

London Design & Engineering UTC

Annual Report and Financial Statements

Year to 31 August 2016

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

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Reference and administrative information

Members	University of East London Thames Water Utilities Ltd Costain Ltd Skanska UK plc Chelmsford Diocese Educational Trust
Directors	Feroze Fredoon Amroliwala Chris Beales Jason Bradbury Janet Burr Haydn Evans Geoffrey Fowler Jeremy Galpin John Headley David Hogben Dorith Morgan Lord Patel of Bradford Dan Forbes Pepitone Catherine Ritman-Smith
Staff Director	Roxana Osso
Parent Directors	Dorith Morgan Grace Oba' Fayose
Senior Team Principal Vice Principal Assistant Principal	Geoffrey Fowler Ian Pearson Gloria Gold
Company and academy name	London Design & Engineering UTC
Registered address	London Design & Engineering UTC Docklands Campus University Way London E16 2RD
Company registration number	08283657
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank plc PO Box 1000 Andover BX1 1LT

DIRECTORS' REPORT

The Directors of London Design & Engineering UTC ('the academy trust') present their annual report together with the financial statements and the auditor's reports of the charitable company for the year to 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 23 to 27 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

The trust operates a University Technical College (UTC) for students aged 14 to 19 based in Newham serving the whole of London and beyond. It opened on 6 September 2016 in temporary accommodation on the University of East London's (UEL's) Docklands Campus with a total of 180 students. The UTC's first cohort consisted of 60 Year 10 students and 120 Year 12 students. In its permanent building, which will be situated alongside UEL's Dockland Campus, on the Royal Docks, it will accommodate a total of 750 learners; 600 full time students and 150 apprentices.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Directors of the London Design & Engineering UTC Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as London Design & Engineering UTC. Details of the Directors who served during the year are included below.

Director

Feroze Fredoon Amroliwala (Chair of Board)

Chris Beales (appointed 21 April 2016)

Jason Bradbury

Janet Burr

Haydn Evans (appointed 12 July 2016)

Geoffrey Fowler (Principal)

Jeremy Galpin (Vice Chair)

John Headley

David Hogben

Rhys Harman Morgan

Dan Forbes Pepitone (appointed 21 April 2016)

Catherine Ritman-Smith

Chris Tomlison (resigned 31 July 2016)

Constitution (continued)

Since the period end, Rhys Harman Morgan resigned as Director on 18/11/2016; Lord Patel of Bradford appointed Director on 08/03/2017; Roxanna Osso was appointed Staff Director on 15/12/2016; Dorith Morgan was appointed Parent Director on 02/03/2017; Grace Oba' Fayose was appointed Parent Director 02/03/2017.

Members' liability

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

Method of Recruitment and Appointment or Election of Directors

- ◆ There shall be at least 5 Members, all of whom to be UK-based, in order to ensure both a range of views, but also that meetings can be scheduled and managed with ease. Less than half the Members will be Governors.
- ◆ The Board of Directors will contain at least 5 Directors and no more than 17, all of whom to be UK-based, in order to ensure both a range of views, but also that meetings can be scheduled and managed with ease. This includes 2 elected Parent Directors.
- ◆ The principal will for all purposes be treated as being an ex-officio Director
- ◆ The Members can appoint by ordinary resolution up to 15 Directors provided that in making such appointments the Members shall ensure that nominees of the Employer Sponsors and University Sponsor together form a majority of the total number of Directors.
- ◆ The Chair of the Board of Directors will seek candidates, using the UTC's networks or related organisations to approach suitable individuals where relevant this could include advertising. Other Directors will also be invited to recommend suitable candidates.
- ◆ Prospective Directors will be expected to read the UTC's prospectus and relevant policies setting out information for prospective Directors and visit the UTC ahead of confirming their appointment to familiarise themselves with London Design & Engineering UTC and ensure they fully understand the requirements.
- ◆ The prospective candidates will be considered at London Design & Engineering UTC Board Meetings or by correspondence.
- ◆ Depending on the outcome of this process the Chair of the Board of Directors will then make a recommendation to Members as to whether candidates should be appointed as a Director to the Board.

