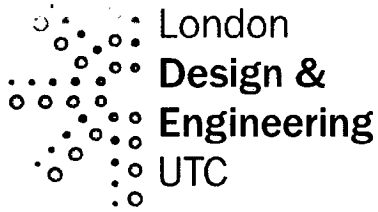
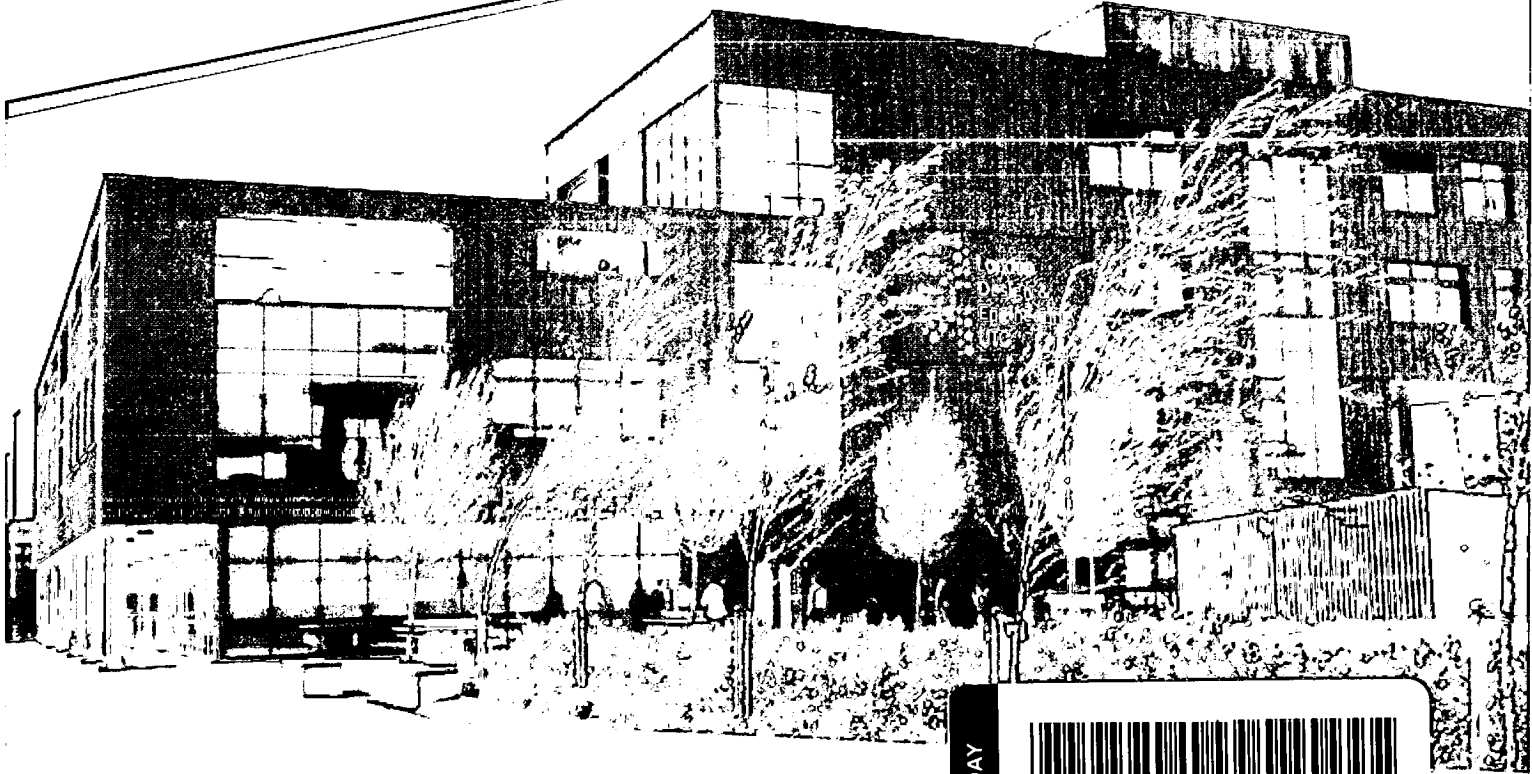


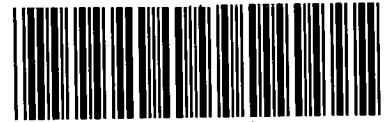
Companies House



Year to **31 AUGUST 2022**



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COMPANIES HOUSE

# Annual Report and Financial Statements...



[LDEUTC.co.uk](http://LDEUTC.co.uk)

Company Limited by Guarantee

Registration Number: 08283657 (England & Wales)

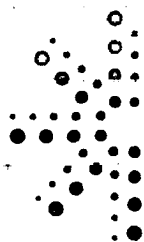


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**MEMBERS**

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

**DIRECTORS**

..... Prof. Hassan Abdulla  
..... Shahina Ahmad  
..... Chris Beales  
..... Dan Forbes-Pepitone  
..... Geoffrey Fowler  
..... Lynne Graham  
..... Anne I leal (Chair)  
..... Matthew Herbert  
..... Gill Lois (Staff Director)  
..... Nick Rathbone  
..... Harry Wain  
..... Lucy Webster

**STRATEGY TEAM**

CEO & Principal ..... Geoffrey Fowler  
Vice Principal – Quality of Education ..... Victoria Webb  
Vice Principal – Wellbeing ..... Gloria Gold  
Vice Principal – Head of Post 16 Provisions ..... Kenan Drugzani (from 1 December 2022)  
Chief Financial Officer ..... Dave Watherston

**COMPANY AND ACADEMY NAME**

London Design & Engineering UTC

**REGISTERED ADDRESS**

London Design & Engineering UTC  
15 University Way  
Royal Docks  
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



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

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London  
Design &  
Engineering  
UTC



## 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 2022. 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 39 to 44 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

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

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Constitution

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

Director	Appointed/resigned
Prof. Hassan Abdulla	
Shahina Ahmad	
Chris Beales	
Janet Burr	Resigned (30/09/2021)
Dan Forbes-Pepitone	
Geoffrey Fowler (CEO)	
Eryca Freemantle	Resigned (21/07/2022)
Jeremy Galpin (Chair)	
Lynne Graham	
Anne Heal (Vice Chair)	
Matthew Herbert (Parent Director)	
Gill Lois (Staff Director)	Appointed (03/11/2021)
Nick Rathbone	
Harry Wain	
Lucy Webster	
Ian Wightman (Parent Director)	

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Constitution (continued)**

After the period end, Jeremy Galpin resigned as Chair and a Director on 22 September 2022, Anne Heal was appointed Chair by the Board, on the same day and took up the Chair role from 23 September 2022. Both Parent Directors' terms of office came to end on 22 October 2022. The Trust is currently in the process of recruiting two new Parent Directors. On the 7 November 2022, Matthew Herbert was appointed as an independent Director by the Board.

### **Members' liability**

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

### **Director's Indemnities**

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

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

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

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

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

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

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Organisational Structure**

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

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

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

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

The three Committees of the Board of Directors in operation during 2021/22 were:

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

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

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

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

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

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

London Design & Engineering UTC has a set of banded pay scales to which staff are appointed. These have been benchmarked against other schools and academies. Staff pay and progression are reviewed annually, including a performance management appraisal, to ensure value for money is delivered. The performance management appraisal for the Principal is undertaken by the Chair of the Board of Directors in a panel with other Board members.

