

Registered number: 08351953 (United Kingdom)

ENGINEERING UTC NORTHERN LINCOLNSHIRE
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

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ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE UTC, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2018

Members

Brendan Conlan
Kenneth Cornforth (resigned 30 June 2018)
Malcolm Gavin (appointed 4 April 2018)
Prof. Alan Speight (resigned 22 July 2018)
Nina Stobart (appointed 15 December 2017)

Trustees

Karen Arundel (appointed 21 December 2017)
Gayle Binns (appointed 4 April 2018)
Brendan Conlan (resigned 31 May 2018)
Kenneth Cornforth (resigned 5 December 2017)
Marc Doyle
Cassie Flanagan
Richard Hannigan
Michael Heatlie (appointed 1 September 2017)
Gavin Jones (appointed 1 September 2017)
David Kemshall (appointed 10 April 2018)
Nicola Kissaglis (appointed 22 May 2018)
Catherine Lennon (appointed 1 September 2017, resigned 1 August 2018)
Mark O'Reilly (resigned 22 February 2018)
Darren Oliver
Lesley Ann Potts (appointed 1 September 2017)
David Sowden (appointed 4 April 2018)
Alan Speight (resigned 5 December 2017)
David Talbot (resigned 14 December 2017)
Graham Thornton (appointed 29 September 2017)
Anne Tyrell
Eleanore Pickard (appointed 19 September 2018)

Company registered number

08351953

Company name

Engineering UTC Northern Lincolnshire

Principal and registered office

Carlton Street, Scunthorpe, North Lincolnshire, DN15 6TA

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE UTC, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Accounting Officer

Marc Doyle

Chief Financial Officer

Lisa Moffat

Senior Leadership Team

Mr Marc Doyle, Principal
Mrs Katherine Cocker-Goring, Vice Principal
Mr Nigel Bradford, Assistant Principal
Miss Carly Boden, Business Engagement Lead

Advisers

Independent Auditors

Saffery Champness LLP, Mitre House, North Park Road, Harrogate, North Yorkshire, HG1 5RX

Bankers

HSBC, West Yorkshire Commercial Centre, HSBC House, 1 Bond Court, Leeds, West Yorkshire, LS1 2JZ

Solicitors

Wrigleys Solicitors, 19 Cookridge Street, Leeds, West Yorkshire, LS2 3AG

ENGINEERING UTC NORTHERN LINCOLNSHIRE

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 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 academy trust operates an academy for pupils aged 14 to 19 serving an area in North Lincolnshire and neighbouring communities. It has a pupil capacity of 600 and had a roll of 135 in the school census on 4 October 2018.

Structure, governance and management

a. CONSTITUTION

The UTC is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Engineering UTC Northern Lincolnshire are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Engineering UTC Northern Lincolnshire (formerly known as Humber UTC Ltd; the name was changed by written resolution with effect from 31 January 2018).

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. MEMBERS' LIABILITY

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

TRUSTEES INDEMNITY

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the UTC is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. It is the Members of the Company who appoint and release Trustees from the Board and there must be an agreement of not less than 75% of the Members for a resolution to be binding.

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

All Trustees are provided with copies of procedures, minutes, accounts, budgets plans and other documents that they will need to undertake their role as trustees and governors.

All Trustees are supported with training programmes provided by North Lincolnshire Council.

e. ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Teaching staff remuneration policy is in line with the School Teachers' Pay and Conditions Guidelines 2017. Any performance uplifts would be directed through line management and presented to the Board for approval. Similarly, non-teaching staffs' remuneration falls within the National Joint Council Guidelines.

ENGINEERING UTC NORTHERN LINCOLNSHIRE

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

f. ORGANISATIONAL STRUCTURE

The UTC opened its doors to students in September 2015. A governance structure has been determined, which includes 5 members and a maximum of 16 members of the board of Trustees. There are 2 positions for Parent Trustees and 2 for staff Trustees.

The senior leadership team comprises the Principal, Vice Principal, Assistant Principal and Business Engagement Lead.

The Trustees are responsible for setting policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the UTC, capital expenditure and senior staff appointments.

The UTC Principal is also the Accounting Officer.