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

- ◆ London Design & Engineering UTC will not always fill vacant positions and will operate on the principle of preferring to leave a position vacant than fill it with an inappropriate candidate. It falls to the Chair of the Board of Directors to conduct succession planning and continuously scan for new candidates.

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

Staff - Governor elections

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

Parent - Governor elections

- ◆ Ahead of the election, the Principal shall publicise the nature of the role and the process for election to all parents.
- ◆ Any parent who wishes to stand for election should notify the Principal and provide a short personal statement that will be circulated to all parents. This will set out who they are, why they wish to become a Parent Director, and what they would bring to the role.
- ◆ The full list of candidates and supporting personal statements will be circulated to parents, who will cast one vote for each child attending London Design & Engineering UTC at the point of election.
- ◆ Parent votes are returned to the Principal through a secret ballot; email votes will be acceptable. The Principal will act as Returning Officer and in the event of a tie will consult the Board of Directors to choose the successful candidate(s). When the

Parent - Governor elections (continued)

results are announced, the number of votes received by each candidate will not be published.

- ◆ If there is only one nominee per vacancy, that candidate will be deemed elected.
- ◆ If there are no nominees, the Board of Directors will either ask a parent to become a Parent Director without an election (known as co-opting) or will leave the vacancy unfilled or co-opt a parent who does not have a child attending the UTC, but who is a parent of a child or children attending other state-funded schools.

Policies and Procedures Adopted for the Induction and Training of Directors

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

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

Other training includes

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

Organisational Structure

- ◆ **Directors** are responsible for setting the outcomes the UTC should achieve. This will always happen in discussion with the Senior Team.
- ◆ **The Senior Team** are responsible for deciding and implementing the methods by which the UTC should achieve those outcomes.

Organisational Structure (continued)

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

Arrangements for setting pay and remuneration of key management personnel

London Design & Engineering UTC has a set of banded pay scales to which staff are appointed to. These have been benchmarked against other school and academies. Staff pay and progression are reviewed annually to ensure value for money is delivered.

Related Parties and other Connected Charities and Organisations

London Design & Engineering UTC Trust was originally set up in November 2012 by the following five organisations: University of East London (UEL), Thames Water Utilities Ltd, Costain Ltd, Alpha Building Services Engineering Ltd and Rainmaker Books Ltd. It was established in response to a lack of high-quality technical education and the need amongst employer sponsors to recruit work ready candidates with the right skills and attitude to fit into their organisations.

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

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

Objectives and Activities

Whilst focusing on the water industry the London Design & Engineering (LDE) UTC will prepare students for the exciting and wide employment opportunities across the engineering and construction industry from major projects such as the Thames Tideway Tunnel, High Speed 2 through to the essential skills necessary to provide the new housing the UK needs.

LDE UTC will therefore provide both strong educational support and access to a thriving employment sector - at all levels, be it apprentice or graduate engineer level - within the large and dynamic water industry and into the wider construction and engineering sector. Its STEM focused qualifications would, of course, also permit further studies and employment in other related science and technology sectors.

Objectives, Strategies and Activities

LDE UTC aims to achieve the following:

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

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

Public Benefit

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

STRATEGIC REPORT

Achievements and Performance

Having only opened on 6 September 2016, it is too early yet to assess the performance and achievement of the LDE UTC.

Nevertheless, the LDE UTC has had some remarkable successes. It is one of the only UTCs across the country that is oversubscribed and has had to take more students than its published admissions number. Over a third of its first cohort of 180 students are female.

Its innovative approach and cutting edge technology have led to the UTC being featured on BBC London News, and more recently its students were interviewed as part of the BBC live coverage of the Spring Budget 2017. Also, working with the Institute of Civil Engineering it had a school ski trip where students learnt how to programme robots to ski.