### **Trade union facility time**

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

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

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

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

### **Objectives, Strategies and Activities**

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

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

The LDE UTC provides both strong educational and career support at all levels - be it apprentice or graduate engineer level - within the large and dynamic construction, engineering and digital sectors. Its STEM focused qualifications would, of course, also permit further studies and employment in other related science and technology sectors.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Objectives, Strategies and Activities (continued)**

LDE UTC aims to achieve the following:

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

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

### **Public Benefit**

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



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

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## STRATEGIC REPORT

### Achievements and Performance

The London Design & Engineering University Technical College (LDE UTC) is now operating into its seventh year. It has had a remarkable journey to establish itself over that period. Despite the many challenges, including being in temporary accommodation for two and half years, the LDE UTC continues to be a successful employer-led, over-subscribed, mixed-ability, multi-cultural and thriving College. The 2021/22 year was a significant milestone in the establishment of the LDE UTC, particularly pleasing was the long-awaited second Ofsted visit for the UTC's Key Stage 3, 4 and 5 provision, with the college receiving an improved grade of "Good".

During the 2020/21 academic year the College focused on two key issues. Firstly, dealing with the impact on learning caused by the pandemic and national lockdowns. Secondly, making continuous improvements to address the areas for development highlighted by Ofsted in 2018.

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

Public examinations returned in the summer of 2022, following the disruption caused by the pandemic. Ofqual stated that 2022 would be a transition year to reflect that schools/colleges were in a pandemic recovery period with learners' education having been disrupted. Therefore, the 2022 national exam results would be a midway point between 2021 and 2019 results. The 2023 results would return to be in line with those in pre-pandemic years.

### Key Stage 5

The LDE's Key Stage 5 (KS5) results in 2022 have continued to be very strong with an average grade being "Distinction" in technical subjects. A-Level attainment has continued to improve with the average grade now being a C+. As a technical college, the LDE is particularly pleased to achieve at A-Level Maths an average grade of a B, and an average grade of an A in Further Maths.

The LDE UTC is pleased that its results match the national expectation of being between the 2019 and 2021 results, and delighted that its results are much closer to 2021, with less than a 0.5 of a grade difference.

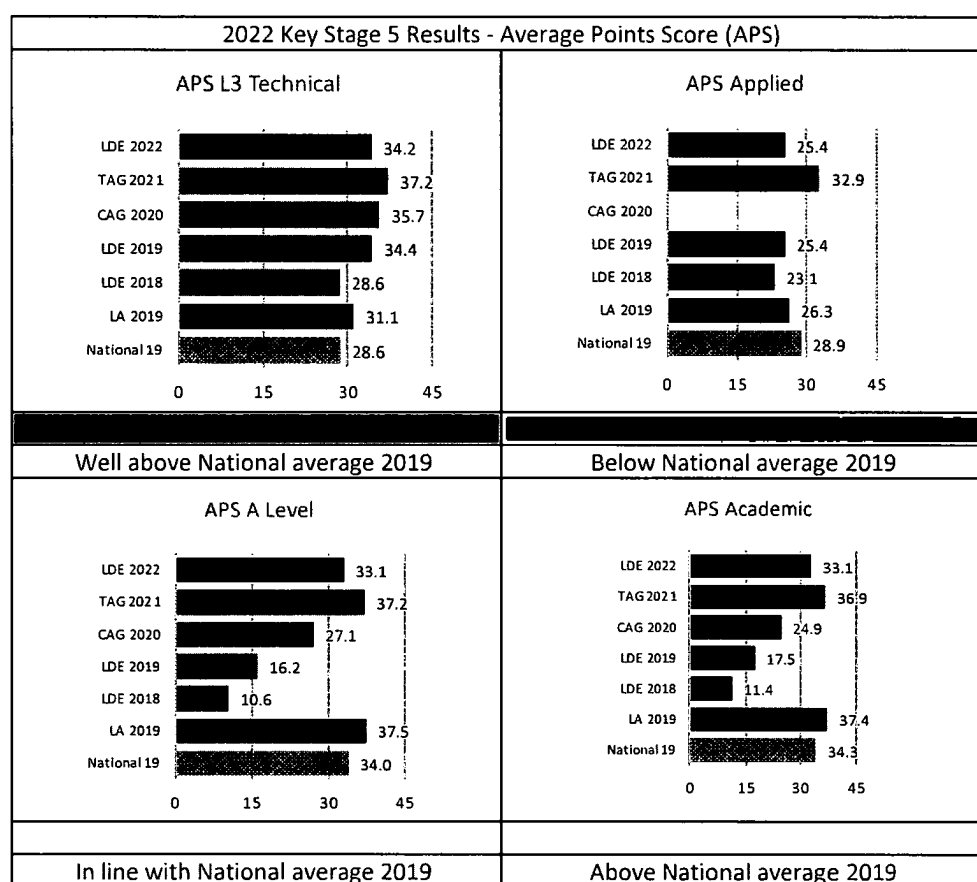
	Public Exams 2022			Teacher Assessed Grades (TAGS) 2021			Centre Assessed Grades (CAGS) 2020			Public Exam 2019		
	Entries	APS	Grade	APS	Grade	VA/CA*	APS	Grade	VA/CA*	APS	Grade	VA/CA*
<i>Technical</i>	157	34.1	Dist	37.13	Dist+	1.60	35.68	Dist+	1.70	34.38	Dist-	0.02
<i>Applied</i>	27	25.0	Merit	32.94	Dist-	0.03	N/A		n/a	25.38	Merit	-0.15
<i>A Level</i>	138	33.0	C+	37.21	B-	0.46	27.09	C-	-0.09	16.16	D-	-0.85
<i>Academic</i>	143	33.0	C+	36.85	B-	0.49	24.86	D=	-0.10	17.49	D-	-0.76

\* "Value Added" and "Completion and Attainment" rates when measured against 2019 national data (being the most up to date national data available due to COVID).

**STRATEGIC REPORT** (continued)

**Achievements and Performance** (continued)

**Key Stage 5** (continued)





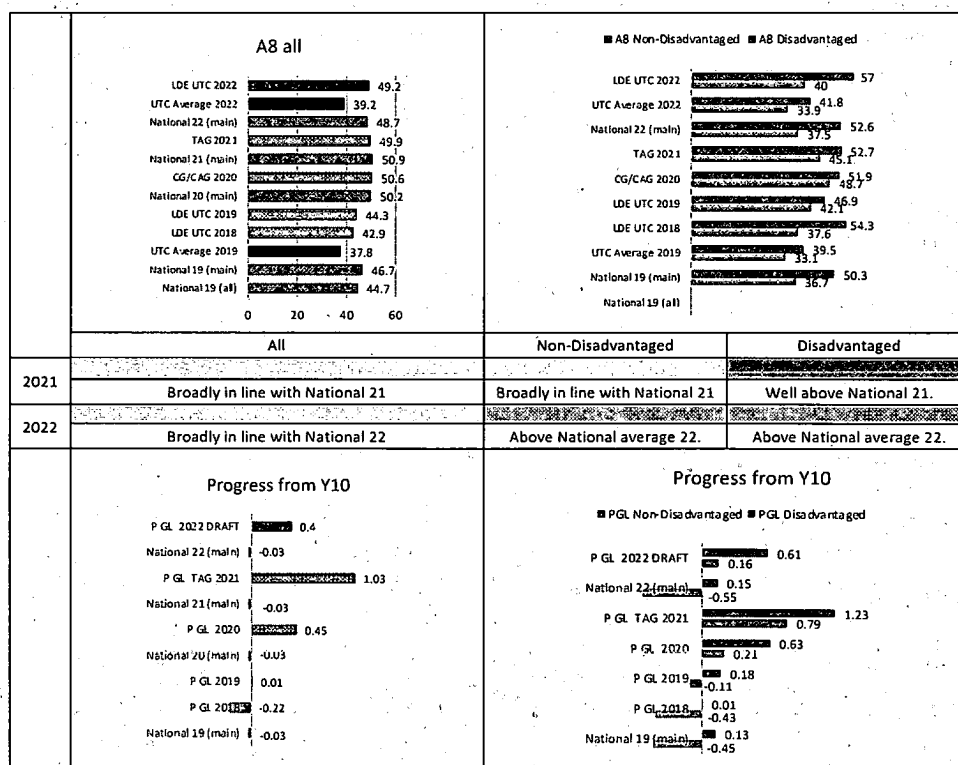
## STRATEGIC REPORT (continued)

### Achievements and Performance (continued)

#### Key Stage 4

At Key Stage 4, achievement 8 (A8) scores remained high at 49.2, which is 0.5 above the national average for 2022. A real strength was the performance of LDE's disadvantaged learners, they continued to achieve above the national average for 2022.

