

Company Registration No. 08293553 (England and Wales)

UTC CREWE

T/A CREWE ENGINEERING & DESIGN UTC

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

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

Trustees

C Arnold (Resigned 31 August 2017)
H Bashford Malkie (Resigned 13 December 2017)
P Booker (Appointed 12 October 2016)
J Cobley (Appointed 19 September 2017)
S Corfield (Appointed 31 August 2017)
M Evans (Resigned 31 August 2017)
N Fowler (Chair)
L Frost (Appointed 15 December 2017)
C Gray (Appointed 31 August 2017)
G Hayes (Became a member 19/09/2017)
S Hepton (Became a member 19/09/2017)
M Marsh (Vice Chair)
K Poole (Appointed 31 August 2017)
N Salt (Resigned 31 August 2017)
J Suggate (Resigned 19 September 2017)
D Terry (Appointed 1 September 2016)
D Whittaker (Appointed 31 August 2017)
P Winter (Appointed 1 September 2016)
L Wood (Appointed 22 November 2016)
G Dowding (Resigned 20 September 2017)

Members

M J Conway
G D Harris
G Hayes (Appointed 19/09/2017)
S Hepton (Appointed 19/09/2017)
C Paterson (Appointed 19/09/2017)

Senior management team

- Principal	D Terry
- Vice Principal	K Sudworth
- Assistant Principal	G Pass
- Assistant Principal	R Whim
- Assistant Principal	P Osborn
- Assistant Principal	S Hatton-Tonge
- Assistant Principal	S Cunningham (resigned August 2017)
- IT Director	I Morris (resigned March 2017)

Company registration number 08293553 (England and Wales)

Registered office Crewe Engineering & Design UTC
West Street
Crewe
Cheshire
CW1 2PZ

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

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
GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The governors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. 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 governors are the trustees of UTC Crewe and are also the directors of the charitable company for the purposes of company law. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

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 governors

The Members of the UTC trust are responsible for appointing trustees and are mainly recruited from the sponsor organisations. The elected trustees are parents and staff. The Principal is an ex officio trustee.

Policies and procedures adopted for the induction and training of governors

The UTC Trustee Board is committed to providing all trustees with induction and on-going governance training. The Board appointed Training Governor takes responsibility for auditing trustee skills and planning a schedule of individual and group training. The UTC trust accesses NGA and Cheshire East governance training and support resources. All trustees engage in facilitated external training to develop expertise in finance, legal and standard areas of whole UTC development.

Organisational structure

The Board is responsible for the appointment and performance management of the Principal and is accountable to the Members and DfE. The Principal line manages the Senior Team. The Principal is the Chief Executive Officer and Accounting Officer, responsible for all aspects of the day to day management of the UTC.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include the Principal, Vice Principal and Assistant Principals with significant delegated leadership and management responsibilities. The pay and pay progression of key management personnel is set within the parameters of the Trust's Pay Policy. Pay is determined on the basis of bands related to tiers of responsibility within the organisation. Pay progression is awarded by the Trustee Board based only on successful performance management reviews conducted annually.

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

FOR THE YEAR ENDED 31 AUGUST 2017

Related parties and other connected charities and organisations

Crewe UTC is currently a single academy trust and sponsored by Bentley Motors, OSL Rail and Manchester Metropolitan University. The UTC has strong employer and partner links with Cheshire East Council, Siemens, Bosch, Airproducts, Arriva Trains, Network Rail, RAF, Leoni, James Walker and 3D Optical. The sponsors and the employer partners support the UTC curriculum, provide mentor opportunities, engage in project delivery and enhance the UTC's employability skills programme. The sponsors and employer partners do not provide the college with SLAs or traded services. All related parties are disclosed within the financial statements and all transactions with the UTC trust related parties are conducted on an arm's length basis and in accordance with the trust's finance regulations.

