

Company Registration No. 08293553 (England and Wales)

UTC CREWE

T/A CREWE ENGINEERING & DESIGN UTC

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

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

Members

M J Conway
G D Harris (Resigned 11 July 2018)
G Hayes (Appointed 19 September 2017)
S Hepton (Appointed 19 September 2017)
C Paterson (Appointed 19 September 2017)
P Hooper (Appointed 11 July 2018)
G Dowding (Resigned 20 September 2017)

Governors

H Bashford Malkie (Resigned 13 December 2017)
C J Booker
J Cobley (Appointed 20 September 2017)
S Corfield (Appointed 1 September 2017)
K Cumberbatch (Appointed 1 September 2017)
N Fowler (Chair)
L Frost (Appointed 15 December 2017)
C Gray (Appointed 1 September 2017)
G Harris (Appointed 11 July 2018)
M Marsh (Vice Chair)
L Ryder (Appointed 19 September 2018)
J Suggate (Resigned 19 September 2017)
D Terry
D Whittaker (Appointed 1 September 2017)
P Winter (Resigned 27 June 2018)
E Wood (Resigned 31 August 2018)

Senior management team

- Principal	D Terry
- Vice Principal	K Sudworth
- Assistant Principal	R Whim
- Assistant Principal	P Osborn
- Assistant Principal	S Hatton-Tonge
- Assistant Principal	K Graham

Company registration number

08293553 (England and Wales)

Registered office

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

Independent auditor

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

**UTC CREWE
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REFERENCE AND ADMINISTRATIVE DETAILS**

Bankers

Lloyds Bank plc
Ariel House
2138 Coventry Road
Sheldon
Birmingham
B26 3JW

UTC CREWE

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GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The governors present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. 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, and to the date these accounts are approved, 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 including the Vice Principal who operates in the role of the Chief Finance Officer. 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 ratified through a Pay Committee and awarded by the Trustee Board based only on successful performance management reviews conducted annually.

UTC CREWE

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Related parties and other connected charities and organisations

Crewe UTC is 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, 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. 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 in accordance with the 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 third 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 2018 was 250 students. The actual numbers on roll are 225.

The UTC has engaged in regular external validation visits from School Improvement partners and DfE Education Advisers, the results of which have been positive. In the Autumn Term 2018 the UTC's key performance data was as follows:

Summary KS 4 Outcomes 2018

Technical Award Passes – Year 11
Engineering Manufacture – 100%
Engineering Principals – 100%
Engineering Systems & Control – 100%
Engineering Design – 99%

GCSE – passes Year 11

Physics – 90%
Biology – 90%
Chemistry – 76%
MFL – 67%
Double Science – 51%
Mathematics – 53%
English – 46%
Humanities – 36%

Destinations – KS4

Further Education – 78%
Apprenticeship – 16%
Employment – 6%
Neither employment, education or training (NEET) – 0%

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

Summary KS 5 Outcomes 2018

Tech Level Engineering

94% of students have achieved a Level 3 Engineering qualification
 91% of students achieved overall above a pass
 55% of students achieved above a pass for double award (2 A-level equivalent)
 20% of students achieved above a pass for single award (1 A-level equivalent)

21% of students achieved at least a Distinction in their Engineering courses overall.

Maths

44% of students have achieved a Level 3 Maths qualification compared to the National figure of 28.4%

EPQ

100% of students have achieved an Extended Project Qualification.

TechBacc

41% of students have achieved the TechBacc. Our students contributed 17.7% towards UTC National results which is nearly 1/5th of the overall pass rate.

Out of 153 students nationally (All Schools and Colleges) who achieved the TechBacc – Crewe UTC students contributed 9.2% of this figure. FE nationally contributed 5 students who achieved the TechBacc, or 3% of the national figure.