The percentage of learners achieving a pass in English and maths was 68% and 54% for a strong pass, (grade 5+) which compares favourably to the national average figures of 69% and 50% respectively.



#### Learner recruitment

On learner admissions for 2021/22, the LDE UTC was oversubscribed in every entry year group, with considerable waiting lists for both year 9 and year 12. Looking ahead the college remains in a strong position for 2022/23 with record numbers of learners on roll and a high volume of applications from potential learners for 2023/24 entry. The LDE UTC continues to be a truly inclusive, popular, and heavily oversubscribed college.

## STRATEGIC REPORT (continued)

### Going Concern

The Trust had net current assets at 31 August 2022 of £271,000 (2021 – £222,000). During the year the Trust made an operational surplus of £49,000 (2021 – £8,000). This excludes movements on the fixed assets fund and the defined benefit scheme pension adjustments. Due to strong learner recruitment and careful financial management, the UTC has been able to generate this modest level of reserves in its first five years as an open academy. This along with now being full to capacity has put the LDE UTC in a healthy financial position, as such budgets and forecasts for the first years of opening have been set to use these positives to further strengthening the unique offer of the UTC as a leading provider of technical education and training.

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

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

### Financial Review

In addition to the operational result mentioned above, the value of the fixed asset funds held at the year end was £18,658,000 (2021 - £19,471,000), a decrease of £813,000 in the year (2021 - £286,000). The net liability within the restricted pension fund was £522,000 (2021 - £1,751,000).

The total funds of the Trust as at 31 August 2022 was £18,407,000 (2021 - £17,942,000).

### Principal Funding Sources

Most of the trust's income is obtained from the Education and Skills Funding Agency (ESFA), which is part of the Department for Education (DfE), in the form of recurrent grants. The grants received from the ESFA in the period to 31 August 2022 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The trust also receives capital grants for fixed assets from the ESFA. During 2021/222 the trust received donated laptops from the DfE. In accordance with the Charities Statement of Recommended Practice (FRS 102), such grants and donations are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset balance is reduced by annual depreciation charges over the expected life of the relevant assets.

## **STRATEGIC REPORT (continued)**

### **Reserves Policy**

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

The restricted funds shall be spent in accordance with the terms of the particular funds.

Unrestricted funds are the "free reserves"; for use on the general purpose of the trust at the discretion of the Board of Directors (Governors). The aim of the Board of Directors is to increase this reserve to meet future working capital requirements.

Total revenue funds carried forward as of 31 August 2022 were in excess of £250,000, however this represents less than one month of the UTCs payroll costs. This low ratio is due to funding pressures and the UTCs early stage of operations, with only six years' operations to build reserves. Directors have developed a cash reserves policy, to support the renewal of the UTC's specialist ICT and other equipment to keep the technology up to date to maintain the UTC's position as one of the most technically advanced Colleges in the UK. Further to this, Directors are aware of a number of future financial pressures and uncertainties including increased inflation (particularly on energy costs), cost of living pressures and pension contribution rates. As such, they believe that a cautious approach to reserves is currently required.

While the UTC remains in its formative years it is not realistic to target significant surpluses, however the Board have set a policy to continue building reserves with a targeted operating surplus of 3% per annum.

### **Investment Policy**

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

## **STRATEGIC REPORT (continued)**

### **Principal Risks and Uncertainties**

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

The principal risks for the academy trust are connected with:

- Continue to build the reputation of the trust for achieving positive outcomes for its learners. Mitigation includes working closely with the Department for Education (DfE), the Regional Directors team, maintaining a strong focus on setting targets and tracking learner progress through a dedicated Quality of Education and Curriculum Committee and recruiting high quality teaching and leadership personnel; and
- Learner recruitment levels remain the key driver behind the financial stability of the trust, and while learner numbers continue to be very strong, and LDE UTC continues to be heavily oversubscribed, this can never be taken for granted. Mitigations include, continued investment in marketing, events and parental liaison, rigorously following up every expression of interest and continuing the highly successful open evenings (both virtual and in person).
- The current high levels of inflation on all costs and particularly energy costs, resulting in cost pressures for the college (both non-staff costs and staff cost inflationary pressures), and a cost of living crises for our staff and learners families.
- The funding climate for academy trusts. Mitigation includes encouraging sponsors and partners to make donations in cash or in-kind to keep the UTC's offer differentiated from other providers; alternative revenue streams are being investigated and robust budget monitoring and forecasting procedures are in place;

### **Fundraising**

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

## STRATEGIC REPORT (continued)

### Plans for Future Periods

The UTCs key priorities for 2022/23 are designed around the College foci, Assessment for Learning (AfL), Wider reading, Digital transformation, and Employer Engagement. These four areas for development have been identified by either Ofsted, they form part of our USP as a college to deliver employer led education or because they are part of a long-term goal to eradicate the digital divide and become more sustainable.

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

### AUDITOR

Insofar as the Directors are aware:

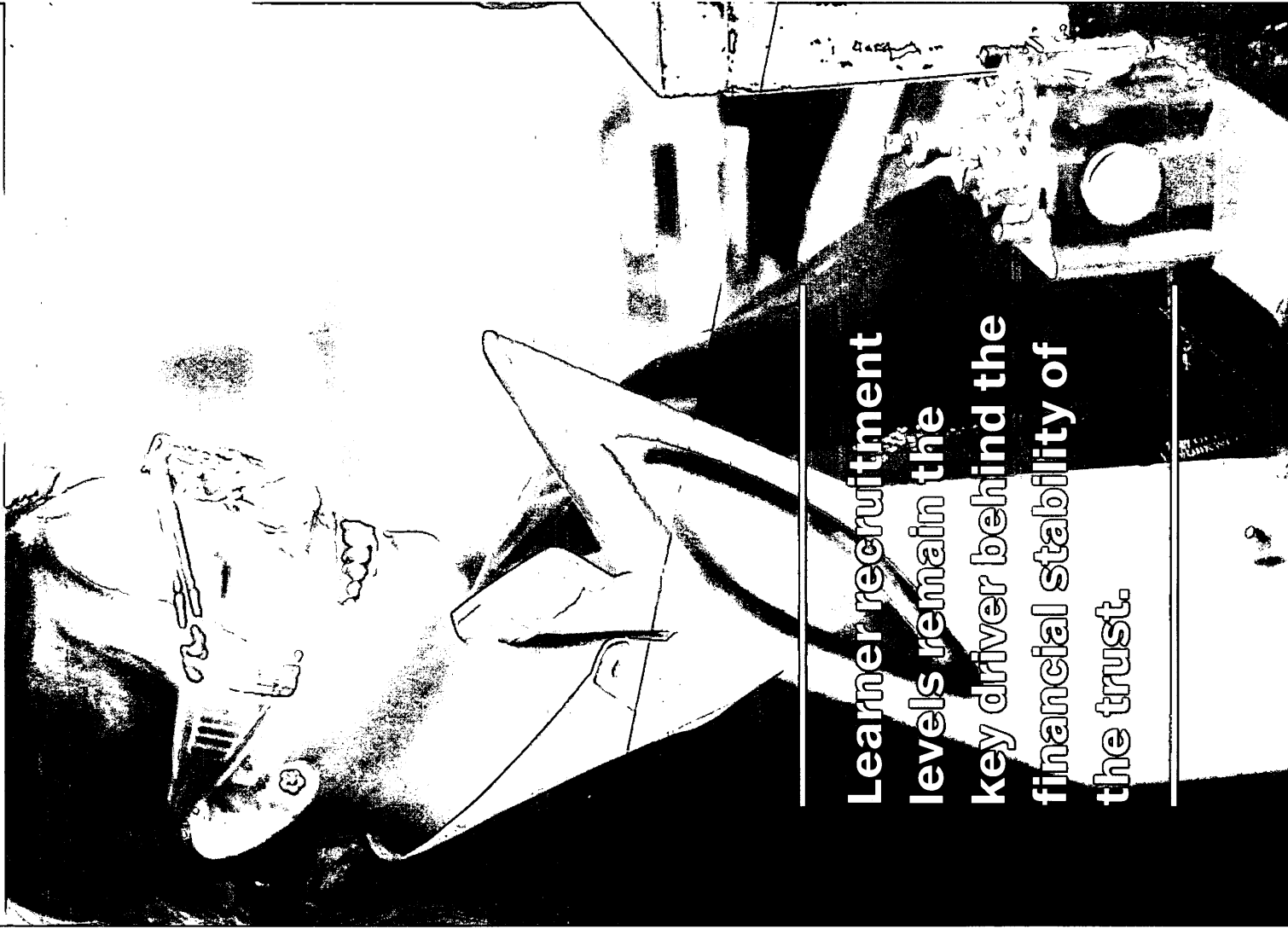
- there is no relevant audit information of which the charitable company's auditor is unaware
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Chair of the Board of Directors.....