The UTC Finance Officer is the designated Chief Financial Officer.

g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Engineering UTC Northern Lincolnshire is proud to have developed a significant number of partners who are closely involved in the development and future delivery of the curriculum. Building connections with industry will ensure local young people have the skills, knowledge and attitude that companies in Humberside are looking for.

The partners of the UTC are: Cristal, Phillips 66, Singleton Birch, Jacobs, ABP Ports, University of Hull, ECITB, North Lincolnshire Council, Centrica Storage, British Steel, Airco and Pepperell's Solicitors

ECITB gave a donation of £200 in the year for a competition

Cristal donated £1,000 to support the rebranding of the UTC.

North Lindsey College paid £61,473 for hire of premises and associated costs.

North Lincolnshire Council charged £75,485 during the year for business rates, clerking services, catering contract, training services and compliance support

Other partners give time resources to support learning for the young people of the academy. They do not give any financial support or donations.

ENGINEERING UTC NORTHERN LINCOLNSHIRE

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and Activities

a. OBJECTS AND AIMS

The Engineering UTC Northern Lincolnshire has a clear vision to be the centre of excellence for Engineering. There is a need for skilled young people in the Humber region to support the growing industry. Major employers and leading education providers will equip Engineering UTC Northern Lincolnshire students with the skills, knowledge and experience they need to progress into employment or further study.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the Academy during the period ended 31 August 2018 are summarised below:

- To recruit sufficient student numbers to ensure the viability of the UTC
- To engage with employers within the region to secure support for the Board and project work and outcomes for the students
- To maintain the academic results at the highest possible level
- To ensure the learning takes place in a safe, positive, supportive and encouraging environment
- To conduct the UTC's business in accordance with the highest standards of integrity, probity and openness
- To provide value for money of funds expended

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

- A full time recruitment team has been recruited to support high quality engagement with the many potential partners and to support student recruitment. Employers and Board members will be invited to support the marketing activity. The Board is engaging a Marketing/PR company, Engaging Education, to support this activity
- Employer engagement is seen as a critical activity for a UTC. The engagement strategy is led by the Employer Engagement and Curriculum Committee along with support from the wider Board Members.
- Education standards, processes and procedures have been supported by Rodillian Multi-Academy Trust. The Principal, staff and Board will continue to implement and deliver the standards including a new Positive Discipline system. This includes maintaining the learning environment in a positive and supporting manner
- The Committees, overseen by the Board of Trustees, will ensure that business is conducted to the highest standards through implementation and monitoring of governance
- All purchases are authorised through the Principal in order to ensure cost control and value for money. There is preferred supplier list in place

d. PUBLIC BENEFIT

In exercising its powers and duties the Academy has complied with its duty to have due regard to the Charity Commission's guidance on public benefit. The main public benefit delivered by the Academy is the free provision of education to its students.

ENGINEERING UTC NORTHERN LINCOLSHIRE

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

Achievements and performance

a. REVIEW OF ACTIVITIES

The UTC successfully opened in September 2015, with the building works being completed on time. Policies and procedures of the organisation have been set up and further events organised for the UTC.

The ESFA undertook a visit to the UTC in June 2017. The report was very positive, but was clear about the vulnerability of student recruitment.

A new Principal was appointed in 2017 and an Ofsted in February 2018 deemed the school to be Good in all areas of inspection.

A number of employer projects have been run for the students. The engagement of the employers is critical to the UTC and, through the Employer Engagement and Curriculum group and through the opening up of the building on a more regular basis for events and activities, will continue to increase for the next academic year.

At the end of the academic year there were 108 students at the UTC. Punctuality and behaviour are excellent, which indicate good engagement from the students.

b. INVESTMENT POLICY AND PERFORMANCE

The UTC aims to manage its cash balances to provide for the day to day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances.

The general policy is to invest any surplus funds prudently. The investment priorities are:

- Security of the invested capital
- Liquidity of the invested capital
- And commensurate with security and liquidity, an optimal return on those investments.

c. FINANCIAL REVIEW

This has been the third year of operating for the UTC and the yearend accounts for FY2017/18 show a deficit of £598,412 in the year and an underlying deficit (before fixed assets and pension fund adjustments) of £246,197.