Objectives and activities

Objects and aims

The UTC trust's object is to advance education by establishing and maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum of secondary and post 16 education – including the specialist provision of technical education particularly relating to engineering, manufacture and design.

Objectives, strategies and activities

The UTC objectives are to ensure that all students progress to employability, further / higher education or training. The strategy to achieve this is through delivering a strong technical skills and employer driven curriculum.

Public benefit

The governors 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 UTC is currently in its second year of operation. Its aim for the financial year was to meet the target for recruitment of students on entry and to establish the employer driven curriculum. The target for recruitment in September 2017 was 222 students. The actual numbers on roll are 216.

The UTC has engaged in regular external validation visits from School Improvement partners and DfE Education Advisers, the results of which have been positive.

Going concern

In common with all UTCs, the first operating year has been financially challenging as a result of high start - up costs and lower than anticipated pupil recruitment. This has been compounded at Crewe UTC by its two phase opening: the second, and larger, phase of the building was not open until September 2017 and this has had a negative impact on pupil recruitment, as evidenced by the significant number of in year transfers to the UTC since the second phase completed. Pupil numbers for 2017-18 are much closer to the predicted number of 222 and Key Stage 4 numbers have even surpassed the prediction. Future financial prospects are therefore much stronger and every year of its three year forecast, from 2017-18 onwards, shows a positive in-year movement.

Despite the strength of the medium and long term forecast, however, the trustees do have a short term cash flow concern, as a result of the deficit carried forward from 2016-17. The trustees are in regular and close communication with the Education, Skills and Funding Agency to determine the best short term funding structure to cover this period and have every confidence that an appropriate solution will be forthcoming in the near future.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

Financial review

The Academy Trust's core funding has been in the form of General Annual Grant (GAG) from the Education and Skills Funding Agency (ESFA).

The grants received from the ESFA during the year to 31 August 2017 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities (SOFA).

During the year ended 31 August 2017, total recurrent expenditure of £1,743,290 was covered by recurrent grant funding from the ESFA and LA together with other incoming resources and brought forward reserves. The excess recurring expenditure over income totalled £185,130 before pension scheme revaluation and fixed asset grants.

At 31 August 2017 the net book value of fixed assets was £12,714,131 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust. The UTC received capital funding to complete the phase 2 new build programme which opened successfully in September 2017.

The Local Government Pension Scheme (LGPS) deficit totalled £11,000 at 31 August 2017.

Reserves policy

The Trustees review the reserve levels of the UTC Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The policy of the Board is to develop a level of free reserves that will be adequate to provide a stable base for the continuing operation of the UTC Trust whilst ensuring that excessive funds are not accumulated. The Board has determined that the appropriate level over time should be no less than £50,000. These reserves will provide a cushion to deal with unexpected emergencies such as urgent maintenance. The UTC carried over no reserves in 2016-17 and future reserve levels will be kept under review.

Investment policy and powers

The UTC holds no investments, cash is deposited in the UTC bank account.

Principal risks and uncertainties

The Trustees consider that the UTC trust risk management and internal controls are in compliance with the academies financial handbook 2017. The improvements to these controls and the management of risk generally will continue to develop as the UTC progresses. The trustees assess the principal risks and uncertainties facing UTC as follows:

- Student recruitment, defined as the inability to recruit sufficient students in Years 10 and 12 to assure financial viability;
- Retention of existing students on the UTC roll;
- Grant Income – potential reduction in future years;
- Inability to attract and retain the required specialist academic staff to deliver a technical curriculum.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

Plans for future periods

The UTC has a mission to educate the next generation of outstanding engineers. The purpose of the UTC is to meet the challenges of the future and encourage many more talented young people coming into industry.

University Technical Colleges (UTCs) are a new type of school for 14 to 19 year olds. Sponsored by local businesses and a university, they provide specialist education combining traditional GCSEs and A-Levels with specialist vocational qualifications. The sponsors at Crewe Engineering & Design UTC are Manchester Metropolitan University, Bentley Motors and OSL Rail, working in partnership with a range of local employers such as Chevron Racing, Bosch, Siemens, Optical 3D and Unipart. All partners working with the UTC are strongly committed to providing the very best opportunities for all young people.

