

Company Registration No. 08293553 (England and Wales)

UTC CREWE

T/A CREWE ENGINEERING & DESIGN UTC

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

UTC CREWE T/A CREWE ENGINEERING & DESIGN UTC CONTENTS

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**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
REFERENCE AND ADMINISTRATIVE DETAILS**

Trustees	M J Conway G C Dowding G D Harris
Members	Cheshire East Borough Council
Senior management team - Principal (appointed 1 September 2015)	D Terry
Company registration number	08293553 (England and Wales)
Registered office	West Street Crewe Cheshire CW1 2PZ
Independent auditor	Jackson Stephen LLP James House Stonecross Business Park Yew Tree Way Warrington Cheshire WA3 3JD
Bankers	Lloyds Bank plc Ariel House 2138 Coventry Road Sheldon Birmingham B26 3JW

UTC CREWE T/A CREWE ENGINEERING & DESIGN UTC TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The UTC trust is developing an academy for pupils aged 14 - 19 serving a catchment area in Crewe and Cheshire East. The UTC opened in September 2016.

Structure, governance and management

Constitution

The UTC 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 UTC trust.

The trustees of UTC Crewe are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The liability of the members (who are the directors) of the UTC is limited. The UTC has appropriate insurance.

Method of recruitment and appointment or election of trustees

The members may appoint up to 8 trustees, a minimum of 2 Parent Trustees and a maximum of 3 co-opted Trustees.

Trustees' appointments are made with due regard to the skills they will bring to the governing body.

Policies and procedures adopted for the induction and training of trustees

New trustees are provided with an induction pack containing information about the UTC, the role and responsibilities of trustees. Training is offered to trustees as necessary.

Organisational structure

During the year under review the trustees delegated the day to day management of the build project to the project management team. All key decisions regarding the project are made at relevant stakeholder meetings including review of the financial performance and budgets.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration is decided by the trustees for all, including the principal, employees of the academy based on their skill and performance.

Related parties and other connected charities and organisations

All related parties are disclosed within the financial statements. All transactions with UTC trust's related parties are conducted on an arm's length basis and in accordance with the UTC trust's financial regulations.

Objectives and activities

Objects and aims

The objects in the period under review are the progress and the construction of academy buildings with the aim of opening the academy to students in September 2016.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
TRUSTEES' REPORT (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, strategies and activities

The academy trust continues to work towards the objective of opening the academy.

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

Strategic report

Achievements and performance

The project, in the year to 31 August 2016, is in the pre-opening preparation stage. The major performance objective focused on procurement and design of the new UTC building.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the UTC trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

During the period the UTC trust continued with its planned build project. This has progressed during the period leading to the opening of the UTC in a refurbished build, the Francis Webb Building, in September 2016.

Reserves policy

As the UTC trust is in the process of receiving funds and building of the facilities, its policy for reserves is to ensure that planned expenditure operates within the annual budget.

Investment policy and powers

All funds received are for the build project, therefore no investments are held by the UTC.

Principal risks and uncertainties

The principal risk of the academy at this point of its plans is the build project not running to time or budget. This is mitigated by the board of governors by regular review of the project, budget, plans and the delegation of the day to day running by the project manager.

Plans for future periods

To continue with the new build project with the aim of opening to a second intake of students in September 2017.

**UTC CREWE
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016**

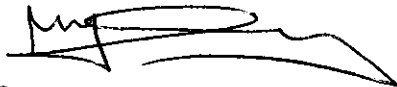
Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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 auditor, Jackson Stephen LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 21 December 2016 and signed on its behalf by:



M J Conway

UTC CREWE T/A CREWE ENGINEERING & DESIGN UTC GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that UTC Crewe 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 trustees 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 UTC Crewe and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 9 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
M J Conway	8	9
G C Dowding	9	9
G D Harris	6	9

No changes in the composition of the board of trustees took place during the year.

Governance is reviewed each year, and any training needs of the board are identified and an action plan to address these needs is put in place.

Review of value for money

As accounting officer the principal has responsibility for ensuring that the UTC 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 UTC trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the UTC trust has delivered improved value for money during the year by reviewing all transactions, continually reviewing suppliers and costs, and verifying costs with governors.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of UTC 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 UTC Crewe for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

UTC CREWE
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GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor until the academy opens.
- to ensure all transactions are reviewed by the board of trustees.

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 external auditor;
- the financial management process;
- the work of the executive managers within the UTC 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 board of governors and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 21 December 2016 and signed on its behalf by:



M J Conway
Trustee



D Terry
Accounting Officer

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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

D. Terry

D Terry
Accounting Officer

21 December 2016

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who also act as governors for UTC Crewe and are also the directors of UTC Crewe for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on 21 December 2016 and signed on its behalf by:



M J Conway

UTC CREWE

T/A CREWE ENGINEERING & DESIGN UTC

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF UTC CREWE

We have audited the accounts of UTC Crewe for the year ended 31 August 2016 set out on pages 13 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees, who are also the directors of UTC Crewe for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report, including the incorporated strategic report, for the financial year for which the accounts are prepared is consistent with the accounts.