English and Maths Level / GCSE Resit

L2 Qualification	Result English	Maths
L2 Qualification	100%	100%
GCSE – grade 4+	55%	50%
Functional Skills-L2 pass	45%	50%

Destinations KS5 - Crewe UTC students achieved the following destinations in 2018:

Apprenticeship 43%
 Employment 33%
 Cont. Education 7%
 University 7%
 Other e.g. RAF 10
 (1 student – deceased)
 NEET 0%

Nationally at KS 5 90% of students in 2015/16 achieved sustainable destinations. In UTCs nationally this rate was 88%. Regionally in Cheshire East this figure was 86%. The current UTC data indicates a significantly higher proportion of students with potentially sustainable destinations by 10%. Nationally, sustainable apprenticeships is 6%. UTCs nationally achieved 21%. The Cheshire East rate is 9%. Crewe UTC data indicates 43% of KS 5 students have embarked on sustainable apprenticeships. This is significantly higher than national, local and other UTCs. (*DfE Destinations at KS 4 and 5 2017*).

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial KPIs

Salary Costs to EFSA Revenue	72.6%	Salary Costs to Total Income	71.6%
FTE Teaching Staff	17	Spend per pupil – non pay lines	£1,845.3
FTE Support Staff	6.7	Pupil / Teacher Ratio	13.4
Average Teacher Cost	£55,549	Proportion of Budget spent on SLT	42%

Going concern

In common with all UTCs, the initial operating years have been financially challenging as a result of high start up costs and lower than anticipated pupil recruitment. Pupil numbers for 2018-19 are much closer to the predicted number than is typical in many UTCs. While below PAN there has been 20% growth in Year 10 numbers this year and similar in KS 5. Future financial prospects have potential to improve and the three year forecast, from 2018-19 onwards, shows positive in-year movement.

Despite the medium term forecast, however, the trustees have adopted close monitoring of the short term cash flow as a result of the deficit carried forward from 2017-18. The trustees are in regular and close communication with the Education and Skills Funding Agency (ESFA) to determine the best short term funding structure to cover negative operating cash flows in 2018-19 and have every confidence that an appropriate solution will be implemented with ESFA through an in principle finance assistance structure. The UTC continues to carry the support of ESFA in ensuring efficient operations and in meeting its strategic objectives.

After making appropriate enquiries, the board of governors 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 governors 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

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 2018 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities (SOFA).

During the year ended 31 August 2018, total recurrent expenditure of £2,190k was covered by recurrent grant funding from the ESFA and LA together with other incoming resources. The excess recurring expenditure over income totalled £121,000 before pension scheme revaluation.

At 31 August 2018 the net book value of fixed assets was £12,689k and movements in tangible fixed assets are shown in note 12 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 £7,000 at 31 August 2018.

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 2017-18 and future reserve levels will be kept under review.

Investment policy

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

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Principal risks and uncertainties

The Trustees consider that the UTC trust risk management and internal controls are in compliance with the academies financial handbook 2018. 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.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the UTC provides the following information:

Approach to fundraising – the UTC carries out very limited fundraising activities through – non-uniform days, bag-packing and request for 'one-off' donations to charities through Just Giving.

Work with, and oversight of, any commercial participators / professional fundraisers – the UTC currently does not work with any major commercial participators or professional fundraising groups.

Fundraising conforming to recognised standards – all small scale fundraising activities are carried out in compliance with the Academies' Finance Handbook and the UTC's Finance Regulations.

Monitoring of fundraising carried out on its behalf – currently the UTC carries out and oversees its own fundraising activity.

Fundraising complaints – dealt with under the UTC's Complaints procedure.

Protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate – the UTC operates strictly within its professional Code of Conduct for all Employees and Students.

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. All partners working with the UTC are strongly committed to providing the very best opportunities for all young people through supporting the regional economic development work and the HS2 and Change for Crewe programmes.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

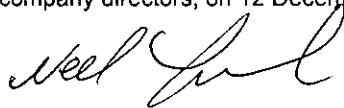
Auditor

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 12 December 2018 and signed on its behalf by:



N Fowler (Chair)

**UTC CREWE
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

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 5 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
H Bashford Malkie (Resigned 13 December 2017)	0	1
C J Booker	5	5
J Cobley (Appointed 20 September 2017)	4	5
S Corfield (Appointed 1 September 2017)	4	5
K Cumberbatch (Appointed 1 September 2017)	3	5
N Fowler (Chair)	5	5
L Frost (Appointed 15 December 2017)	2	5
C Gray (Appointed 1 September 2017)	5	5
G Harris (Appointed 11 July 2018)	1	1
M Marsh (Vice Chair)	4	5
L Ryder (Appointed 19 September 2018)	0	0
J Suggate (Resigned 19 September 2017)	0	1
D Terry	4	5
D Whittaker (Appointed 1 September 2017)	3	5
P Winter (Resigned 27 June 2018)	4	5
E Wood (Resigned 31 August 2018)	4	5