Vision for Future Learning

Studying at a UTC will offer all students a completely new experience of education. The UTC brings together the best of industry, education and the public sector to ensure students are qualified and skilled to work in a sector of business where the North West is genuinely starting to lead the world. Like most fast growing, high tech industries, the Engineering, Design and Manufacturing sector in the North West is experiencing a shortage of skilled staff; the brief of the UTC is to support this expansion and the local economy with skilled young people at all levels.

All students will have access to world class resources and facilities, a curriculum developed in conjunction with business partners and delivered by experts both in and out of the classroom.

Alongside achieving a selection of GCSEs, A-Levels and high quality technical qualifications, all students at the UTC will have the chance to experience working with:

Industry Partners, including Bentley Motors, OSL Rail, Chevron Racing, Bosch, Siemens, Optical 3D and Unipart in project sessions that take place at their sites and workplaces,

A University partner – Manchester Metropolitan University School of Engineering,

Employer-led projects throughout the year, the opportunity to experience "hands-on" learning in practice.

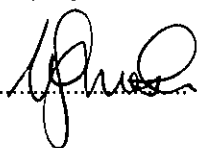
Auditor

In so far as the governors are aware:

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

The auditor, Jackson Stephen LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

The governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on ~~20.12.17~~ and signed on its behalf by:

.....


M MARSH

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

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As governors 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 governors 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 governors any material weaknesses or breakdowns in internal control.

Governance

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

Governors	Meetings attended	Out of possible
C Arnold (Resigned 31 August 2017)	1	4
H Bashford Malkie (Resigned 13 December 2017)	3	4
P Booker (Appointed 12 October 2016)	4	4
J Cobley (Appointed 19 September 2017)	0	0
S Corfield (Appointed 31 August 2017)	0	0
M Evans (Resigned 31 August 2017)	3	4
N Fowler (Chair)	4	4
L Frost (Appointed 15 December 2017)	0	0
C Gray (Appointed 31 August 2017)	0	0
G Hayes (Became a member 19/09/2017)	2	4
S Hepton (Became a member 19/09/2017)	3	4
M Marsh (Vice Chair)	3	4
K Poole (Appointed 31 August 2017)	0	0
N Salt (Resigned 31 August 2017)	1	4
J Suggate (Resigned 19 September 2017)	2	3
D Terry (Appointed 1 September 2016)	4	4
D Whittaker (Appointed 31 August 2017)	0	0
P Winter (Appointed 1 September 2016)	4	4
L Wood (Appointed 22 November 2016)	3	3
G Dowding (Resigned 20 September 2017)		

Key changes in the composition of the board of trustees included the resignation of N Salt and M Evans. The trustee board initially developed its terms of reference, scheme of delegation, training skills audit, mission and vision. The trustee board developed three sub committees – Achievement and Progression, Finance / HR and Marketing and Employer Engagement. The Principal and Senior Leadership Team present regular reports on all aspects of UTC performance and policy to sub committees and the trustee board. The trust board hold the Principal and Senior Leadership Team to account with support from an external specialist, a School Improvement Partner, the DfE Education Adviser and LA team.

The UTC Board undertook a review and visioning event in June 2016 which involved external facilitation from NGA colleagues. The review led to a governance skills audit, training schedule plan and changes to the cycle of business and composition of the Board. The trust intends to conduct its next self-evaluation in January 2018 with external facilitation.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

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 governors 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 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of governors 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 governors 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 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors.