Anne Heal

Date: 15<sup>th</sup> December 2022



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

### Scope of Responsibility

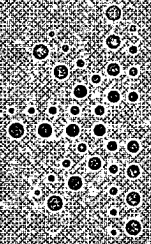
As Directors we acknowledge we have overall responsibility for ensuring that the London Design & Engineering UTC has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives 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

As Directors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance and have recently had an audit of governance by an accredited National Leader of Governance. The review concluded that governance was outstanding and had contributed to the continuing success of the LDE UTC. Relationships between College Leaders and Directors were exemplary with mutual respect fostered in the shared ambition for all learners. Leaders and Directors were resolute in their determination to constantly improve and raise the bar in all aspects of the College's work. In response, the Directors have established a Governance Working Group to regularly review and keep making improvements to ensure governance remains outstanding.

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 five times during the year. Attendance during the year at meetings of the Board of Directors and Audit Committee was as follows:



#### Board of Director Meetings

Director .....	Meetings Attended .....	Out of a possible .....
Jeremy Galpin (Chair) .....	3 .....	5
Geoffrey Fowler (CEO) .....	5 .....	5
Chris Beales .....	4 .....	5
Janet Burr .....	0 .....	1
Lynne Graham .....	3 .....	5
Harry Wain .....	4 .....	5
Dan Forbes Pepitone .....	2 .....	5
Anne Heal (Vice Chair) .....	4 .....	5
Nick Rathbone .....	4 .....	5
Lucy Webster .....	3 .....	5
Prof Hassan Abdulla .....	3 .....	5
Shahina Ahmad .....	4 .....	5
Eryca Freemantle .....	0 .....	5
Matthew Herbert .....	3 .....	5
Ian Wightman .....	3 .....	5
Gill Lois .....	4 .....	4

#### Finance, Operations & Audit Committee Meetings

Director .....	Meetings Attended .....	Out of a possible .....
Nick Rathbone (Chair) .....	4 .....	4
Geoffrey Fowler (CEO) .....	4 .....	4
Lynne Graham .....	4 .....	4
Janet Burr .....	0 .....	0
Anne Heal (Vice Chair) .....	2 .....	4
Celia Carlisle (Co-opted) .....	4 .....	4
Ying Kay (Co-opted) .....	4 .....	4

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

#### Quality of Education & Curriculum Committee Meetings

Director .....	Meetings Attended .....	Out of a possible .....
Shahina Ahmad (Chair) .....	3 .....	3
Harry Wain .....	3 .....	3
Lucy Webster .....	2 .....	3
Ian Wightman .....	2 .....	3
Geoffrey Fowler (CEO) .....	3 .....	3
Richard Harty (Co-opted) .....	3 .....	3
Catherine Ritman-Smith (Co-opted) .....	2 .....	3



#### Personal Development & Community Committee Meetings

Director .....	Meetings Attended .....	Out of a possible
Jeremy Galpin (Chair) .....	3 .....	3
Chris Beales .....	3 .....	3
Prof Hassan Abdulla .....	3 .....	3
Dan Forbes-Pepitone .....	2 .....	3
Matthew Herbert .....	3 .....	3
Geoffrey Fowler (CEO) .....	3 .....	3
Eryca Freemantle .....	0 .....	3

#### Conflicts of interest

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

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

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

#### 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.

During the COVID-19 pandemic the Trust has taken due note of PPN 02/20 and PPN 04/20, however in all cases the trust has work collaboratively with our suppliers to ensure appropriate arrangements were in place to maintain the mutual best interest of the College and our suppliers, with value for money for the College has been maintained throughout.

#### **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 2021 to 31 August 2022 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 from 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

#### **Impact of COVID-19**

The ongoing COVID-19 global pandemic continued to impact LDE UTC throughout 2021/22, as it did for all educational institutions throughout the country and internationally. However, given the significant investment LDE UTC made during 2019/20 in both health/hygiene measures and remote learning/working technology, this significantly reduced the negative impacts of the pandemic on LDE UTC operations during both 2020/21 and 2021/22.

The College is very proud of its response to the COVID-19 pandemic, and the measures put in place have been recognised as exemplar by Public Health authorities and other external observers. The College was already in a strong position to move remote online learning given its technology focus, existing remote learning resources and equipment. As such learning continued during the lockdowns and beyond when learners or staff had to isolate. Significant investment in further remote learning technology early during the pandemic proved vital. This included every classroom having a webcam, 360-degree mic and a visualiser, so that lessons could be delivered effectively to all learners whether they are on-site in the classroom or isolating at home. This also enabled teachers to deliver lessons even if they were isolating. This set-up significantly reduced the negative impact on learning which would otherwise have occurred due to COVID-19, and due to this all-curriculum content was able to be delivered in full by the end of the academic year.

### The Risk and Control Framework

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

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

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

The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in 2021/22 included a review of risk management, learner data and Academy Trust Handbook compliance. Results are reported to the board of trustees through the Finance, Operations & Audit Committee, with any recommendations considered and implemented in a timely manner. No significant internal control weaknesses have been identified during the 2021/22 reviews.

### Review of Effectiveness

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

Chair of the Board of Directors ..... Date: 15<sup>th</sup> December 2022

Anne Heal

Accounting Officer ..... Date: 15<sup>th</sup> December 2022

Geoffrey Fowler



**A strong area of attainment was that of our disadvantaged learners, which remain above the national average for 2022.**

#### Statement on regularity, propriety & compliance

As accounting officer of London Design & Engineering UTC, I have considered my responsibility to notify the academy trust board of Directors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

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 Academy Trust Handbook 2021.

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

Accounting Officer ..... Date: 15<sup>th</sup> December 2022

Geoffrey Fowler

#### Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP (FRS 102) and the Academies Accounts Direction 2021 to 2022;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

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

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

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

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

Chair of the Board of Directors ..... Date: 15<sup>th</sup> December 2022

Anne Heal



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

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

**Opinion**

We have audited the financial statements of London Design & Engineering UTC (the 'charitable company') for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, 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 2019) and the Academies Accounts Direction 2021 to 2022.

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 2022 and of its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2021 to 2022.

**Basis for opinion**

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



#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

The directors 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 directors' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, which is also the directors' report for the purposes of company law and includes 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 directors' report including the strategic report.