Pupil numbers have been below plan, which has resulted in a clawback of the GAG funding during the 2018/19 FY. The latest budget position moving forward shows a £147k deficit for FY18/19 and a £33k deficit for 19/20 based on planned recruitment forecasts. Through this difficult period there will be a policy of tight cost control to support the financial position.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

d. GOING CONCERN

Low student recruitment during the academic year has impacted the budget and created a deficit in-year. The Finance and Audit Committee and the full Board have discussed the budget situation and have put in place a strategy to turn around the deficit that will include maintaining the cost control in place, producing a marketing strategy to increase student recruitment and looking to rent space currently not being utilised.

As identified in the financial review above there is a planned budget deficit for the next 2 financial years. This deficit will be mitigated through a strong marketing strategy coupled with a robust Business Plan endorsed by the Board. The financial position that the UTC is anticipating for the next 2 years is not unusual for UTCs after their first few years of operation and with the potential introduction of a Year 9 cohort in 2019, there is a strong belief that the recruitment will continue to grow. There is not a strong track record to attract pupils, but the costs increase in terms of staff capitation. The UTC has recognised that recruitment is difficult and is working to mitigate it through increased employer engagement activity. The Board has identified that industry engagement is critical to the success of the UTC and has set up an Engagement and Curriculum committee to lead this work. It is envisaged that improved industry engagement will improve recruitment. Coupled with the recruitment and industry engagement campaigns, the management will also maintain the tight cost control measures that are already in place.

Notwithstanding the in-year deficit recorded and the subsequent reduction in free reserves, the financial statements continue to be prepared on a going concern basis.

During the year the Board and Management have taken positive steps to:

- *Improve pupil intake through a series of open events and enhanced social media presence*
- *Improve marketing through the engagement of two marketing companies and the appointment of a marketing officer*
- *Work with local businesses and the University to enhance the curriculum offer and highlight career paths for potential students*

All of which mean that the UTC has and will continue to develop in terms of its ability to deliver enhanced educational opportunities for its students. This will in turn ensure that the UTC can continue to develop financially and become more sustainable moving forward.

Nevertheless, the Board acknowledges the financial challenges of operating a growing UTC from a standing start in a challenging financial environment. Having developed detailed forecasts and cashflows for the coming 4 years the Board is confident that the UTC is financially sustainable, but they also acknowledge that this is also dependent on:-

- *Continued increase in pupil numbers, including the newly approved year 9 cohort*
- *The support of the ESFA in helping the UTC manage short term cash flow issues through cash advances*
- *The hiring out of unused space to other educational establishments for which discussions are ongoing*
- *The advance of the pupil number adjustment for the additional pupils recruited to support the UTC's cash flow*

Without the successful resolution of some/all of the above the Board also acknowledges the possibility that the UTC could operate at a deficit in the short-medium term and that cash management will be difficult.

The Board and Management are in ongoing discussion with the Department for Education and the ESFA to ensure that the above areas, and other opportunities for the future development of the UTC, are successfully negotiated.

HUMBER UTC LIMITED
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Board are confident that the UTC's progression over the last two years, its validation by Ofsted as a 'good' and the opportunities that exist for the future will mean that the above risks are managed appropriately and that the positive financial outcome can be achieved.

For these reasons the Board continues to adopt the going concern basis of preparation in these financial statements.

e. PRINCIPAL RISKS AND UNCERTAINTIES

The major risks to which the UTC trust is exposed, as identified by the trustees, have been reviewed and procedures have been established to manage those risks. The risks identified are:-

- Insufficient student numbers to ensure the viability of the UTC;
- Insufficient cash to pay creditors and payroll costs; and
- Insufficient funds put aside for replacement of fixed assets.

Trustees feel that they have put steps in place to mitigate against these factors. The risks are reviewed on a regular basis.

FUNDRAISING

f. RESERVES POLICY

The trustees review the reserve levels of the UTC annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. At the year end the UTC held £6,838,422 of total reserves, made up of fixed asset reserves of £6,843,829, unrestricted reserves of £156,871 and restricted reserves of deficit £152,278. Reserves are held to ensure that the UTC has sufficient resources to continue to advance the education of pupils, including incurring the necessary capital expenditure. The trustees would like to maintain reserves of restricted and unrestricted funds (not including fixed assets and pension reserve) of the equivalent of 2 months staffing costs for the UTC.