The risk and control framework

The UTC Trust system of internal financial control is based on a framework of regular management information and administrative procedures including a UTC Finance Regulations Handbook, 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 Governors has considered the need for a specific internal audit function and has decided to appoint an internal auditor with relevant experience within a multiple academy trust. The internal auditor's role includes giving advice on financial matters and procuring a range of checks on the UTC Trust's financial systems. The internal auditor reports to the Board of Trustees on the operations of the systems of control and on the discharge of the UTC Trust Members financial responsibilities. This risk and control framework is planned to continue going forward.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

Review of effectiveness

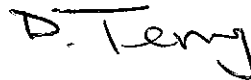
As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 governors on 20/12/17 and signed on its behalf by:


M MARSH
VICE CHAIR

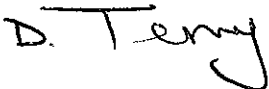

D Terry
Accounting Officer

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2017**

As accounting officer of UTC Crewe I have considered my responsibility to notify the UTC trust board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

I confirm that I and the UTC trust's board of governors 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 2016.

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



D Terry
Accounting Officer

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UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

Company law requires the governors to prepare accounts for each financial year. Under company law the governors 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 governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make 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 governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of governors on 20/12/17..... and signed on its behalf by:



M. MARSH

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UTC CREWE**

Opinion

We have audited the accounts of UTC Crewe for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the UTC trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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 our audit:

- the information given in the Governors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Governors' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UTC CREWE
(CONTINUED)**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the UTC trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report, including the incorporated 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of governors

As explained more fully in the Statement of Governors' Responsibilities, the governors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.


In preparing the accounts, the governors are responsible for assessing the UTC trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company, 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 accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state in an auditors' 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's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

21/12/17

**Chartered Accountants
Statutory Auditor**

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

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

In accordance with the terms of our engagement letter dated 9 December 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by UTC Crewe during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to UTC Crewe and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the UTC Crewe and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than UTC Crewe and ESFA, 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

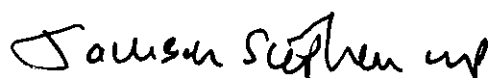
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Jackson Stephen LLP

Dated:21/12/17

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	2	-	-	8,073,896	8,073,896	4,960,536
Charitable activities:						
- Funding for educational operations	3	13,476	1,128,205	-	1,141,681	160,950
Other trading activities	4	15,646	-	-	15,646	-
Investments	5	342	-	-	342	128
Total income and endowments		29,464	1,128,205	8,073,896	9,231,565	5,121,614
Expenditure on:						
Raising funds	6	19,043	-	-	19,043	-
Charitable activities:						
- Educational operations	7	-	1,323,756	400,491	1,724,247	337,609
Total expenditure	6	19,043	1,323,756	400,491	1,743,290	337,609
Net income/(expenditure)		10,421	(195,551)	7,673,405	7,488,275	4,784,005
Transfers between funds		(10,000)	(20,898)	30,898	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	16	-	2,000	-	2,000	-
Net movement in funds		421	(214,449)	7,704,303	7,490,275	4,784,005
Reconciliation of funds						
Total funds brought forward		150	(50,359)	5,009,828	4,959,619	175,614
Total funds carried forward		571	(264,808)	12,714,131	12,449,894	4,959,619

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017

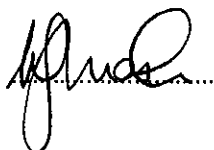
Comparative year information Year ended 31 August 2016	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2016
		£	£	£	£
Income and endowments from:					
Donations and capital grants	2	10,000	-	4,950,536	4,960,536
Charitable activities:					
- Funding for educational operations	3	-	160,950	-	160,950
Investments	5	128	-	-	128
Total income and endowments		<u>10,128</u>	<u>160,950</u>	<u>4,950,536</u>	<u>5,121,614</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	-	337,609	-	337,609
Total expenditure	6	<u>-</u>	<u>337,609</u>	<u>-</u>	<u>337,609</u>
Net income/(expenditure)		10,128	(176,659)	4,950,536	4,784,005
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>