Going Concern

The Trust had net current assets at 31 August 2016 of £4,145 (2015 - £46,626). During the year the Trust made an operational loss of £42,481 (2015 – surplus of £9,443 during a 9 month accounting period). This excludes movements on the fixed assets fund and the defined benefit scheme pension adjustments. The Trust has managed its finances so as to utilise its pre-opening funding on preparing the school for opening successfully, as such the vast majority of the pre-opening funds have been expended with only a small surplus carried forward into the post opening phase.

Post year end the UTC has opened successfully, its student recruitment has been very strong and demand was such that pupil numbers were in excess of the funding assumptions, resulting in a positive in year Pupil Number Adjustment, meaning its allocation for 2016-17 has increased from £1.5m to £1.6m. The school has also benefitted from an additional £200,000 of special transitional funding in excess of this allocation for its first year.

Strong student recruitment and additional funding has put the UTC in a healthy financial position, as such budgets and forecasts for the first years of opening have been set to use these positives to further strengthening the unique offer of the UTC as a leading provider of technical education and training.

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

Financial Review

Principal Funding Sources

Most of the trust's income is obtained from the Education Funding Agency (EFA), which is part of the Department for Education (DfE), in the form of recurrent grants. The grants received from the EFA in the period to 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Financial Review (continued)

The trust also receives capital grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice (FRS 102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset balance is reduced by annual depreciation charges over the expected life of the relevant assets. The academy trust owned the freehold to a property in East Ham, which was formerly the police station. It was previously intended for the academy trust to utilise the property for educational purposes. At the end of the financial year, it was agreed that the property would return to The Secretary of State for Communities and Local Government for alternative public use at £nil consideration and it has been treated as a disposal in these financial statements.

Reserves Policy

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

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

Total revenue funds carried forward as of the 31st August 2016 were in excess of £4,000.

Investment Policy

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

Principal Risks and Uncertainties

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

The principal risks for the academy trust are connected with:

- ◆ The funding climate for academy trusts. Mitigation includes encouraging sponsors and partners to make donations in cash or in-kind to keep the UTC's offer differentiated from other providers; alternative revenue streams are being investigated and robust budget monitoring and forecasting procedures are in place;
- ◆ Management of the temporary site and the move to the permanent site. Mitigation includes building a relationship with planning bodies and the prospective freeholder, working closely with the EFA and appointed building contractors and utilising the construction and project management expertise of our sponsoring employers through a dedicated accommodation sub-committee of the board; and

Principal Risks and Uncertainties (continued)

- ◆ Developing the reputation of the trust and achieving positive outcomes for the students. Mitigation includes working closely with the Department for Education (DfE) Educational Advisers team, maintaining a strong focus on setting targets and tracking student progress through a dedicated Standards, Teaching & Learning Committee and recruiting high quality teaching and leadership personnel.

Plans for Future Periods

Student recruitment indicators remain strong, with the UTC again significantly oversubscribed for its September 2017 intake. The UTC intends to recruit in accordance with its published pupil admission numbers, and as such will increase its overall student cohort progressively to a full capacity of 600 full time students and 150 apprentices by September 2019.

There is also a current consultation on-going regarding moving the youngest intake year to national curriculum year 9 (from the current year 10), and to prioritise applications from girls up to 50% of the intake cohort in order to achieve a 50:50 mix of boys and girls if possible. These changes are to be effective from September 2018 onwards if accepted.

The UTC will expand its current temporary site to accommodate the additional intake in September 2017 intake, and then move into its state-of-the art purpose built new building in September 2018.

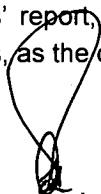
The UTC will continue to focus its attentions on obtaining strong positive student outcomes, through examination results, progression and employability skills among other indicators. The UTC is planning towards a positive set of first results and first Ofsted inspection.