The Trust held £156,871 of unrestricted reserves and deficit £162,278 of restricted reserves at 31 August 2018 and £6,843,829 of fixed asset reserves. Total income for this reporting period is £1,204,332. The money held by the UTC is first and foremost for the benefit of the students and all decisions taken are done so with this in mind. The majority of the capital income has already been spent on capital items, mainly IT equipment and other equipment for the UTC.

g. FUTURE DEVELOPMENTS

The UTC will continue to improve employer engagement at Board level and within the curriculum. The Board and staff will work to continue to raise the profile of the UTC to support the recruitment process and the Board will be reorganised and refocused to support the Principal and staff in terms of strategic direction and governance.

The UTC will continue to prioritise student recruitment, industry engagement and governance. The Employer Engagement group will focus on new sponsor organisations and developing the support provided by employers to the curriculum through projects. There will also be discussions with the Hull, Scunthorpe and possibly Lincoln UTCs about closer relationships and the possibility of sharing of resources.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

Saffery Champness LLP have expressed their willingness to continue in office as auditors to the company.

This report, incorporating a strategic report, was approved by order of the board of trustees as the company directors, on 17/12/18 and signed on its behalf by:


.....
Graham Thornton
Chair of Trustees

ENGINEERING UTC NORTHERN LINCOLNSHIRE

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to Marc Doyle, 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 Engineering UTC Northern Lincolnshire Limited and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows (including attendance of sub-committees):

Trustee	Meetings attended	Out of a possible
Karen Arundel	2	4
Gayle Binns	1	1
Brendan Conlan	0	6
Marc Doyle	6	6
Cassie Flannagan	3	6
Sally Ann Garrard-Hughes	1	1
Cllr Richard Hannigan	5	6
Michael Heatlie	5	6
Gavin Jones	4	6
David Kernshall	2	2
Nicola Kissagliss	1	1
Cath Lennon	2	6
Darren Oliver	0	6
Mark O'Reilly	1	2
Lesley Potts	0	6
David Sowden	1	2
Professor Alan Speight	2	2
Graham Thornton (Chair of Trustees)	5	6
Anne Tyrell	3	6

SUB COMMITTEES

Finance Risk and Audit

Marc Doyle	4	4
Michael Heatlie	1	4
Cath Lennon	2	4
Darren Oliver	1	4
Professor Alan Speight	1	4

ENGINEERING UTC NORTHERN LINCOLNSHIRE

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GOVERNANCE STATEMENT

A review of the governance of the UTC has recently been undertaken by the Board. This has been led by the Chair of the Board and supported by the Chairs of the sub-committees and staff from the University of Hull. The review has confirmed the size and structure of the Board and has updated discrepancies on the Companies House submission.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, Marc Doyle has responsibility for ensuring that the UTC 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's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the UTC has delivered improved value for money during the year by:

- arranging to lease part of the building that is currently unused to North Lindsay College for HE provision
- maintaining tight cost control measures in place while turnover is low due to low student recruitment
- engaging new partners, including Rodillian Multi-Academy Trust for a number of back office services.

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 ongoing process designed to identify and prioritise the risks to the achievement of UTC 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 Engineering UTC Northern Lincolnshire for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the UTC is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the significant risks that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

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GOVERNANCE STATEMENT

The board of trustees has considered the need for a specific internal audit function and has enlisted an auditor. All policies were signed off by the Board prior to opening and processes and procedures have been reviewed by the Principal, Business Manager and the Audit committee. This work has been on hold due to the reorganisation of the governance structure that included the formation of a combined Finance and Audit Committee. The results of checks are reported to the main Board through the Finance and Audit Committee.

REVIEW OF EFFECTIVENESS

As Accounting Officer, Marc Doyle 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 auditors;
- the work of the internal auditors;
- the work of the executive managers within the UTC who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members on 17/12/18 and signed on their behalf, by:


.....
Graham Thornton
Chair of Trustees


.....
Marc Doyle
Accounting Officer

ENGINEERING UTC NORTHERN LINCOLNSHIRE

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of the Engineering UTC Northern Lincolnshire I have considered my responsibility to notify academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and noncompliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy 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 academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material noncompliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



.....
Marc Doyle
Accounting Officer

Date: 17/12/18

ENGINEERING UTC NORTHERN LINCOLNSHIRE

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STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 17/12/18 and signed on its behalf by:



.....
Graham Thornton
Chair of Trustees

ENGINEERING UTC NORTHERN LINCOLNSHIRE

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ENGINEERING UTC NORTHERN LINCOLNSHIRE

OPINION

We have audited the financial statements of Engineering UTC Northern Lincolnshire for the year ended 31 August 2018 which comprise Statement of Financial Activities, Balance Sheet and notes to the financial statements, 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).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- 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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.5 going concern. These disclosures state that the Trustees of the UTC are aware that there are significant risks and uncertainties in relation to the financial forecasts and future cash position of the UTC and of the dependency of the successful outcome of ongoing discussions with the ESFA around future funding and its support of the UTCs future strategy. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ENGINEERING UTC NORTHERN LINCOLNSHIRE

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement set out on page 14, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
ENGINEERING UTC NORTHERN LINCOLNSHIRE**

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 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Davis
Senior Statutory Auditor
For and on behalf of:

Saffery Champness LLP
Chartered Accountants
Statutory Auditors

Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

Date: 18/12/18

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ENGINEERING UTC NORTHERN LINCOLNSHIRE LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 6 September 2018 and further to the requirements of the Education and 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 Engineering UTC Northern Lincolnshire Limited during the year 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 Engineering UTC Northern Lincolnshire Limited and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Engineering UTC Northern Lincolnshire Limited and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Engineering UTC Northern Lincolnshire Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF ENGINEERING UTC NORTHERN LINCOLNSHIRE LIMITED'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS

The accounting officer is responsible, under the requirements of Engineering UTC Northern Lincolnshire Limited's funding agreement with the Secretary of State for Education dated 1 August 2014, 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 year 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 the 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's income and expenditure.

The work undertaken to draw to our conclusions includes:

- Risk based sample testing on income and expenditure.
- Review of the systems and internal controls in place.
- Making appropriate enquiries of the Accounting Officer.

HUMBER UTC LIMITED
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HUMBER UTC LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

CONCLUSION

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Jonathan Davis (Senior statutory auditor)

for and on behalf of

Saffery Champness LLP

Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

18/12/18

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME AND ENDOWMENTS FROM:						
Donations and capital grants	3	4,190	-	75,734	79,924	10,835
Assets transferred from local authority	3	-	-	-	-	6,910,268
Charitable activities: Funding for the Academy's educational operations	4	9,858	1,052,870	-	1,062,728	1,358,631
Other trading	5	61,680	-	-	61,680	61,197
TOTAL INCOME		75,728	1,052,870	75,734	1,204,332	8,340,931
EXPENDITURE ON:						
Charitable activities: Academy Trust educational operations	6	9,476	1,409,319	383,949	1,802,744	1,621,034
TOTAL EXPENDITURE		9,476	1,409,319	383,949	1,802,744	1,621,034
NET INCOME/(EXPENDITURE)		66,252	(356,449)	(308,215)	(598,412)	6,719,897
Actuarial gain on defined benefit pension schemes	19	-	41,000	-	41,000	7,000
NET MOVEMENT IN FUNDS		66,252	(315,449)	(308,215)	(557,412)	6,726,897
RECONCILIATION OF FUNDS:						
Total funds brought forward		90,619	153,171	7,152,044	7,395,834	668,937
TOTAL FUNDS CARRIED FORWARD		156,871	(162,278)	6,843,829	6,838,422	7,395,834

The notes on pages 24 to 47 form part of these financial statements.

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

**BALANCE SHEET
AS AT 31 AUGUST 2018**

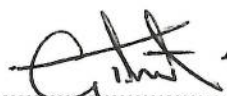
	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Intangible assets	10		59,692		119,329
Tangible assets	11		<u>6,735,482</u>		<u>6,953,506</u>
			6,795,174		7,072,835
CURRENT ASSETS					
Debtors	12	122,079		134,975	
Cash at bank and in hand		<u>294,635</u>		<u>712,604</u>	
		416,714		847,579	
CREDITORS: amounts falling due within one year	13	<u>(324,466)</u>		<u>(478,580)</u>	
NET CURRENT ASSETS			<u>92,248</u>		<u>368,999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,887,422		7,441,834
Defined benefit pension scheme liability	19		<u>(49,000)</u>		<u>(46,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>6,838,422</u>		<u>7,395,834</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	14	(113,278)		199,171	
Restricted fixed asset funds	14	<u>6,843,829</u>		<u>7,152,044</u>	
Restricted income funds excluding pension liability		6,730,551		7,351,215	
Pension reserve		<u>(49,000)</u>		<u>(46,000)</u>	
Total restricted income funds			6,681,551		7,305,215
Unrestricted income funds	14		<u>156,871</u>		<u>90,619</u>
TOTAL FUNDS			<u>6,838,422</u>		<u>7,395,834</u>