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

AS AT 31 AUGUST 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	11		12,714,131		5,009,828
Current assets					
Debtors	12	854,618		1,442,880	
Cash at bank and in hand		1,113,447		139,677	
		1,968,065		1,582,557	
Current liabilities					
Creditors: amounts falling due within one year	13	(2,221,302)		(1,632,766)	
Net current liabilities			(253,237)		(50,209)
Net assets excluding pension liability			12,460,894		4,959,619
Defined benefit pension liability	16		(11,000)		-
Net assets			12,449,894		4,959,619
Funds of the UTC trust:					
Restricted funds	15				
- Fixed asset funds			12,714,131		5,009,828
- Restricted income funds			(253,808)		(50,359)
- Pension reserve			(11,000)		-
Total restricted funds			12,449,323		4,959,469
Unrestricted income funds	15		571		150
Total funds			12,449,894		4,959,619

The accounts set out on pages 15 to 33 were approved by the board of governors and authorised for issue on 29.12.17 and are signed on its behalf by:



M. MARSH

Company Number 08293553

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	2017		2016	
		£	£	£	£
Cash flows from operating activities					
Net cash provided by operating activities	18		1,544,793		22,105
Cash flows from investing activities					
Dividends, interest and rents from investments		342		128	
Capital grants from DfE and ESFA		7,533,429		4,950,536	
Payments to acquire tangible fixed assets		(8,104,794)		(4,950,536)	
			(571,023)		128
Change in cash and cash equivalents in the reporting period					
			973,770		22,233
Cash and cash equivalents at 1 September 2016					
			139,677		117,444
Cash and cash equivalents at 31 August 2017					
			1,113,447		139,677

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 2016 to 2017 issued by ESFA, 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 governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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.

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.

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.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

1 Accounting policies (Continued)

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, governors' meetings and reimbursed expenses.

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
Long-term leasehold property	2% per annum
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.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

1 Accounting policies

(Continued)

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 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.

1.8 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.

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 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 are recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the UTC 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.

1.9 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 governors.

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

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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

1.10 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 UTC trust 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 or 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation charge is calculated based on estimates and assumptions on asset useful economic lives and expected residual value.

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 2017 £	Total 2016 £
Capital grants	-	8,073,896	8,073,896	4,950,536
Other donations	-	-	-	10,000
	<u>-</u>	<u>8,073,896</u>	<u>8,073,896</u>	<u>4,960,536</u>

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

3 Funding for the UTC trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	681,364	681,364	-
Start up grants	-	222,000	222,000	-
Other DfE / ESFA grants	-	224,841	224,841	160,950
	-	1,128,205	1,128,205	160,950
Other funds				
Other incoming resources	13,476	-	13,476	-
Total funding	13,476	1,128,205	1,141,681	160,950

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Catering income	104	-	104	-
Trip and uniform income	13,909	-	13,909	-
Other income	1,633	-	1,633	-
	15,646	-	15,646	-

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	342	-	342	128

6 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	19,043	19,043	-
Academy's educational operations					
- Direct costs	821,428	-	131,845	953,273	113,143
- Allocated support costs	133,928	502,166	134,880	770,974	224,466
	955,356	502,166	285,768	1,743,290	337,609

UTC CREWE
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

6 Expenditure	(Continued)	
	2017	2016
	£	£
Net income/(expenditure) for the year includes:		
Fees payable to auditor for:		
- Audit	3,808	1,500
- Other services	1,500	1,000
Depreciation of tangible fixed assets	400,491	-
	<u>400,491</u>	<u>-</u>
7 Charitable activities	2017	2016
	£	£
All from restricted funds:		
Direct costs - educational operations	953,273	113,143
Support costs - educational operations	770,974	224,466
	<u>1,724,247</u>	<u>337,609</u>
	2017	2016
	£	£
Analysis of support costs		
Support staff costs	133,928	75,866
Depreciation and amortisation	400,491	-
Premises costs	99,095	1,460
Other support costs	106,578	143,940
Governance costs	30,882	3,200
	<u>770,974</u>	<u>224,466</u>
8 Staff costs	2017	2016
	£	£
Wages and salaries	693,050	146,478
Social security costs	79,368	10,561
Operating costs of defined benefit pension schemes	158,940	29,869
	<u>931,358</u>	<u>186,908</u>
Staff costs	931,358	186,908
Staff development and other staff costs	23,998	2,101
	<u>955,356</u>	<u>189,009</u>
Total staff expenditure	<u>955,356</u>	<u>189,009</u>