Auditor

Insofar as the Directors are aware:

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

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



Feroze Fredoon Amroliwala

Chair of the Board of Directors

Date: 27 March 2017

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

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

Director	Meetings Attended	Out of a possible
Feroze Fredoon Amroliwala (Chair)	4	4
Janet Burr	4	4
Jeremy Galpin (Vice Chair)	4	4
John Headley	3	4
Geoffrey Fowler (Principal)	4	4
David Hogben	1	4
Rhys Harman Morgan	2	4
Jason Bradbury	2	4
Chris Tomlison	—	4
Catherin Ritman-Smith	—	4
Chris Beales	1	2
Dan Forbes Pepitone	1	2
Haydn Evans	—	—

The governance of the UTC was reviewed at the date when it was set up. Following the opening of the School on 6 September 2016, the Directors and Senior Team are developing an appropriate governance system including forming an audit committee.

Review of Value for Money

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

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in London Design & Engineering UTC for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

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

The Board of Directors has considered the need for a specific internal audit function and is in the process of appointing an audit committee.

Review of Effectiveness

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

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

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



Feroze Fredoon Amroliwala

Chair of the Board of Directors

Date: 27 March 2017



Geoffrey Fowler

Accounting Officer

27th March 2017

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of London Design & Engineering UTC, I have considered my responsibility to notify the academy trust board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of Directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Geoffrey Fowler

Accounting Officer

Date: 27th March 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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


Feroze Fredoon Amroliwala
Chair of the Board of Directors

Date: 27 March 2017

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

We have audited the financial statements of London Design & Engineering UTC ("the charitable company") for the period ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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.

Respective responsibilities of Directors and auditor

The governors act as trustees for the charitable activities of London Design & Engineering UTC and are also the directors of the charitable company for the purpose of company law.

As explained more fully in the statement of Directors' responsibilities set out in the Directors' report, including the strategic report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report, including the strategic report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's reports 31 August 2016

Opinion

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 2016 and of its income and expenditure for the period then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

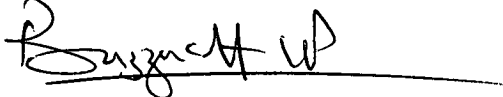
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report, including the strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



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

27 March 2017

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

In accordance with the terms of our engagement letter dated 20 March and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by London Design & Engineering UTC during the period from 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of London Design & Engineering UTC's funding agreement with the Secretary of State for Education dated April 2016 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Approach (continued)

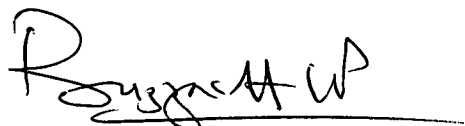
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

Conclusion

Nothing has come to our attention in the course of our work which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

21 March 2017

Statement of financial activities (including income and expenditure account)
Year to 31 August 2016

	Notes	Restricted funds			Y/e 31/08/2016 Total funds £	9m P/e 31/08/2015 Total funds £
		Unrestricted general fund £	General fund £	Fixed assets fund £		
Income from:						
Donations and capital grants	1	82,867	30,000	1,026,013	1,138,880	534,308
Charitable activities						
Funding for the academy's educational operations	2	—	163,690	—	163,690	90,000
Other trading activities	3	1,028	—	—	1,028	689
Total income		83,895	193,690	1,026,013	1,303,598	624,997
Expenditure on:						
Charitable activities						
Academy's educational operations	5	79,750	240,316	—	320,066	182,081
Other						
Loss on disposal of fixed assets	9	—	—	4,709,826	4,709,826	—
Total expenditure		79,750	240,316	4,709,826	5,029,892	182,081
Net (expenditure) income and net movement in funds		4,145	(46,626)	(3,683,813)	(3,726,294)	442,916
Reconciliation of funds						
Total fund balances brought forward at 31 August 2015		—	46,626	4,665,670	4,712,296	4,269,380
Total fund balances carried forward at 31 August 2016		4,145	—	981,857	986,002	4,712,296