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

- 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors 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 directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2021 to 2022, the Academy Trust Handbook 2021, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of directors' meetings and papers provided to the directors.
- we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

#### Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- tested the authorisation of expenditure as part of our substantive testing thereon;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of directors' meetings;
- enquiring of management and those charged with governance as to actual and potential litigation and claims;
- reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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

*Buzzacott LLP*

16 December 2022

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

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

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, 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 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of London Design & Engineering UTC's funding agreement with the Secretary of State for Education dated April 2016 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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.

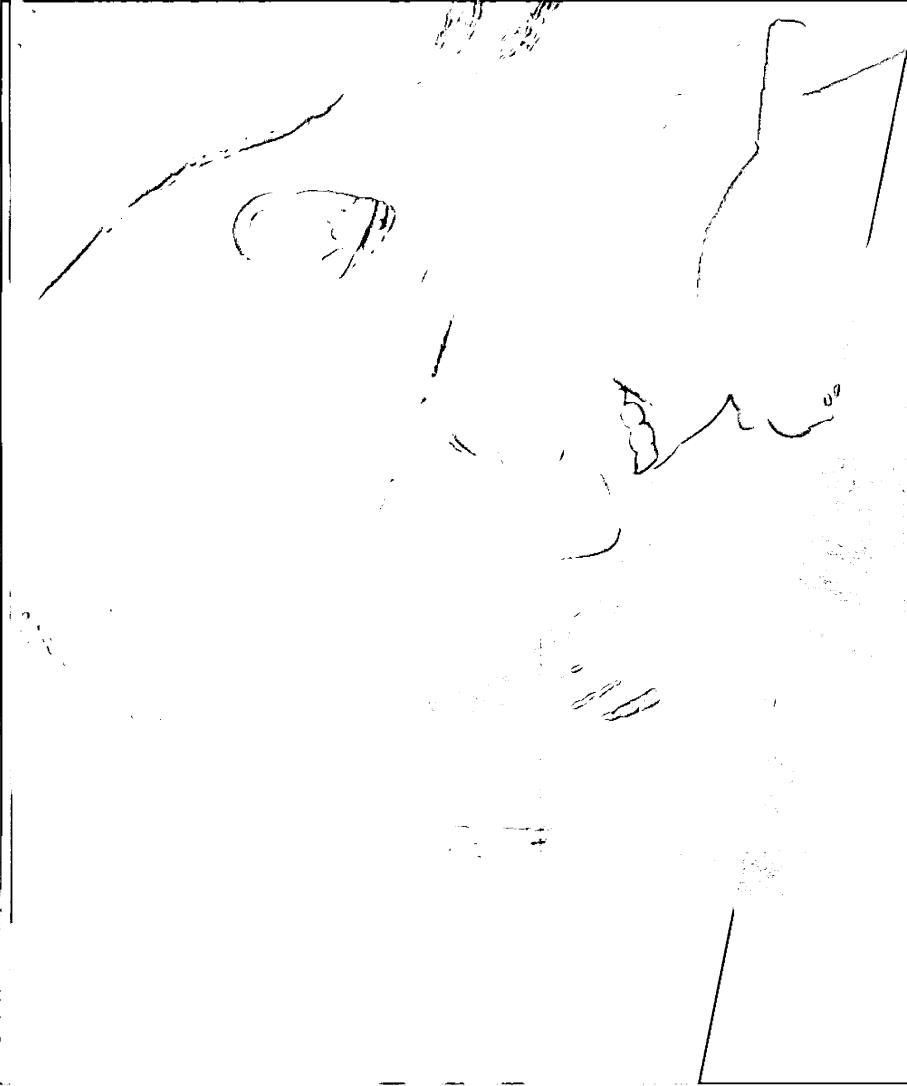
### Conclusion

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 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Buzzacott LLP*

16 December 2022

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL



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

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**Statement of financial activities (including income and expenditure account)**

Year to 31 August 2022

	Notes	Unrestricted general fund £'000	Restricted funds		2022 Total funds £'000	2021 Total funds £'000
			General fund £'000	Fixed assets fund £'000		
<b>Income from:</b>						
Donations and capital grants	1	17	—	21	38	618
Charitable activities						
· Funding for the academy's educational operations	2	—	5,490	—	5,490	5,020
Other trading activities	3	4	8	—	12	71
<b>Total income</b>		<b>21</b>	<b>5,498</b>	<b>21</b>	<b>5,540</b>	<b>5,709</b>
<b>Expenditure on:</b>						
Charitable activities						
· Academy's educational operations	5	32	5,923	847	6,802	6,346
<b>Total expenditure</b>	4	<b>32</b>	<b>5,923</b>	<b>847</b>	<b>6,802</b>	<b>6,346</b>
<b>Net expenditure</b>		<b>(11)</b>	<b>(425)</b>	<b>(826)</b>	<b>(1,262)</b>	<b>(637)</b>
<b>Transfer between funds</b>		<b>—</b>	<b>(13)</b>	<b>13</b>	<b>—</b>	<b>—</b>
<b>Other recognised losses</b>						
Actuarial gains (losses) on defined benefit pension schemes	15	—	1,727	—	1,727	(392)
<b>Net movement in funds</b>		<b>(11)</b>	<b>1,289</b>	<b>(813)</b>	<b>465</b>	<b>(1,029)</b>
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 31 August 2021	11	59	(1,588)	19,471	17,942	18,971
<b>Total fund balances carried forward at 31 August 2022</b>		<b>48</b>	<b>(299)</b>	<b>18,658</b>	<b>18,407</b>	<b>17,942</b>

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

Balance sheet 31 August 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
<b>Fixed assets</b>					
Tangible fixed assets	8		18,658		19,471
<b>Current assets</b>					
Debtors	9	117		131	
Cash at bank and in hand		646		789	
		<u>763</u>		<u>920</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	10	(492)		(698)	
<b>Net current assets</b>			<u>271</u>		<u>222</u>
<b>Total assets less current liabilities</b>			<u>18,929</u>		<u>19,693</u>
Defined benefit pension scheme	16		(522)		(1,751)
<b>Total net assets</b>			<u>18,407</u>		<u>17,942</u>
<b>Funds of the Academy</b>					
Restricted income funds					
. Fixed assets fund	11		18,658		19,471
. General fund	11		223		163
. Pension reserve	11		(522)		(1,751)
<b>Total restricted funds</b>			<u>18,359</u>		<u>17,883</u>
<b>Unrestricted funds</b>					
. General fund	11		48		59
<b>Total funds</b>			<u>18,407</u>		<u>17,942</u>

The financial statements on page 35 to 66 were approved by the Directors, and authorised for issue on: 15<sup>th</sup> December 2022

and are signed on their behalf by: .....

Anne Heal

Chair of the Board of Directors

London Design & Engineering UTC

Company Limited by Guarantee

Registration Number: 08283657 (England and Wales)

Statement of cash flows Year to 31 August 2022

		2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	A	(130)	182
<b>Cash flows from investing activities</b>	B	(13)	(71)
<b>Change in cash and cash equivalents in the year</b>		<b>(143)</b>	<b>111</b>
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Cash and cash equivalents at 1 September 2021		789	678
Cash and cash equivalents at 31 August 2022	C	646	789

**A Reconciliation of net (expenditure) income to net cash flows from operating activities**

	2022 £'000	2021 £'000
<b>Net expenditure for the year (as per the statement of financial activities)</b>	<b>(1,262)</b>	<b>(637)</b>
<b>Adjusted for:</b>		
Depreciation charges (note 8)	847	875
Capital grants from DfE and other capital income	(21)	(59)
Donated fixed assets	—	(530)
Defined benefit pension scheme cost less contributions payable (note 16)	468	343
Defined benefit pension scheme finance cost (note 15)	30	16
(Increase) decrease in non-capital debtors	14	(37)
Decrease (increase) in non-capital creditors	(206)	211
<b>Net cash provided by operating activities</b>	<b>(130)</b>	<b>182</b>