Since opening in September 2016 the Board has commissioned annual external reviews of governance, the latest of which took place in April 2018. The review was conducted by an experienced National Leader of Governance. The main recommendations were as follows:

- Ensure all Governors are shown as having completed Prevent training
- Update Governors from educational backgrounds training records
- Ensure all Governors' records of completed Safeguarding training are held centrally
- Identify Governor Safer Recruitment training for additional governors
- Implement and record appropriate Governor GDPR training
- Review Training Needs Analysis

The Board plan to commission another review and self-evaluation in April 2019.

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.

UTC CREWE T/A CREWE ENGINEERING & DESIGN UTC GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 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 2017 to 31 August 2018 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.

The internal auditor/reviewers have delivered their schedule of work as planned and provided details of recommendations in its report to governors.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

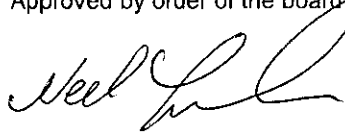
Review of effectiveness

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:

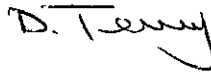
- the work of the external auditor;
- the financial management process;
- the work of the executive managers within the UTC trust who have responsibility for the development and maintenance of the internal control framework.

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 12 December 2018 and signed on its behalf by:



N Fowler (Chair)



D Terry

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of UTC Crewe I have considered my responsibility to notify the UTC trust board of governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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

12 December 2018

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 & 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:

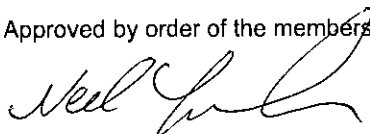
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 members of the board of governors on 12 December 2018 and signed on its behalf by:



N Fowler (Chair)

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UTC CREWE
FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of UTC Crewe for the year ended 31 August 2018 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 2017 to 2018 issued by the Education & 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 2018 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 2017 to 2018.

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.

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the governors' report including the 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.

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 accounts

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.

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

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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

Jackson Stephen LLP

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

18/12/18
.....

**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 & SKILLS FUNDING AGENCY
FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 23 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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.

The work undertaken to draw to our conclusion includes:

- A review of the systems in place that govern income, purchases and payroll
- Substantive testing of the income and expenditure of the academy, including credit/charge cards and expenses
- Analytical review
- Obtaining evidence relevant to the regularity and propriety of the academy's income and expenditure

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

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 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: 18/12/18

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General	Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	3	5,490	-	433,050	438,540	8,073,896
Charitable activities:						
- Funding for educational operations	4	-	1,616,472	-	1,616,472	1,141,681
Other trading activities	5	13,615	-	-	13,615	15,646
Investments	6	402	-	-	402	342
Total		19,507	1,616,472	433,050	2,069,029	9,231,565
Expenditure on:						
Raising funds	7	17,877	-	-	17,877	19,043
Charitable activities:						
- Educational operations	8	-	1,750,307	421,859	2,172,166	1,724,247
Total	7	17,877	1,750,307	421,859	2,190,043	1,743,290
Net income/(expenditure)		1,630	(133,835)	11,191	(121,014)	7,488,275
Transfers between funds	16	-	36,317	(36,317)	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	18	-	16,000	-	16,000	2,000
Net movement in funds		1,630	(81,518)	(25,126)	(105,014)	7,490,275
Reconciliation of funds						
Total funds brought forward		571	(264,808)	12,714,131	12,449,894	4,959,619
Total funds carried forward		2,201	(346,326)	12,689,005	12,344,880	12,449,894