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

Balance sheet 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible fixed assets			981,857		4,665,670
Current assets					
Debtors		1,527,358		324,398	
Cash at bank and in hand		11,941		7,729	
		<u>1,539,299</u>		<u>332,127</u>	
Liabilities					
Creditors: amounts falling due within one year		(1,535,154)		(285,501)	
Net current assets			<u>4,145</u>		<u>46,626</u>
Total assets less current liabilities			<u>986,002</u>		<u>4,712,296</u>
Total net assets			<u>986,002</u>		<u>4,712,296</u>
Funds of the Academy					
Restricted income funds					
. Fixed assets fund			981,857		4,665,670
. General fund			—		46,626
			<u>981,857</u>		<u>4,712,296</u>
Unrestricted funds					
. General fund	12		4,145		—
Total funds			<u>986,002</u>		<u>4,712,296</u>

The financial statements on page 20 to 34 were approved by the Directors, and authorised for issue on 27 March 2017 and are signed on their behalf by:


Feroze Fredoon Amroliwala
Chair of the Board of Directors

London Design & Engineering UTC
Company Limited by Guarantee
Registration Number: 09026334 (England and Wales)

Statement of cash flows Year to 31 August 2016

		Y/e 31/08/2016 £	9m P/e 31/08/2015 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	A	4,212	(21,886)
Cash flows from investing activities	B	—	—
Change in cash and cash equivalents in the year		4,212	(21,886)
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2015		7,729	29,615
Cash and cash equivalents at 31 August 2016	C	11,941	7,729

A Reconciliation of income to net cash flow from operating activities

	2016 £	2015 £
Net income (expenditure) for the year (as per the statement of financial activities)	(3,732,480)	442,916
Adjusted for:		
Loss on the sale of fixed assets	4,709,826	—
Capital grants from DfE and other capital income	(1,026,013)	(433,473)
(Increase) decrease in debtors	(1,196,773)	104,675
Increase (decrease) in creditors	1,249,652	(136,004)
Net cash provided by operating activities	4,212	(21,886)

B Cash flows from investing activities

	2016 £	2015 £
Purchase of tangible fixed assets	(1,026,013)	(433,473)
Capital grants from DfE/EFA	1,026,013	433,473
Net cash used in investing activities	—	—

C Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	11,941	7,729
Total cash and cash equivalents	11,941	7,729

Statement of accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of London Design & Engineering UTC prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of London Design & Engineering UTC for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP').

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

It is the first year that the academy trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The transition to FRS 102 had no impact on the net funds of net income previously. Comparative figures for the 9 month period ended 31 August 2015 are shown in Note 8.

Going concern

The Trust had net current assets at 31 August 2016 of £4,145 (2015 - £46,626). During the year the Trust made an operational loss of £42,481 (2015 – surplus of £9,443 during a 9 month accounting period). This excludes movements on the fixed assets fund and the defined benefit scheme pension adjustments. The Trust has managed its finances so as to utilise its pre-opening funding on preparing the school for opening successfully, as such the vast majority of the pre-opening funds have been expended with only a small surplus carried forward into the post opening phase.

Post year end the UTC has opened successfully, its student recruitment has been very strong and demand was such that pupil numbers were in excess of the funding assumptions, resulting in a positive in year Pupil Number Adjustment, meanings its allocation for 2016-17 has increased from £1.5m to £1.6m. The school has also benefitted from an additional £200,000 of special transitional funding in excess of this allocation for its first year.

Strong student recruitment and additional funding has put the UTC in a healthy financial position, as such budgets and forecasts for the first years of opening have been set to use these positives to further strengthening the unique offer of the UTC as a leading provider of technical education and training.

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

Income

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

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Tangible fixed assets

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

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

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

Debtors

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

Cash at bank and in hand

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased assets

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

Taxation

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

Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 15, 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.

Fund accounting

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

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

Restricted general funds comprise all other grants received from the Education 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. There are no items in the accounts where the judgements and estimates were significant.