UTC CREWE

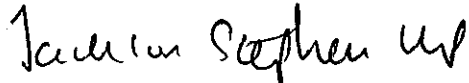
T/A CREWE ENGINEERING & DESIGN UTC

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF UTC CREWE (CONTINUED)

Matters on which we are required to report by exception

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

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



Mr Christopher Moss BSc A.C.A. (Senior Statutory Auditor)
for and on behalf of Jackson Stephen LLP

Chartered Accountants

Statutory Auditor

James House
Stonecross Business Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

Dated: 03/02/17

UTC CREWE

T/A CREWE ENGINEERING & DESIGN UTC

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UTC CREWE AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 9 December 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by UTC Crewe during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of UTC Crewe's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of UTC Crewe's funding agreement with the Secretary of State for Education dated 4 April 2015 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the UTC trust's income and expenditure. The work undertaken to draw our conclusion includes analytical review and substantive testing.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO UTC CREWE AND THE EDUCATION FUNDING AGENCY
(CONTINUED)**

Conclusion

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

Jackson Stephen LLP

Mr Christopher Moss BSc A.C.A.

Reporting Accountant

Jackson Stephen LLP

Dated: 03/02/17

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	10,000	-	4,950,536	4,960,536	59,292
Charitable activities:						
- Funding for educational operations	3	-	160,950	-	160,950	150,000
Investments	4	128	-	-	128	22
Total income and endowments		<u>10,128</u>	<u>160,950</u>	<u>4,950,536</u>	<u>5,121,614</u>	<u>209,314</u>
Expenditure on:						
Charitable activities:						
- Educational operations	6	-	337,609	-	337,609	33,700
Total expenditure	5	<u>-</u>	<u>337,609</u>	<u>-</u>	<u>337,609</u>	<u>33,700</u>
Net income/(expenditure)		10,128	(176,659)	4,950,536	4,784,005	175,614
Transfers between funds		(10,000)	10,000	-	-	-
Reconciliation of funds						
Total funds brought forward		22	116,300	59,292	175,614	-
Total funds carried forward		<u>150</u>	<u>(50,359)</u>	<u>5,009,828</u>	<u>4,959,619</u>	<u>175,614</u>

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

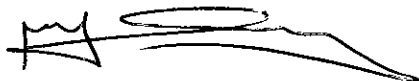
Comparative information ended 31 August 2015	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2015 £
Income and endowments from:					
Donations and capital grants	2	-	-	59,292	59,292
Charitable activities:					
- Funding for educational operations	3	-	150,000	-	150,000
Investments	4	22	-	-	22
Total income and endowments		<u>22</u>	<u>150,000</u>	<u>59,292</u>	<u>209,314</u>
Expenditure on:					
Charitable activities:					
- Educational operations	6	-	33,700	-	33,700
Total expenditure	5	<u>-</u>	<u>33,700</u>	<u>-</u>	<u>33,700</u>
Net income/(expenditure)		22	116,300	59,292	175,614
Reconciliation of funds					
Total funds brought forward		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds carried forward		<u>22</u>	<u>116,300</u>	<u>59,292</u>	<u>175,614</u>

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
BALANCE SHEET**

AS AT 31 AUGUST 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	10		5,009,828		59,292
Current assets					
Debtors	11	1,442,880		28,070	
Cash at bank and in hand		139,677		117,444	
			1,582,557		145,514
Current liabilities					
Creditors: amounts falling due within one year	12	(1,632,766)		(29,192)	
Net current assets			(50,209)		116,322
Net assets			4,959,619		175,614
Funds of the UTC trust:					
Restricted funds	13				
- Fixed asset funds			5,009,828		59,292
- Restricted income funds			(50,359)		116,300
Total restricted funds			4,959,469		175,592
Unrestricted income funds	13		150		22
Total funds			4,959,619		175,614

The accounts set out on pages 13 to 26 were approved by the board of trustees and authorised for issue on 21 December 2016 and are signed on its behalf by:



M J Conway

Company Number 08293553

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash provided by operating activities	16		22,105		117,422
Cash flows from investing activities					
Dividends, interest and rents from investments		128		22	
Capital grants from DfE and EFA		4,950,536		59,292	
Payments to acquire tangible fixed assets		(4,950,536)		(59,292)	
			128		22
Change in cash and cash equivalents in the reporting period			22,233		117,444
Cash and cash equivalents at 1 September 2015			117,444		-
Cash and cash equivalents at 31 August 2016			139,677		117,444

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

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

UTC Crewe meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

Grants receivable

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

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

Capital grants are recognised 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.

Sponsorship income

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

Donations

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

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016**

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

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

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the UTC trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

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1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Assets under construction	nil
Computer equipment	20% per annum
Fixtures, fittings & equipment	10% per annum

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

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

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the UTC 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.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Taxation

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

1.9 Pensions benefits

Retirement benefits to employees of the UTC trust are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme and the assets are held separately from those of the UTC trust.