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2017		Funds	General	Fixed asset	2017
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	3	-	-	8,073,896	8,073,896
Charitable activities:					
- Funding for educational operations	4	13,476	1,128,205	-	1,141,681
Other trading activities	5	15,646	-	-	15,646
Investments	6	342	-	-	342
Total		29,464	1,128,205	8,073,896	9,231,565
Expenditure on:					
Raising funds	7	19,043	-	-	19,043
Charitable activities:					
- Educational operations	8	-	1,323,756	400,491	1,724,247
Total	7	19,043	1,323,756	400,491	1,743,290
Net income/(expenditure)		10,421	(195,551)	7,673,405	7,488,275
Transfers between funds	16	(10,000)	(20,898)	30,898	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	18	-	2,000	-	2,000
Net movement in funds		421	(214,449)	7,704,303	7,490,275
Reconciliation of funds					
Total funds brought forward		150	(50,359)	5,009,828	4,959,619
Total funds carried forward		571	(264,808)	12,714,131	12,449,894

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

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		12,689,005		12,714,131
Current assets					
Debtors	13	34,708		854,618	
Cash at bank and in hand		117,004		1,113,447	
			151,712		1,968,065
Current liabilities					
Creditors: amounts falling due within one year	14	(488,837)		(2,221,302)	
Net current liabilities			(337,125)		(253,237)
Net assets excluding pension liability			12,351,880		12,460,894
Defined benefit pension scheme liability	18		(7,000)		(11,000)
Net assets			12,344,880		12,449,894
Funds of the UTC trust:					
Restricted funds	16				
- Fixed asset funds			12,689,005		12,714,131
- Restricted income funds			(339,326)		(253,808)
- Pension reserve			(7,000)		(11,000)
Total restricted funds			12,342,679		12,449,323
Unrestricted income funds	16		2,201		571
Total funds			12,344,880		12,449,894

The accounts on pages 19 to 40 were approved by the governors and authorised for issue on 12 December 2018 and are signed on their behalf by:

N Fowler (Chair)

Company Number 08293553

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	19		(1,033,162)		1,544,793
Cash flows from investing activities					
Dividends, interest and rents from investments		402		342	
Capital grants from DfE Group		433,050		7,533,429	
Purchase of tangible fixed assets		(396,733)		(8,104,794)	
Net cash provided by/(used in) investing activities			36,719		(571,023)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(996,443)		973,770
Cash and cash equivalents at beginning of the year			1,113,447		139,677
Cash and cash equivalents at end of the year			117,004		1,113,447

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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

In common with all UTCs, the initial operating years have been financially challenging as a result of high start up costs and lower than anticipated pupil recruitment. Pupil numbers for 2018-19 are much closer to the predicted number than is typical in many UTCs. While below PAN there has been 20% growth in Year 10 numbers this year and similar in KS 5. Future financial prospects have potential to improve and the three year forecast, from 2018-19 onwards, shows positive in-year movement.

Despite the medium term forecast, however, the trustees have adopted close monitoring of the short term cash flow as a result of the deficit carried forward from 2017-18. The trustees are in regular and close communication with the Education and Skills Funding Agency (ESFA) to determine the best short term funding structure to cover negative operating cash flows in 2018-19 and have every confidence that an appropriate solution will be implemented with ESFA through an in principle finance assistance structure. The UTC continues to carry the support of ESFA in ensuring efficient operations and in meeting its strategic objectives.

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, taking into account the in principle finance assistance support from ESFA, 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

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.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018**

1 Accounting policies

(Continued)

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

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.

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.

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

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 and reclassified to freehold or leasehold land and buildings.

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 of services it must provide.

1.7 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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.

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 18, 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 multi-employer 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.

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 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.

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

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

2 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 18, 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 2018. 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.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	433,050	433,050	8,073,896
Other donations	5,490	-	5,490	-
	<u>5,490</u>	<u>433,050</u>	<u>438,540</u>	<u>8,073,896</u>

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the UTC trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,143,042	1,143,042	681,364
Start up grants	-	162,500	162,500	222,000
Other DfE group grants	-	255,208	255,208	224,841
	-	1,560,750	1,560,750	1,128,205
Other government grants				
Local authority grants	-	55,722	55,722	-
Other funding				
Other incoming resources	-	-	-	13,476
Total funding	-	1,616,472	1,616,472	1,141,681

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Catering income	-	-	-	104
Trip and uniform income	11,646	-	11,646	13,909
Other income	1,969	-	1,969	1,633
	13,615	-	13,615	15,646