Notes to the Financial Statements Year to 31 August 2016

1 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Y/e 31/08/2016 Total funds £	9m P/e 31/08/2015 Total funds £
Capital grants	—	1,026,013	1,026,013	433,473
Donations	82,867	30,000	112,867	100,835
	82,867	1,056,013	1,138,880	534,308

2 Funding for academy's educational operations

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
DfE / EFA revenue grants				
. Other DfE / EFA	—	163,690	163,690	90,000
	—	163,690	163,690	90,000

3 Other trading income

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Other trading income	1,028	—	1,028	689
	1,028	—	1,028	689

4 Expenditure

	Non pay expenditure			2016 Total funds £	2015 Total funds £
	Staff costs £	Premises £	Other costs £		
Charitable activities					
. Academy's educational operations					
.. Direct costs	155,297	—	2,859	158,156	85,218
.. Allocated support costs	42,463	—	119,447	161,910	96,863
	197,760	—	122,306	320,066	182,081
Expenditure for the period includes:					
Loss on disposal of fixed assets				4,709,826	—
Fees payable to auditor					
. Statutory audit				3,300	—
. Other services				900	—

5 Charitable activities - academy's educational operations

	Y/e 31/08/2016 Total funds £	9m P/e 31/08/2015 Total funds £
Direct costs	158,156	85,218
Support costs	161,910	96,863
	320,066	182,081

	2016 Total funds £	2015 Total funds £
Analysis of support costs		
Support staff costs	42,463	24,596
Other support costs	109,900	60,368
Technology costs	5,294	8,604
Governance costs	4,253	3,295
Total support costs	161,910	96,863

6 Staff

(a) Staff costs

Staff costs during the period were:

	2016 Total funds £	2015 Total funds £
Wages and salaries	161,728	89,151
Social security costs	16,606	9,152
Pension costs	19,426	10,981
	197,760	109,284

(b) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2016 was as follows:

Charitable activities	2016 No	2015 No
Teachers	0.4	—
Administration and support	1.0	1.0
Management	1.0	1.0
	2.4	2.0

6 Staff (continued)

(c) Higher paid staff

One employee's employee benefits (excluding employer pension costs) was in the band from £90,001 to £100,000 during the year (2015 – one in the band £60,001 to £70,000 during a 9 month accounting period).

(d) Key management personnel

The key management personnel of the academy trust comprise the Directors and the senior team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £113,656 (2015: £77,332 during a 9 month accounting period).

7 Directors' 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 services as Director. Other Directors did not receive any payments from the academy in respect of their role as Directors. The value of Director's remuneration was as follows:

	Y/e 31/08/2016 £	9m P/e 31/08/2015 £
Principal		
. Remuneration	98,000	67,776
. Employer's pension contributions	15,656	9,556

During the year ended 31 August 2016 and the period ended 31 August 2015 no travel and subsistence expenses were reimbursed to Directors.

8 Comparative information

Analysis of income and expenditure in the 9 month period ended 31 August 2015 between restricted and unrestricted funds:

	Unrestricted general fund £	Restricted funds		9m P/e 31/08/2015 Total funds £
		General fund £	Fixed asset fund £	
Income from:				
Donations and capital grants	100,835	—	433,473	534,308
Charitable activities				
· Funding for the academy's educational operations	—	90,000	—	90,000
Other trading activities	689	—	—	689
Total	101,524	90,000	433,473	624,997
Expenditure on:				
Charitable activities				
· Academy's educational operations	101,524	80,557	—	182,081
Total	101,524	80,557	—	182,081
Net income (expenditure) and net movement in funds	—	9,443	433,473	442,916
Reconciliation of funds				
Total fund balances brought forward at 1 September 2015	—	37,183	4,232,197	4,269,380
Total fund balances carried forward at 31 August 2016	—	46,626	4,665,670	4,712,296

9 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total 2016 £
Cost/valuation					
At 1 September 2015	4,665,670	—	—	—	4,665,670
Additions	44,156	292,615	290,588	398,654	1,026,013
Disposals	(4,709,826)	—	—	—	(4,709,826)
At 31 August 2016	—	292,615	290,588	398,654	981,857
Depreciation					
At 1 September 2015 and 31 August 2016	—	—	—	—	—
Net book value					
At 31 August 2016	—	292,615	290,588	398,654	981,857
At 31 August 2015	4,665,670	—	—	—	4,665,670

The academy trust owned the freehold to a property in East Ham, which was formerly the police station. It was previously intended for the academy trust to utilise the property for educational purposes. At the end of the financial year, it was agreed that the property would return to The Secretary of State for Communities and Local Government for alternative public use at £nil consideration and it has been treated as a disposal in these financial statements.