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements were approved by the Trustees, and authorised for issue, on 17/12/18 and are signed on their behalf, by:



.....
Graham Thornton
Chair of Trustees

The notes on pages 24 to 42 form part of these financial statements.

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	17	<u>(387,414)</u>	<u>261,182</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(106,289)	(4,235)
Capital grants from DfE/ESFA		<u>75,734</u>	<u>5,890</u>
Net cash (used in)/ provided by investing activities		<u>(30,555)</u>	<u>(1,655)</u>
Change in cash and cash equivalents in the year		(417,969)	262,837
Cash and cash equivalents brought forward		<u>712,604</u>	<u>449,767</u>
Cash and cash equivalents carried forward	18	<u>294,635</u>	<u>712,604</u>

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

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 of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Engineering UTC Northern Lincolnshire Limited meets the definition of a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

1.3 Income

All income is recognised once the UTC has entitlement to the income, it is probable that the income will be received and the amount of income receivable 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. 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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

Sponsorship Income

Sponsorship income provided to the UTC which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other Income

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

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 allocated on the portion of the asset's use.

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

Low student recruitment during the academic year has impacted the budget and created a deficit in-year. The Finance and Audit Committee and the full Board have discussed the budget situation and have put in place a strategy to turn around the deficit that will include maintaining the cost control in place, enhancing the marketing strategy to increase student recruitment and renting space currently not being utilised.

As identified in the Trustees' report, there is a planned budget deficit for the next 2 financial years. This deficit will be mitigated through a strong Marketing Strategy coupled with a robust Business Plan endorsed by the Board. The financial position that the UTC is anticipating for the next 2 years is not unusual for UTCs in their early years of operation. The UTC is slowly building a track record to attract pupils, but the costs are high in terms of staff capitalisation. The UTC has recognised that recruitment is difficult and is working to mitigate it through increased employer engagement activity. The Board has identified that industry engagement is critical to the success of the UTC and has set up an Engagement

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

and Curriculum committee to lead this work. It is envisaged that improved industry engagement will improve recruitment. Coupled with the recruitment and industry engagement campaigns, the management will also maintain the tight cost control measures that are already in place.

Nevertheless, the Board acknowledges the financial challenges of operating a growing UTC from a standing start in a challenging financial environment. Having developed detailed forecasts and cashflows for the coming 4 years the Board is confident that the UTC is financially sustainable, but they also acknowledge that this is also dependent on:-

- *Continued increase in pupil numbers, including the newly approved year 9 cohort*
- *The support of the ESFA in helping the UTC manage short term cash flow issues through cash advances*
- *The hiring out of unused space to other educational establishments for which discussions are ongoing*
- *The advance of the pupil number adjustment for the additional pupils recruited to support the UTC's cash flow*
-

Without the successful resolution of some/all of the above the Board also acknowledges the possibility that the UTC could operate at a deficit in the short-medium term and that cash management will be difficult.

The Board and Management are in ongoing discussion with the Department for Education and the ESFA to ensure that the above areas, and other opportunities for the future development of the UTC, are successfully negotiated.

The Board are confident that the UTC's progression over the last two years, its validation by Ofsted as a 'good' and the opportunities that exist for the future will mean that the above risks are managed appropriately and that the positive financial outcome can be achieved.

For these reasons the Board continues to adopt the going concern basis of preparation in these financial statements.

1.6 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

Amortisation is provided at the following rates:

Computer Software	-	25% - over 4 years
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1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Assets that are bought in bulk, particularly computers, tablets and their accessories, where individually they cost less than £1,000, are also capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the

ENGINEERING UTC NORTHERN LINCOLNSHIRE

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 incorporating income and expenditure account.