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs (Continued)

Staff numbers

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

	2017 Number	2016 Number
Teachers	13	1
Administration and support	4	2
	<u>17</u>	<u>3</u>

Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	1	-
£80,001 - £90,000	1	1
	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the UTC trust comprise the governors 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 £573,612 (2016: £108,244).

9 Governors' remuneration and expenses

One or more of the governors has been paid remuneration or has received other benefits from an employment with the UTC trust. The principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as governors.

The value of governors' remuneration and other benefits was as follows:

D Terry (principal):

- Remuneration £95,000 - £100,000 (2016: £nil as not a trustee)
- Employer's pension contributions £10,000 - £15,000 (2016: £nil as not a trustee)

During the year, no trustees were reimbursed expenses (2016: £nil).

Other related party transactions involving the governors are set out within the related parties note.

10 Governors 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 governors 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 governors and officers indemnity element from the overall cost of the RPA scheme.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

11 Tangible fixed assets

	Assets under construction	Long-term leasehold property	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2016	4,400,798	-	161,560	447,470	5,009,828
Transfer	(4,400,798)	4,400,798	-	-	-
Additions	-	7,276,481	159,470	668,843	8,104,794
At 31 August 2017	-	11,677,279	321,030	1,116,313	13,114,622
Depreciation					
At 1 September 2016	-	-	-	-	-
Charge for the year	-	233,546	64,206	102,739	400,491
At 31 August 2017	-	233,546	64,206	102,739	400,491
Net book value					
At 31 August 2017	-	11,443,733	256,824	1,013,574	12,714,131
At 31 August 2016	4,400,798	-	161,560	447,470	5,009,828

12 Debtors

	2017	2016
	£	£
VAT recoverable	305,517	905,916
Prepayments and accrued income	549,101	536,964
	854,618	1,442,880

13 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	874,996	536,964
Other taxation and social security	4,134	20,490
ESFA creditors	1,002,415	886,443
Other creditors	-	3,900
Accruals and deferred income	339,757	184,969
	2,221,302	1,632,766

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

14 Deferred income	2017 £	2016 £
Deferred income is included within:		
Creditors due within one year	11,319	-
Deferred income at 1 September 2016	-	-
Amounts deferred in the year	11,319	-
Deferred income at 31 August 2017	11,319	-

At the balance sheet date the academy trust was holding funds received in advance for rates relief of £5,980 (2016: £nil) and 16-19 bursary funding of £5,339 (2016: £nil).

15 Funds	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	-	681,364	(914,274)	(20,898)	(253,808)
Start up grants	-	222,000	(222,000)	-	-
Other DfE / ESFA grants	(50,359)	224,841	(174,482)	-	-
Funds excluding pensions	(50,359)	1,128,205	(1,310,756)	(20,898)	(253,808)
Pension reserve	-	-	(13,000)	2,000	(11,000)
	(50,359)	1,128,205	(1,323,756)	(18,898)	(264,808)
Restricted fixed asset funds					
DfE / ESFA capital grants	5,009,828	8,073,896	(400,491)	-	12,683,233
Capital expenditure from GAG	-	-	-	30,898	30,898
	5,009,828	8,073,896	(400,491)	30,898	12,714,131
Total restricted funds	4,959,469	9,202,101	(1,724,247)	12,000	12,449,323
Unrestricted funds					
General funds	150	29,464	(19,043)	(10,000)	571
Total funds	4,959,619	9,231,565	(1,743,290)	2,000	12,449,894

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

15 Funds

(Continued)

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

The General Annual Grant (GAG) must be used for the normal running costs of the trust. Start up grants are received from the DfE in relation to the initial period of the UTC.

