)
Total net assets	54	(191)	12,336	12,199

16 Contingent liabilities

During the period of the Funding Agreement, 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 re-pay to the Secretary of State for Education 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. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the UTC serving notice, the UTC shall repay to the Secretary of State sums determined by reference to:

- The value at that time of the UTC's site and premises and other assets held for the purpose of the UTC; and
- The extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

17 Commitments under operating leases

Operating leases

At 31 August 2017, the total of the UTC's future minimum lease payments under non-cancellable operating leases was as follows:

	2017 £'000	2016 £'000
Amounts due within one year	—	61

18 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

19 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. 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.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

- ◆ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge);

19 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ♦ 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; and
- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £109,033 (2016: £133,140).

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 a multi-employer pension scheme. The UTC has accounted for its contributions to the scheme as if it were a defined contribution scheme. The UTC has set out above the information available on the scheme.

Local Government Pension Scheme (LGPS)

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 £11,000 (2016: £11,000), of which employer's contributions totalled £8,000 (2016: £8,000) and employees' contributions totalled £3,000 (2016: £3,000). The agreed contribution rates for future years are 14.18% for employers and 5.5% to 9.9% for employees.

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

Notes to the Financial Statements Year to 31 August 2017

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Principal Actuarial Assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	2.5	3.6
Rate of increase for pensions in payment / Inflation	2.4	2.1
Discount rate for scheme liabilities	2.5	2.1
Inflation assumption (CPI)	2.4	3

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	At 31 August 2016
Retiring today		
Males	22.5	22
Females	24.9	25
Retiring in 20 years		
Males	24.1	24
Females	26.7	27

	Approximate % change to defined benefit liability	Monetary value £'000
Sensitivity analysis		
0.5% decrease in Real Discount Rate	18%	10
0.5% increase in the Salary Increase Rate	0%	—
0.5% increase in the Pension Increase Rate	185%	10

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	22	13
Corporate bonds	8	7
Property	2	—
Cash and other liquid assets	1	—
Total market value of assets	33	20
Present value of scheme liabilities		
• Funded	(58)	(43)
Deficit in the scheme	(25)	(23)



Trial	Control	MCI	AD
1	85	75	65
2	85	75	65
3	85	70	60
4	85	65	55
5	85	60	55

1. *Phragmites australis* (Cav.) Trin. ex Steud.

Trial	Control (○)	MCI (●)	AD (□)
1	95	85	75
2	95	85	75
3	95	80	70
4	95	78	68
5	95	75	65

[illegible]

Trial	Control (%)	MCI (%)	AD (%)
1	90	80	70
2	90	78	68
3	90	75	65
4	90	70	60
5	90	60	50

[illegible]

Abstract

[illegible]

Figure 1

(a) \log_{10} scale

(b) \log_{10} scale

(c) \log_{10} scale

(d) \log_{10} scale

(e) \log_{10} scale

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(z) \log_{10} scale

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The actual return on scheme assets was £1,000 (2016: £2,000).

Amounts recognised in statement of financial activities	2017 £'000	2016 £'000
Current service cost	21	15
Interest cost	—	1
Total amount recognised in the SOFA	21	16
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	1	—
Interest on pension liabilities	(1)	—
Pension finance income/(costs)	—	—

Changes in the present value of defined benefit obligations were as follows:	2017 £'000	2016 £'000
At 1 September 2016	43	13
Current service cost	21	15
Interest cost	1	1
Employee contributions	3	3
Actuarial (gain)/loss	(10)	11
At 31 August 2017	58	43

Changes in the fair value of the UTC's share of scheme assets:	2017 £'000	2016 £'000
At 1 September 2016	20	7
Interest income	1	—
Actuarial gain/(loss)	1	2
Employer contributions	8	8
Employee contributions	3	3
At 31 August 2017	33	20

20 Related party transactions

Owing to the nature of the UTC's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustee 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.

In the year £42,515 of fees were incurred in relation to The Meller Educational Trust (2016 - £52,575) for access to financial guidance, specialist teaching, legal compliance, governance and industry connection expertise. There was a balance of £20,365 outstanding at 31 August 2017.