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

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold land	-	125 years – over life of the lease
Long leasehold buildings	-	2% - over 50 years
Fixtures and fittings	-	10% - over 10 years
Office equipment	-	10% - over 10 years
Specialist equipment	-	10% - over 10 years
Computer equipment	-	25% - over 4 years

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the UTC; this is normally upon notification of the interest paid or payable by the Bank.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

Liabilities and provisions 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 anticipates it will pay to settle the debt or the amount it has received as advanced

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

1.13 Taxation

The UTC 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 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.

1.14 Pensions

Retirement benefits to employees of the UTC are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the UTC 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 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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 incorporating income and expenditure account 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

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs but this is not recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 23.

1.16 Critical accounting estimates and areas of judgement

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

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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.

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State, the academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	4,190	-	-	4,190	4,945
Assets transferred from local authority	-	-	-	-	6,910,268
Capital Grants	-	-	75,734	75,734	5,890
Total donations and capital grants	<u>4,190</u>	<u>-</u>	<u>75,734</u>	<u>79,924</u>	<u>6,921,103</u>

In 2017, of the total income from donations and capital grants, £4,945 was to unrestricted funds.

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	690,004	690,004	902,932
Start-up Grants	-	92,159	92,159	219,186
Other DfE/ESFA Grants	-	270,707	270,707	232,080
	<u>-</u>	<u>1,052,870</u>	<u>1,052,870</u>	<u>1,354,198</u>
Other funding				
Other Income	9,858	-	9,858	4,433
	<u>9,858</u>	<u>-</u>	<u>9,858</u>	<u>4,433</u>
	<u>9,858</u>	<u>1,052,870</u>	<u>1,062,728</u>	<u>1,358,631</u>

In 2017, of the total income from educational operations, £1,354,198 was to restricted funds and £4,433 was to unrestricted funds.

ENGINEERING UTC NORTHERN LINCOLNSHIRE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	61,680	-	-	61,680	61,197
	<u>61,680</u>	<u>-</u>	<u>-</u>	<u>61,680</u>	<u>61,197</u>

In 2017 the total income from trading activities of £61,197 was to unrestricted funds.

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational Operations:					
Direct costs	812,092	222,855	135,151	1,170,098	1,044,703
Support costs	<u>196,352</u>	<u>181,260</u>	<u>255,034</u>	<u>632,646</u>	<u>576,331</u>
	<u>1,008,444</u>	<u>404,115</u>	<u>390,185</u>	<u>1,802,744</u>	<u>1,621,034</u>

In 2018, of the total expenditure, £9,476 (2017 - £23,226) was to unrestricted funds, £1,409,319 (2017 - £1,359,721) was to restricted funds and £383,949 (2017 - £238,087) was to restricted fixed asset funds.

Net expenditure for the period includes:

	2018 £	2017 £
Depreciation and amortisation of fixed assets:		
- owned by the charity	342,512	238,087
Auditors' remuneration - audit	<u>8,800</u>	<u>8,800</u>

7. SUPPORT COSTS

	Total 2018 £	Total 2017 £
Support staff costs	196,352	154,866
Technology costs	16,488	20,882
Premises costs	181,260	156,682
Other support costs	218,029	218,278
Governance costs	20,517	25,623
	<u>632,646</u>	<u>576,331</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

8. STAFF COSTS

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	808,069	701,263
Social security costs	66,354	56,481
Operating costs of defined benefit pension schemes	134,021	114,835
	<u>1,008,444</u>	<u>872,579</u>

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

	2018 No.	2017 No.
Teachers	8	8
Administration and support	9	8
Management	4	3
	<u>21</u>	<u>19</u>

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

	2018 No.	2017 No.
In the band £90,001 - £100,000	1	0

Key Management Personnel

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

In the 2017/18 financial year only the principal was remunerated whilst serving as a trustee and being considered as a key manager. The total amount of employee benefits (including employer pension contributions) received by the 4 key management personnel as noted at the beginning of the report for their service to the UTC was £304,354 (2017: £105,879)

Other Trustees

Other than the Principal no trustees of the UTC were remunerated or paid expenses during the financial year.