Statement of cash flows Year to 31 August 2022 (continued)

**B Cash flows from investing activities**

	2022 £'000	2021 £'000
Purchase of tangible fixed assets	(13)	(105)
Decrease in capital debtors	—	323
Decrease in capital creditors	—	(348)
Rental expenditure funded by capital grants from DfE/ESFA	—	—
Capital grants from DfE/ESFA	—	59
<b>Net cash used in investing activities</b>	<b>(13)</b>	<b>(71)</b>

**C Analysis of cash and cash equivalents**

	2022 £'000	2021 £'000
Cash at bank and in hand	646	789
<b>Total cash and cash equivalents</b>	<b>646</b>	<b>789</b>

**D Analysis of changes in net debt**

	At 1 September 2021 £'000	Cash flows £'000	At 31 August 2022 £'000
<b>Total: Cash</b>	<b>789</b>	<b>(143)</b>	<b>646</b>

## Principal accounting policies 31 August 2022

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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

### Going concern

The Trust had net current assets at 31 August 2022 of £271,000 (2021 – £222,000). During the year the Trust made an operational surplus of £49,000 (2021 – surplus of £8,000). This excludes movements on the fixed assets fund and the defined benefit scheme pension adjustments. Due to strong learner recruitment and careful financial management, the UTC has been able to generate this modest level of reserves in its first five years as an open academy. This along with now being full to capacity has put the LDE UTC in a healthy financial position, as such budgets and forecasts for the first years of opening have been set to use these positives to further strengthening the unique offer of the UTC as a leading provider of technical education and training.

Post year end the UTC has continued to recruit learners well and is forecast to continue to make surpluses in each year of its 3 year forecast.

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

### Income

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

### Grants

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

#### **Grants (continued)**

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

Where an asset is being constructed and the trust is recognising an asset on balance sheet for the development from ESFA funding, then the policy for this should be disclosed.

Where a trust is recognising an asset under these programmes, it should not be accrued on the basis of the funding letter, which does not give rise to an unconditional entitlement.

#### **Donated services**

Donated services are included at estimated market value. The value of these services is recognised as a donation to the UTC. The value of the services is charged against the 'Academy's educational activities'. Where it is impractical to obtain a market value for the services provided, they are not recognised in the financial statements.

#### **Donated fixed assets**

Where the donated good is a fixed asset, it is initially recognised at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The donation is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the UTCs' accounting policies.

#### **Expenditure**

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

#### **Charitable activities**

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

All expenditure is stated net of recoverable VAT.

### **Tangible fixed assets**

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

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

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

Leasehold land and buildings	The lesser of 50 years or the remaining term of the lease
Furniture and equipment	5 years
Computer equipment	3 years

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

### **Debtors**

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

### **Cash at bank and in hand**

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

### **Liabilities**

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

### **Leased assets**

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



### **Financial instruments**

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 9. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 10. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

### **Taxation**

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

### **Fund accounting**

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

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

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



### **Pensions benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') 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 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 16, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme, and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

#### **Critical accounting estimates and areas of judgement**

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

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

- 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 16, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- The net book value of tangible fixed assets is based on the original cost/value of the asset net of provision for depreciation. The depreciation provision to date is based on the Directors' assessment of the estimated useful economic lives of such assets.
- Donated fixed assets are initially recognised at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The donation is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the UTCs' accounting policies.

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

Notes to the Financial Statements - 31 August 2022

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2022 Total funds £'000	2021 Total funds £'000
Capital grants	—	—	—	—	59
Donated fixed assets	—	—	21	21	530
Donations	17	—	—	17	29
	17	—	21	38	618

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2021 Total funds £'000
Capital grants	—	—	59	59
Donated fixed assets	—	—	530	530
Donations	29	—	—	29
	29	—	589	618

Included within unrestricted donations are chaplaincy services provided by Chelmsford Diocese Education Trust valued at £16,250 (2021 – £28,734). The corresponding expenditure is shown within other direct costs.

Notes to the Financial Statements - 31 August 2022

2 Funding for academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
DfE / ESFA revenue grants				
General Annual Grant	—	4,790	4,790	4,307
Pupil Premium	—	113	113	110
Teachers Pay & Pension Grants	—	100	100	203
Other DfE Group grants	—	212	212	210
	—	5,215	5,215	4,890
Other Government grants				
Local authority grants	—	93	93	69
Kickstarter grants	—	40	40	—
	—	133	133	69
Other income from the academy trust's educational operations	—	59	59	31
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	—	—	—	21
Other DfE/ESFA COVID-19 funding	—	83	83	70
	—	83	83	91
	—	5,490	5,490	5,020

Notes to the Financial Statements - 31 August 2022

2 Funding for academy's educational operations (continued)

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
<i>DfE / ESFA revenue grants</i>			
General Annual Grant	—	4,307	4,307
Pupil Premium	—	110	110
Teachers Pay & Pension Grants	—	203	203
Other DfE Group grants	—	210	210
	—	4,890	4,890
<i>Other Government grants</i>			
Local authority grants	—	68	69
	—	69	69
<i>Other income from the academy trust's educational operations</i>	—	31	31
<i>COVID-19 additional funding (DfE/ESFA)</i>			
Catch-up premium	—	21	21
Other DfE/ESFA COVID-19 funding	—	70	70
	—	91	91
	—	5,020	5,020

In 2021, the trust received £21,000 of funding for catch-up premium and costs incurred in respect of this funding totalled in excess of £21,000.

Notes to the Financial Statements - 31 August 2022

3 Other trading income

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Trip income	2	—	2	—
Insurance income	2	—	2	63
Hire of facilities/lettings income	—	7	7	—
Miscellaneous income	—	1	1	8
	4	8	12	71

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2021 Total funds £'000
Trip income	—	—	—	—
Insurance income	—	63	—	63
Hire of facilities/lettings income	—	—	—	—
Miscellaneous income	5	3	—	8
	5	66	—	71

Notes to the Financial Statements - 31 August 2022

4 Expenditure

	Non pay expenditure			2022 Total funds £'000	2021 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000		
Charitable activities					
Academy's educational operations					
.. Direct costs	3,457	847	467	4,771	4,326
.. Allocated support costs	1,228	363	440	2,031	1,637
	4,685	1,210	907	6,802	5,963

	Non pay expenditure			2021 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000	
Charitable activities				
Academy's educational operations				
.. Direct costs	3,269	875	369	4,513
.. Allocated support costs	1,023	376	434	1,833
	4,292	1,251	803	6,346

Expenditure for the period includes:

	2022 Total funds £'000	2021 Total funds £'000
Operating lease rentals	45	—
Depreciation	847	875
Fees payable to auditor		
Statutory audit	9	8
Other services	5	4

Notes to the Financial Statements - 31 August 2022

5 Charitable activities - academy's educational operations

	2022 Total funds £'000	2021 Total funds £'000
Direct costs	4,771	4,513
Support costs	2,031	1,833
	6,802	6,346

	2022 Total funds £'000	2021 Total funds £'000
<b>Analysis of support costs</b>		
Support staff costs	1,228	1,023
Technology costs	69	87
Premises costs	363	376
Legal costs	15	31
Other support costs	268	238
Governance costs	88	78
<b>Total support costs</b>	<b>2,031</b>	<b>1,833</b>



Notes to the Financial Statements - 31 August 2022

**6 Staff**

**(a) Staff costs**

Staff costs during the period were:

	2022 Total funds £'000	2021 Total funds £'000
Wages and salaries	3,073	2,951
Social security costs	346	316
Pension costs (including LGPS notional pension charge £468,000 (2021 – £343,000))	954	779
	<b>4,373</b>	<b>4,046</b>
Supply staff costs	288	202
Staff restructuring costs	24	44
	<b>4,685</b>	<b>4,292</b>

**(b) Severance payments**

The academy trust paid 2 severance payments in the year, disclosed in the following bands:

	2022 No.
£0 - £25,000	<b>2</b>

Notes to the Financial Statements - 31 August 2022

**6 Staff (continued)**

**(c) Special staff severance payments**

Included in staff restructuring costs are two special severance payments totalling £24,000 (2021: £44,000). Individually, the payments were: £13,000 and £11,000.