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1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the UTC trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 15, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

1.10 Fund accounting

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

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

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

1.11 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The trustees consider there are no critical accounting estimates relevant to the academy.

Critical areas of judgement

The trustees consider there are no critical areas of judgement relevant to the academy.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	4,950,536	4,950,536	59,292
Other donations	10,000	-	10,000	-
	<u>10,000</u>	<u>4,950,536</u>	<u>4,960,536</u>	<u>59,292</u>

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3 Funding for the UTC trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
Other DfE / EFA grants	-	160,950	160,950	150,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total funding	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	128	-	128	22
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	113,143	-	-	113,143	-
- Allocated support costs	75,866	1,460	147,140	224,466	33,700
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	189,009	1,460	147,140	337,609	33,700
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditure	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees paid to auditor for audit services	2,500	1,500
	<u> </u>	<u> </u>

6 Charitable activities

	2016 £	2015 £
All from restricted funds:		
Direct costs - educational operations	113,143	-
Support costs - educational operations	224,466	33,700
	<u> </u>	<u> </u>
	337,609	33,700
	<u> </u>	<u> </u>

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6	Charitable activities	(Continued)	
		2016	2015
		£	£
	Analysis of support costs		
	Support staff costs	75,866	595
	Premises costs	1,460	3,420
	Other support costs	143,940	15,885
	Governance costs	3,200	13,800
		<u>224,466</u>	<u>33,700</u>

7	Staff costs	2016	2015
		£	£
	Wages and salaries	157,039	-
	Operating costs of defined benefit pension schemes	29,869	-
		<u>186,908</u>	<u>-</u>
	Staff costs	186,908	-
	Staff development and other staff costs	2,101	595
		<u>189,009</u>	<u>595</u>

Staff numbers

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

	2016	2015
	Number	Number
Teachers	1	-
Administration and support	2	-
	<u>3</u>	<u>-</u>

Higher paid staff

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

	2016	2015
	Number	Number
£80,001 - £90,000	1	-
	<u>1</u>	<u>-</u>

Key management personnel

The key management personnel of the UTC trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and social security costs) received by key management personnel for their services to the UTC trust was £108,244 (2015: £nil).

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8 Trustees' remuneration and expenses

None of the trustees are remunerated through the Academy.

9 Trustees and officers insurance

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

10 Tangible fixed assets

	Assets under construction	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2015	59,292	-	-	59,292
Additions	4,341,506	161,560	447,470	4,950,536
At 31 August 2016	4,400,798	161,560	447,470	5,009,828
Depreciation				
At 1 September 2015 and 31 August 2016	-	-	-	-
Net book value				
At 31 August 2016	4,400,798	161,560	447,470	5,009,828
At 31 August 2015	59,292	-	-	59,292

11 Debtors

	2016 £	2015 £
Other debtors	1,442,880	11,859
Prepayments and accrued income	-	16,211
	1,442,880	28,070

12 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	536,964	14,033
EFA creditors	886,443	11,859
Other creditors	3,900	-
Accruals and deferred income	205,459	3,300
	1,632,766	29,192

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13 Funds

	Balance at 1 September 2015	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£
Restricted general funds					
Other DfE / EFA grants	116,300	160,950	(337,609)	10,000	(50,359)
Restricted fixed asset funds					
DfE / EFA capital grants	59,292	4,950,536	-	-	5,009,828
Total restricted funds	175,592	5,111,486	(337,609)	10,000	4,959,469
Unrestricted funds					
General funds	22	10,128	-	(10,000)	150
Total funds	175,614	5,121,614	(337,609)	-	4,959,619

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

Other DfE/EFA grants were received to assist with establishing the organisational structure for the new academy. DfE/EFA capital grants are for the build costs of the new academy buildings.

14 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total 2016
	£	General £	Fixed asset £	£
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	5,009,828	5,009,828
Current assets	1,582,557	-	-	1,582,557
Creditors falling due within one year	(1,582,407)	(50,359)	-	(1,632,766)
	150	(50,359)	5,009,828	4,959,619

15 Pensions and similar obligations

The UTC trust's employees belong to one principal pension scheme: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012.

Contributions amounting to £20,490 (2015: £nil) were payable to the scheme at 31 August 2016 and are included within creditors.

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15 Pensions and similar obligations

(Continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £29,869 (2015: £nil).

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

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

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16 Reconciliation of net income to net cash flows from operating activities

	2016 £	2015 £
Net income for the reporting period	4,784,005	175,614
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(4,950,536)	(59,292)
Investment income	(128)	(22)
(Increase)/decrease in debtors	(1,414,810)	(28,070)
Increase/(decrease) in creditors	1,603,574	29,192
Net cash provided by operating activities	<u>22,105</u>	<u>117,422</u>

17 Related party transactions

Owing to the nature of the UTC trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the UTC trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the UTC trust's financial regulations and normal procurement procedures. No transactions with related parties took place during the year.

18 Post balance sheet events

The academy opened on 5 September 2016, welcoming its first students on this date.

19 Members' liability

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