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	402	-	402	342

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2018	2017
	£	£	£	£	£
Expenditure on raising funds					
- Direct costs	-	-	17,877	17,877	19,043
Academy's educational operations					
- Direct costs	1,116,899	-	166,052	1,282,951	953,273
- Allocated support costs	159,691	599,985	129,539	889,215	770,974
	<u>1,276,590</u>	<u>599,985</u>	<u>313,468</u>	<u>2,190,043</u>	<u>1,743,290</u>
Net income/(expenditure) for the year includes:				2018	2017
				£	£
Fees payable to auditor for:					
- Audit				5,095	3,808
- Other services				1,615	1,500
Depreciation of tangible fixed assets				421,859	400,491
Net interest on defined benefit pension liability				1,000	-
				<u>428,569</u>	<u>806,800</u>

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities		
	2018	2017
All from restricted funds:	£	£
Direct costs		
Educational operations	1,282,951	953,273
Support costs		
Educational operations	889,215	770,974
	<u>2,172,166</u>	<u>1,724,247</u>
	2018	2017
	£	£
Analysis of support costs		
Support staff costs	158,594	133,928
Depreciation	421,859	400,491
Premises costs	178,126	101,675
Other support costs	91,252	103,998
Governance costs	39,384	30,882
	<u>889,215</u>	<u>770,974</u>

9 Staff		
Staff costs		
Staff costs during the year were:	2018	2017
	£	£
Wages and salaries	932,747	693,050
Social security costs	98,055	79,368
Pension costs	175,091	158,940
Staff costs	<u>1,205,893</u>	<u>931,358</u>
Agency staff costs	55,129	-
Staff development and other staff costs	15,568	23,998
Total staff expenditure	<u>1,276,590</u>	<u>955,356</u>

Staff numbers

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

	2018	2017
	Number	Number
Teachers	20	13
Administration and support	9	4
	<u>29</u>	<u>17</u>

UTC CREWE
T/A CREWE ENGINEERING & DESIGN UTC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff **(Continued)**

Higher paid staff

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

	2018	2017
	Number	Number
£60,001 - £70,000	1	1
£90,001 - £100,000	1	1
	<u> </u>	<u> </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 £547,187 (2017: £573,612).

10 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 (2017: £95,000 - £100,000)
- Employer's pension contributions £10,000 - £15,000 (2017: £10,000 - £15,000)

During the year, no trustees were reimbursed expenses (2017: £nil).

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

11 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.

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12 Tangible fixed assets

	Long-term leasehold property £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2017	11,677,279	321,030	1,116,313	13,114,622
Additions	358,499	14,824	23,410	396,733
At 31 August 2018	<u>12,035,778</u>	<u>335,854</u>	<u>1,139,723</u>	<u>13,511,355</u>
Depreciation				
At 1 September 2017	233,546	64,206	102,739	400,491
Charge for the year	240,716	67,171	113,972	421,859
At 31 August 2018	<u>474,262</u>	<u>131,377</u>	<u>216,711</u>	<u>822,350</u>
Net book value				
At 31 August 2018	<u>11,561,516</u>	<u>204,477</u>	<u>923,012</u>	<u>12,689,005</u>
At 31 August 2017	<u>11,443,733</u>	<u>256,824</u>	<u>1,013,574</u>	<u>12,714,131</u>

13 Debtors

	2018 £	2017 £
Other debtors	12,541	305,517
Prepayments and accrued income	22,167	549,101
	<u>34,708</u>	<u>854,618</u>

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	15,367	874,996
Other taxation and social security	-	4,134
ESFA creditors	415,233	1,114,777
Accruals and deferred income	58,237	227,395
	<u>488,837</u>	<u>2,221,302</u>

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15	Deferred income	2018	2017
		£	£
	Deferred income is included within:		
	Creditors due within one year	5,339	11,319
		<u>5,339</u>	<u>11,319</u>
	Deferred income at 1 September 2017	11,319	-
	Released from previous years	(11,319)	-
	Resources deferred in the year	5,339	11,319
		<u>5,339</u>	<u>11,319</u>
	Deferred income at 31 August 2018	5,339	11,319

At the balance sheet date the academy trust was holding funds received in advance for rates relief of £nil (2017: £5,980) and 16-19 bursary funding of £5,339 (2017: £5,339).