**(d) Staff numbers**

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2022 expressed as average headcount and as full-time equivalents was as follows:

Charitable activities	2022 No.	2021 No.
Teachers	40	38
Administration and support	40	38
Management	4	4
	<b>84</b>	<b>80</b>

**(e) Staff numbers**

Charitable activities	2022 FTE	2021 FTE
Teachers	37	36
Administration and support	30	30
Management	4	4
	<b>71</b>	<b>70</b>

**(f) Higher paid staff**

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

	2022 No.	2021 No.
£60,001 - £70,000	3	6
£70,001 - £80,000	4	2
£80,001 - £90,000	1	1
£130,001 - £140,000	—	1
£140,001 - £150,000	1	—

Notes to the Financial Statements - 31 August 2022

**6 Staff (continued)**

**(g) Key management personnel**

The key management personnel of the academy trust comprise the Directors and the Leadership Team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £508,129 (2021 – £494,136).

**(h) Directors' remuneration and expenses**

The Principal and Staff Director only receive remuneration in respect of services provided undertaking their roles in the capacity of employment and not in respect of services as Directors. Other Directors did not receive any payments from the academy in respect of their role as Directors. The value of Directors' remuneration for the period they acted as Directors was as follows:

	2022 £'000	2021 £'000
Geoffrey Fowler, Principal and Director		
Remuneration	140-145	135-140
Employer's pension contributions	30-35	30-35
Gill Lois, Staff Trustee		
Remuneration	30-35	—
Employer's pension contributions	0-5	—
Fahad Tariq, Staff Trustee		
Remuneration	—	20-25
Employer's pension contributions	—	—

During the year ended 31 August 2022, £219.15 travel and subsistence expenses were reimbursed or paid directly to one director (2021 – £nil).

Notes to the Financial Statements - 31 August 2022

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2022 between restricted and unrestricted funds:

	Notes	Unrestricted general fund £'000	Restricted funds		2021 Total funds £'000
			General fund £'000	Fixed assets fund £'000	
<i>Income from:</i>					
Donations and capital grants	1	29	—	589	618
Charitable activities					
Funding for the academy's educational operations	2	—	5,020	—	5,020
Other trading activities	3	5	66	—	71
<b>Total income</b>		<b>34</b>	<b>5,086</b>	<b>589</b>	<b>5,709</b>
<i>Expenditure on:</i>					
Charitable activities					
Academy's educational operations	5	33	5,438	875	6,346
<b>Total expenditure</b>	4	<b>33</b>	<b>5,438</b>	<b>875</b>	<b>6,346</b>
<b>Net income (expenditure)</b>		<b>1</b>	<b>(352)</b>	<b>(286)</b>	<b>(637)</b>
<i>Other recognised losses</i>					
Actuarial losses on defined benefit pension schemes	16	—	(392)	—	(392)
<b>Net movement in funds</b>		<b>1</b>	<b>(744)</b>	<b>(286)</b>	<b>(1,029)</b>
<i>Reconciliation of funds</i>					
Total fund balances brought forward at 31 August 2020	11	58	(844)	19,757	18,971
<b>Total fund balances carried forward at 31 August 2021</b>		<b>59</b>	<b>(1,588)</b>	<b>19,471</b>	<b>17,942</b>

Notes to the Financial Statements - 31 August 2022

**8 Tangible fixed assets**

	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total 2022 £'000
<b>Cost/valuation</b>				
At 1 September 2021	19,846	1,873	971	22,690
Additions	—	13	21	34
At 31 August 2022	19,846	1,886	992	22,724
<b>Depreciation</b>				
At 1 September 2021	1,058	1,272	889	3,219
Charge for the year	591	193	63	847
At 31 August 2022	1,649	1,465	952	4,066
<b>Net book value</b>				
At 31 August 2022	18,197	421	40	18,658
At 31 August 2021	18,788	601	82	19,471

**9 Debtors**

	2022 £'000	2021 £'000
Trade debtors	25	13
VAT recoverable	16	27
Other debtors	5	6
Prepayments and accrued income	71	85
	117	131

**10 Creditors: amounts falling due within one year**

	2022 £'000	2021 £'000
Trade creditors	47	79
Tax and social security	91	83
ESFA creditors: abatement of GAG	—	205
Other creditors	176	149
Accruals and deferred income	178	182
	492	698

	2022 £'000	2021 £'000
<b>Deferred income</b>		
Deferred income at 1 September 2021	33	37
Released during the year	(33)	(37)
Resources deferred in the year	57	33
Deferred income at 31 August 2022	57	33

Notes to the Financial Statements - 31 August 2022

11 Funds

	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2022 £'000
<b>Restricted general fund</b>					
. General Annual Grant (GAG)	163	4,790	(4,717)	(13)	223
. Pupil Premium	—	113	(113)	—	—
. Other COVID-19 funding	—	83	(83)	—	—
. Other grants	—	512	(512)	—	—
. Pension reserve	(1,751)	—	(498)	1,727	(522)
	<u>(1,588)</u>	<u>5,498</u>	<u>(5,923)</u>	<u>1,714</u>	<u>(299)</u>
<b>Fixed assets fund</b>					
. DfE/ESFA capital grants	18,948	21	(117)	—	323
. Donated fixed assets	419	—	(666)	—	18,282
. GAG capital expenditure	101	—	(61)	13	53
. Private sector sponsorship	3	—	(3)	—	—
	<u>19,471</u>	<u>21</u>	<u>(847)</u>	<u>13</u>	<u>18,658</u>
<b>Total restricted funds</b>	<u>17,883</u>	<u>5,519</u>	<u>(6,770)</u>	<u>1,727</u>	<u>18,359</u>
<b>Unrestricted funds</b>					
. Unrestricted funds	59	21	(32)	—	48
<b>Total unrestricted funds</b>	<u>59</u>	<u>21</u>	<u>(32)</u>	<u>—</u>	<u>48</u>
<b>Total funds</b>	<u>17,942</u>	<u>5,540</u>	<u>(6,802)</u>	<u>1,727</u>	<u>18,407</u>

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

**ESFA revenue grant funds and other restricted funds**

*ESFA revenue grant funds*

The General Annual Grant (GAG) has been provided by the ESFA in order to fund the normal running costs of the UTC. Other funding received from the ESFA included the Pupil Premium, and a Start Up Grant. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2022.

*Fixed asset fund*

Restricted fixed assets funds were largely funded by government grants, along with other sources of funding, including donations from sponsors. 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.

Notes to the Financial Statements - 31 August 2022

11 Funds (continued)

**ESFA revenue grant funds and other restricted funds (continued)**

*Other restricted funds*

Other restricted funds comprise of income from learners and parents paid for college trips and to make purchases from the College canteen and other small items, and also includes other ESFA funding, for the Colleges Apprenticeship training programme, Local Authority funding and other miscellaneous grants.