10 Debtors

	2016 £	2015 £
Trade debtors	1,938	—
VAT recoverable		
On capital works	468,336	263,134
On revenue expenditure	37,240	19,020
Accrued EFA capital grants	981,857	—
Prepayments and other debtors	37,987	42,244
	1,527,358	324,398

11 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	12,048	—
VAT payable to EFA on capital works	468,336	263,134
Tax and social security	5,303	3,850
Accrued capital expenditure	981,857	—
Accruals and other creditors	67,610	18,517
	1,535,154	285,501

12 Funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general fund					
. EFA lead in grant	46,626	163,690	(210,316)	—	—
. Other restricted funds	—	30,000	(30,000)	—	—
	<u>46,626</u>	<u>193,690</u>	<u>(240,316)</u>	<u>—</u>	<u>—</u>
Fixed assets fund					
. EFA capital grants	4,665,670	1,026,013	(4,709,826)	—	981,857
	<u>4,665,670</u>	<u>1,026,013</u>	<u>(4,709,826)</u>	<u>—</u>	<u>981,857</u>
Total restricted funds	<u>4,712,296</u>	<u>1,219,703</u>	<u>(4,950,142)</u>	<u>—</u>	<u>981,857</u>
Unrestricted funds					
. Unrestricted funds	—	83,895	(79,750)	—	4,145
Total unrestricted funds	<u>—</u>	<u>83,895</u>	<u>(79,750)</u>	<u>—</u>	<u>4,145</u>
Total funds	<u>4,712,296</u>	<u>1,303,598</u>	<u>(5,029,892)</u>	<u>—</u>	<u>986,002</u>

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

EFA revenue grant fund and other restricted funds***EFA lead in grant***

The lead in funding is for the establishment of the academy trust pre-opening.

Fixed asset fund

Restricted fixed assets funds were funded by government grants. When capital expenditure is incurred a transfer is made from the fund which funded the acquisition to the restricted fixed asset fund. That asset is then depreciated through the restricted fixed asset fund over the lifetime of that asset.

13 Analysis of net assets between funds

	Unrestricted funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	—	—	981,857	981,857
Current assets	4,145	1,535,154	—	1,539,299
Current liabilities	—	(1,535,154)	—	(1,535,153)
Total net assets	<u>4,145</u>	<u>—</u>	<u>981,857</u>	<u>986,002</u>

14 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

15 Pension and similar obligations

The academy trust's employee belongs to the Teachers' Pension Scheme England and Wales (TPS), which is a multi-employer defined benefit scheme.

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

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ♦ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (previously 14.1%))

15 Pension and similar obligations (continued)

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
- ◆ 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%.

Valuation of the Teachers' Pension Scheme (continued)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £15,656 (2015: £9,556 in the 9 month period).

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 trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

16 Related party transactions

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

16 Related party transactions (continued)

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

- ◆ The trust received a sponsorship grant from the University of East London totalling £15,000 (2015: £10,000). Two of the Directors of London Design & Engineering UTC: Feroze Amroliwala and John Headley are also directors of UEL Professional Services. In addition accounting services and use of premises were provided free of charge in both 2016 and 2015, these have not been valued as a Gift in Kind due to the absence of an open market value. Purchases of £1,935 (2015: £nil) were made from The University of East London during the 2016 financial year at an arms' length basis, in the process of these transactions the Trust complied with the requirements of the Academies Financial Handbook. The University of East London is a member of the UTC.
- ◆ Two sponsorship grants were received from Costain Ltd during the year totalling £30,000. (2015: One grant of £16,334). Costain Ltd is a member of the UTC.
- ◆ A sponsorship grant of £8,167 was received from Thames Water Utilities Ltd during the year. (2015: Two grants totalling £74,501). Thames Water Utilities Ltd is a member of the UTC.