16	Funds					
		Balance at			Gains,	Balance at
		1 September			losses and	31 August
		2017	Income	Expenditure	transfers	2018
		£	£	£	£	£
	Restricted general funds					
	General Annual Grant (GAG)	(253,808)	1,143,042	(1,258,790)	36,317	(333,239)
	Start up grants	-	162,500	(162,500)	-	-
	Other DfE / ESFA grants	-	255,208	(261,295)	-	(6,087)
	Other government grants	-	55,722	(55,722)	-	-
	Pension reserve	(11,000)	-	(12,000)	16,000	(7,000)
		<u>(264,808)</u>	<u>1,616,472</u>	<u>(1,750,307)</u>	<u>52,317</u>	<u>(346,326)</u>
	Restricted fixed asset funds					
	DfE group capital grants	12,683,233	433,050	(421,191)	-	12,695,092
	Capital expenditure from GAG	30,898	-	(668)	(36,317)	(6,087)
		<u>12,714,131</u>	<u>433,050</u>	<u>(421,859)</u>	<u>(36,317)</u>	<u>12,689,005</u>
	Total restricted funds	<u>12,449,323</u>	<u>2,049,522</u>	<u>(2,172,166)</u>	<u>16,000</u>	<u>12,342,679</u>
	Unrestricted funds					
	General funds	571	19,507	(17,877)	-	2,201
	Total funds	<u>12,449,894</u>	<u>2,069,029</u>	<u>(2,190,043)</u>	<u>16,000</u>	<u>12,344,880</u>

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16 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 £339,326 on restricted general funds (excluding pension reserve) plus unrestricted funds due to pre-opening and set up costs overruns compounded by additional costs related to the operations of the new build from September 2017. During the financial year 2018/19 the Trust has prepared a balanced budget, with an in year surplus which will significantly reduce the net deficit going forward. The UTC trust has budgeted to recover this deficit in the next 3 years.

The transfer between the restricted fixed asset funds and GAG of £36,317 represents capital income received this year for items capitalised in the previous year funded by GAG income.

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	-	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)	-	-
Pension reserve	-	-	(13,000)	2,000	(11,000)
	<u>(50,359)</u>	<u>1,128,205</u>	<u>(1,323,756)</u>	<u>(18,898)</u>	<u>(264,808)</u>
Restricted fixed asset funds					
DfE group capital grants	5,009,828	8,073,896	(400,491)	-	12,683,233
Capital expenditure from GAG	-	-	-	30,898	30,898
	<u>5,009,828</u>	<u>8,073,896</u>	<u>(400,491)</u>	<u>30,898</u>	<u>12,714,131</u>
Total restricted funds	<u>4,959,469</u>	<u>9,202,101</u>	<u>(1,724,247)</u>	<u>12,000</u>	<u>12,449,323</u>
Unrestricted funds					
General funds	150	29,464	(19,043)	(10,000)	571
	<u>150</u>	<u>29,464</u>	<u>(19,043)</u>	<u>(10,000)</u>	<u>571</u>
Total funds	<u>4,959,619</u>	<u>9,231,565</u>	<u>(1,743,290)</u>	<u>2,000</u>	<u>12,449,894</u>

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16 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	1,824,406	(2,173,064)	15,419	(333,239)
Start up grants	-	384,500	(384,500)	-	-
Other DfE / ESFA grants	(50,359)	480,049	(435,777)	-	(6,087)
Other government grants	-	55,722	(55,722)	-	-
Pension reserve	-	-	(25,000)	18,000	(7,000)
	<u>(50,359)</u>	<u>2,744,677</u>	<u>(3,074,063)</u>	<u>33,419</u>	<u>(346,326)</u>
Restricted fixed asset funds					
DfE group capital grants	5,009,828	8,506,946	(821,682)	-	12,695,092
Capital expenditure from GAG	-	-	(668)	(5,419)	(6,087)
	<u>5,009,828</u>	<u>8,506,946</u>	<u>(822,350)</u>	<u>(5,419)</u>	<u>12,689,005</u>
Total restricted funds	<u>4,959,469</u>	<u>11,251,623</u>	<u>(3,896,413)</u>	<u>28,000</u>	<u>12,342,679</u>
Unrestricted funds					
General funds	150	48,971	(36,920)	(10,000)	2,201
	<u>150</u>	<u>48,971</u>	<u>(36,920)</u>	<u>(10,000)</u>	<u>2,201</u>
Total funds	<u>4,959,619</u>	<u>11,300,594</u>	<u>(3,933,333)</u>	<u>18,000</u>	<u>12,344,880</u>