**Comparative information**

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

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
<b>Restricted general fund</b>					
General Annual Grant (GAG)	156	4,307	(4,300)	—	163
Pupil Premium	—	110	(110)	—	—
Catch-up premium	—	21	(21)	—	—
Other DfE/ESFA COVID-19 funding	—	70	(70)	—	—
Other grants	—	578	(578)	—	—
Pension reserve	(1,000)	—	(359)	(392)	(1,751)
	(844)	5,086	(5,438)	(392)	(1,588)
<b>Fixed assets fund</b>					
DfE/ESFA capital grants	19,554	59	(678)	13	18,948
Donated fixed assets	—	530	(111)	—	507
GAG capital expenditure	192	—	(78)	(13)	101
Private sector sponsorship	11	—	(8)	—	3
	19,757	589	(875)	—	19,471
<b>Total restricted funds</b>	<b>18,913</b>	<b>5,675</b>	<b>(6,313)</b>	<b>(392)</b>	<b>17,883</b>
<b>Unrestricted funds</b>					
Unrestricted funds	58	34	(33)	—	59
<b>Total unrestricted funds</b>	<b>58</b>	<b>34</b>	<b>(33)</b>	<b>—</b>	<b>59</b>
<b>Total funds</b>	<b>18,971</b>	<b>5,709</b>	<b>(6,346)</b>	<b>(392)</b>	<b>17,942</b>



Notes to the Financial Statements - 31 August 2022

12 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2022 £'000	Total 2021 £'000
<b>Fund balances at 31 August 2022 are represented by:</b>					
Tangible fixed assets	—	—	18,658	18,658	19,471
Current assets	48	715	—	763	920
Current liabilities	—	(492)	—	(492)	(698)
Pension scheme liability	—	(522)	—	(522)	(1,751)
<b>Total net assets</b>	<b>48</b>	<b>(299)</b>	<b>18,658</b>	<b>18,407</b>	<b>17,942</b>

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2021 £'000
<b>Fund balances at 31 August 2021 are represented by:</b>				
Tangible fixed assets	—	—	19,471	19,471
Current assets	59	861	—	920
Current liabilities	—	(698)	—	(698)
Pension scheme liability	—	(1,751)	—	(1,751)
<b>Total net assets</b>	<b>59</b>	<b>(1,588)</b>	<b>19,471</b>	<b>17,942</b>

13 Capital commitments

The Academy Trust had no capital commitments at 31 August 2022 (2021 – none).

14 Commitments under operating leases

At 31 August 2022 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2022 £'000	2021 £'000
Amounts due within one year	56	35
Amounts due between one and five years	82	70
	<b>138</b>	<b>105</b>

15 Members' Liability

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



Notes to the Financial Statements - 31 August 2022

**16 Pension and similar obligations**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Newham. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £43,966 were payable to the schemes at 31 August 2022 (2021 – £37,632) and are included within creditors.

***Teachers' Pension Scheme***

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

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

***Valuation of the Teachers' Pension Scheme***

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

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and

Notes to the Financial Statements - 31 August 2022

**16 Pension and similar obligations (continued)**

***Valuation of the Teachers' Pension Scheme (continued)***

- ♦ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £342,073 (2021 – £328,000).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

***Local Government Pension Scheme***

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £169,000 (2021 – £169,000), of which employer's contributions totalled £112,000 (2021 – £112,000) and employees' contributions totalled £57,000 (2021 – £57,000).

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust 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 - 31 August 2022

16 Pension and similar obligations (continued)

*Local Government Pension Scheme (continued)*

Principal Actuarial Assumptions	At 31 August 2022	At 31 August 2021
Rate of increase in salaries	3.90%	3.85%
Rate of increase for pensions in payment / inflation	2.90%	2.85%
Discount rate for scheme liabilities	4.20%	1.70%

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 2022 years	At 31 August 2021 years
<i>Retiring today</i>		
Males	21.4	21.4
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	23.0	22.9
Females	25.7	25.6

Notes to the Financial Statements - 31 August 2022

16 Pension and similar obligations (continued)

*Local Government Pension Scheme (continued)*

	At 31 August 2022 £'000	At 31 August 2021 £'000
<b>Sensitivity analysis</b>		
Discount rate +0.1%	(181)	(562)
Discount rate -0.1%	199	611
Mortality assumption – 1 year increase	197	613
Mortality assumption – 1 year decrease	(183)	(560)
Adjustment to pension increases and deferred revaluation +0.1%	199	610
Adjustment to pension increases and deferred revaluation -0.1%	(181)	(562)
Adjustment to long term salary increase +0.1%	190	586
Adjustment to long term salary increase -0.1%	(190)	(586)

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

	Fair value at 31 August 2022 £'000	Fair value at 31 August 2021 £'000
Equities	488	391
Gilts	58	53
Property	135	62
Cash and other liquid assets	43	36
Alternative assets	106	99
<b>Total market value of assets</b>	<b>830</b>	<b>641</b>
<b>Present value of scheme liabilities</b>		
Funded	(1,352)	(2,392)
<b>Deficit in the scheme</b>	<b>(522)</b>	<b>(1,751)</b>

Notes to the Financial Statements - 31 August 2022

16 Pension and similar obligations (continued)

*Local Government Pension Scheme (continued)*

Amounts recognised in statement of financial activities	2022 £'000	2021 £'000
Current service cost (net of employer contributions)	468	343
Net interest cost	29	16
Administration expense	1	1
<b>Total amount recognised in the SOFA</b>	<b>498</b>	<b>360</b>
<b>Changes in the present value of defined benefit obligations were as follows:</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
At 1 September 2021	2,392	1,537
Current service cost	580	455
Interest cost	41	25
Employee contributions	57	57
Benefits paid	(12)	(132)
Experience loss on defined benefit obligation	104	—
Actuarial (gain) loss	(1,810)	450
<b>At 31 August 2022</b>	<b>1,352</b>	<b>2,392</b>

Notes to the Financial Statements - 31 August 2022

16 Pension and similar obligations (continued)

*Local Government Pension Scheme (continued)*

Changes in the fair value of the Academy's share of scheme assets:	2022 £'000	2021 £'000
At 1 September 2021	641	537
Interest income	12	9
Administration expenses	(1)	(1)
Actuarial gain	21	59
Benefits paid	(12)	(132)
Employer contributions	112	112
Employee contributions	57	57
<b>At 31 August 2022</b>	<b>830</b>	<b>641</b>

Notes to the Financial Statements - 31 August 2022

**17 Related party transactions**

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

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

- ◆ Purchases of £43,775 (2021 - £39,444) were made from The University of East London during the financial year at an arms' length basis. The University of East London paid LDE UTC £nil (2021 - £1,000) during the period for the placement of Trainee Teachers at the Academy Trust as part of their teacher training at the University.
- ◆ The Chelmsford Diocese Educational Trust has provided chaplaincy services to the UTC throughout the year in question, including placing dedicated staff and resources on-site at the UTC to provide a highly successful Chaplaincy programme available to all learners and staff. The value of this service has been assessed as a Gift in Kind of £16,250 (2021 - £28,734). The Chelmsford Diocese Educational Trust is a member of the UTC.
- ◆ LDE UTC trains apprentice learners from Skanska UK plc, all funding for these learners is received directly from the ESFA, not Skanska UK plc itself. During the period LDE UTC passed on to Skanska UK plc £nil (2021 - £5,500) of "employer incentive payments" received from the ESFA for these learners which it is required to pay to the employer in accordance with ESFA apprenticeship funding rules. Skanska UK plc is a member of the UTC.



**Notes to the Financial Statements - 31 August 2022**

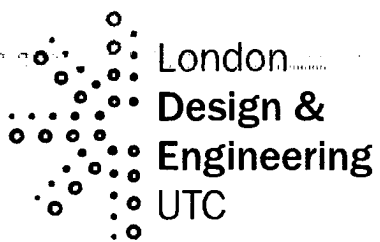
**17 Related party transactions (continued)**

The academy trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook (Academy Trust Handbook), including notifying the ESFA of all new transactions entered in to or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures. Where, for goods or services exceeding £2,500 cumulatively in the year, the element above £2,500 has been provided at no more than cost.

**18 Agency arrangements**

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2022 the Academy disbursed £51,451 (2021 – £43,802). The Academy received £53,913 (2021 – £44,740) during the year an amount of £2,462 (2021 – £938 is included in other creditors relating to undistributed funds that is repayable to the ESFA).





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