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

The UTC trust is carrying a net deficit of £253,808 on restricted general funds (excluding pension reserve) plus unrestricted funds due to start up costs incurred before funding is received. The UTC trust has budgeted to recover this deficit in the next two to three years.

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
Other DfE / ESFA grants	116,300	160,950	(337,609)	10,000	(50,359)
Restricted fixed asset funds					
DfE / ESFA 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

16 Pensions and similar obligations

The UTC 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 Cheshire West and Chester Council. Both are multi-employer defined benefit schemes.

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, and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £4,134 (2016: £20,490) were payable to the schemes at 31 August 2017 and are included within creditors.

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16 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

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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £127,123 (2016: £29,869).

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.8% for employers and 5.5% to 12.5% for employees.

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16 Pensions and similar obligations

(Continued)

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

Total contributions made	2017	2016
	£	£
Employer's contributions	18,000	-
Employees' contributions	5,000	-
Total contributions	23,000	-
Principal actuarial assumptions	2017	2016
	%	%
Rate of increases in salaries	2.7	-
Rate of increase for pensions in payment	2.4	-
Discount rate	2.5	-

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

	2017	2016
	Years	Years
Retiring today		
- Males	22.3	-
- Females	24.5	-
Retiring in 20 years		
- Males	23.9	-
- Females	26.5	-

Scheme liabilities would have been affected by changes in assumptions as follows:

	2017	2016
	£'000	£'000
Real discount rate -0.5%	8	-
Salary increase rate +0.5%	-	-
Pension increase rate +0.5%	8	-

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16 Pensions and similar obligations	(Continued)	
The UTC trust's share of the assets in the scheme	2017	2016
	Fair value	Fair value
	£	£
Equities	12,000	-
Bonds	10,000	-
Property	2,000	-
Total market value of assets	<u>24,000</u>	<u>-</u>
Actual return on scheme assets - gain/(loss)	<u>1,000</u>	<u>-</u>
Amounts recognised in the statement of financial activities	2017	2016
	£	£
Current service cost	<u>31,000</u>	<u>-</u>
Changes in the present value of defined benefit obligations	2017	2016
	£	£
Current service cost	31,000	-
Employee contributions	5,000	-
Actuarial gain	(1,000)	-
At 31 August 2017	<u>35,000</u>	<u>-</u>
Changes in the fair value of the UTC trust's share of scheme assets	2017	2016
	£	£
Actuarial gain	1,000	-
Employer contributions	18,000	-
Employee contributions	5,000	-
At 31 August 2017	<u>24,000</u>	<u>-</u>

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17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	12,714,131	12,714,131
Current assets	851,562	1,116,503	-	1,968,065
Creditors falling due within one year	(850,991)	(1,370,311)	-	(2,221,302)
Defined benefit pension liability	-	(11,000)	-	(11,000)
	<u>571</u>	<u>(264,808)</u>	<u>12,714,131</u>	<u>12,449,894</u>

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

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

	2017 £	2016 £
Net income for the reporting period	7,488,275	4,784,005
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(8,073,896)	(4,950,536)
Investment income receivable	(342)	(128)
Defined benefit pension costs less contributions payable	13,000	-
Depreciation of tangible fixed assets	400,491	-
Decrease/(increase) in debtors	1,128,729	(1,414,810)
Increase in creditors	588,536	1,603,574
Net cash provided by operating activities	<u>1,544,793</u>	<u>22,105</u>

19 Related party transactions

Owing to the nature of the UTC trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which 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. Trustees' remuneration is disclosed in note 9.

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20 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.