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	12,689,005	12,689,005
Current assets	151,712	-	-	151,712
Creditors falling due within one year	(149,511)	(339,326)	-	(488,837)
Defined benefit pension liability	-	(7,000)	-	(7,000)
Total net assets	<u>2,201</u>	<u>(346,326)</u>	<u>12,689,005</u>	<u>12,344,880</u>

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17 Analysis of net assets between funds **(Continued)**

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	Funds
	£	£	£	£
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)
Total net assets	571	(264,808)	12,714,131	12,449,894

18 Pension 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 2018.

Contributions amounting to £nil (2017: £4,134) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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.

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18 Pension and similar obligations

(Continued)

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)
- 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%

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 £128,730 (2017: £127,123).

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 an unfunded multi-employer pension scheme. The UTC trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The UTC 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.

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	2018	2017
	£	£
Employer's contributions	36,000	18,000
Employees' contributions	7,000	5,000
Total contributions	<u>43,000</u>	<u>23,000</u>

Principal actuarial assumptions	2018	2017
	%	%
Rate of increase in salaries	2.6	2.7
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	<u>2.8</u>	<u>2.5</u>

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18 Pension and similar obligations

(Continued)

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

	2018	2017
	Years	Years
Retiring today		
- Males	22.3	22.3
- Females	24.5	24.5
Retiring in 20 years		
- Males	23.9	23.9
- Females	26.5	26.5

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

	2018	2017
	£'000	£'000
Real discount rate -0.5%	17	8
Salary increase rate +0.5%	-	-
Pension increase rate +0.5%	17	8

The UTC trust's share of the assets in the scheme

	2018	2017
	Fair value	Fair value
	£	£
Equities	41,000	12,000
Bonds	22,000	10,000
Property	6,000	2,000
Other assets	1,000	-
Total market value of assets	70,000	24,000

The actual return on scheme assets was £3,000 (2017: £1,000).

Amount recognised in the Statement of Financial Activities

	2018	2017
	£	£
Current service cost	47,000	31,000
Interest income	(1,000)	-
Interest cost	2,000	-
Total operating charge	48,000	31,000

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18	Pension and similar obligations	(Continued)	
	Changes in the present value of defined benefit obligations	2018	
		£	
	At 1 September 2017	35,000	
	Current service cost	47,000	
	Interest cost	2,000	
	Employee contributions	7,000	
	Actuarial gain	(14,000)	
	At 31 August 2018	<u>77,000</u>	
	Changes in the fair value of the UTC trust's share of scheme assets	2018	
		£	
	At 1 September 2017	24,000	
	Interest income	1,000	
	Actuarial gain	2,000	
	Employer contributions	36,000	
	Employee contributions	7,000	
	At 31 August 2018	<u>70,000</u>	
19	Reconciliation of net (expenditure)/income to net cash flow from operating activities	2018	2017
		£	£
	Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(121,014)	7,488,275
	Adjusted for:		
	Capital grants from DfE/ESFA and other capital income	(433,050)	(8,073,896)
	Investment income receivable	(402)	(342)
	Defined benefit pension costs less contributions payable	11,000	13,000
	Defined benefit pension net finance cost	1,000	-
	Depreciation of tangible fixed assets	421,859	400,491
	Decrease in debtors	819,910	1,128,729
	(Decrease)/increase in creditors	(1,732,465)	588,536
	Net cash (used in)/provided by operating activities	<u>(1,033,162)</u>	<u>1,544,793</u>

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20 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. A donation of £200 (2017: £nil) was received from Bentley Motors in the year. No other transactions with related parties took place during the year. Trustees' remuneration is disclosed in note 10.

21 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.