The value of trustees' remuneration and benefits is as follows: -

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M Doyle (principal and trustee):

Remuneration £90,000 to £100,000 (2017 £30,000 to £40,000 part-year)

Pension £0 (2017 £0)

9. TRUSTEES' AND OFFICERS' INSURANCE

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

10. INTANGIBLE FIXED ASSETS

	Computer Software £
Cost	
At 1 September 2017 & 31 August 2018	238,549
Amortisation	
At 1 September 2017	119,220
Charge for the year	<u>59,637</u>
At 31 August 2018	<u>178,857</u>
Carrying amount	
At 31 August 2018	<u><u>59,692</u></u>
At 31 August 2017	<u><u>119,329</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

11. TANGIBLE FIXED ASSETS

	Leasehold Land and Buildings £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2017	5,935,000	1,029,109	228,881	7,192,990
Additions	4,333	68,363	33,593	106,289
Disposals	-	-	(59,197)	(59,197)
At 31 August 2018	<u>5,939,333</u>	<u>1,097,472</u>	<u>203,277</u>	<u>7,240,082</u>
Depreciation				
At 1 September 2017	58,900	67,108	113,476	239,484
Charge for the year	117,822	105,033	60,020	282,875
Eliminated on disposal	-	-	(17,759)	(17,759)
At 31 August 2018	<u>176,722</u>	<u>172,141</u>	<u>155,737</u>	<u>504,600</u>
Net book value				
At 31 August 2018	<u>5,762,611</u>	<u>925,331</u>	<u>47,540</u>	<u>6,735,482</u>
At 31 August 2017	<u>5,876,100</u>	<u>962,001</u>	<u>115,405</u>	<u>6,953,506</u>

12. DEBTORS

	2018 £	2017 £
Trade debtors	2,183	56,000
VAT recoverable	72,147	29,699
Prepayments and accrued income	47,749	49,276
	<u>122,079</u>	<u>134,975</u>

13. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	60,438	21,748
Accruals and deferred income	46,083	54,361
GAG abatement	175,253	394,656
Salary creditors	28,835	7,815
DfE Grant VAT repayable	13,857	-
	<u>324,466</u>	<u>478,580</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

Deferred income	2018 £	2017 £
Deferred income at 1 September 2017	22,471	-
Released from previous year	(22,471)	-
Resources deferred in the year	19,700	22,471
Deferred income at 31 August 2017	<u>19,700</u>	<u>22,471</u>

14. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
Unrestricted Reserve	<u>90,619</u>	<u>75,728</u>	<u>(9,476)</u>	<u>-</u>	<u>156,871</u>
Restricted funds					
General Annual Grant (GAG)	199,171	690,004	(1,002,453)	-	(113,278)
Start Up Grant	-	92,159	(92,159)	-	-
Pupil Premium	-	26,566	(26,566)	-	-
Other grants	-	244,141	(244,141)	-	-
Pension reserve	(46,000)		(44,000)	41,000	(49,000)
	<u>153,171</u>	<u>1,052,870</u>	<u>(1,409,319)</u>	<u>41,000</u>	<u>(162,278)</u>
Restricted fixed asset funds					
Capital funding/donated assets	<u>7,152,044</u>	<u>75,734</u>	<u>(383,949)</u>	<u>-</u>	<u>6,843,829</u>
Total restricted funds	<u>7,305,215</u>	<u>1,128,604</u>	<u>(1,793,268)</u>	<u>41,000</u>	<u>6,681,551</u>
Total of funds	<u>7,395,834</u>	<u>1,204,332</u>	<u>(1,802,744)</u>	<u>41,000</u>	<u>6,838,422</u>

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

Restricted funds are comprised of income from the DfE/ESFA and from the Local Authority. These funds are used for the normal running costs of the UTC.

Unrestricted funds are comprised of donations from private companies and are also used for the normal running costs of the UTC.

Restricted fixed asset funds are comprised of income from the DfE/ESFA and are used to purchase fixed assets for the continued operations and use of the UTC.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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

	Brought Forward £	Income £	Expenditure £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
Unrestricted Reserve	<u>43,270</u>	<u>70,575</u>	<u>(23,226)</u>	<u>-</u>	<u>90,619</u>
Restricted funds					
General Annual Grant (GAG)	33,491	902,932	(737,252)	-	199,171
Start Up Grant	140,203	219,186	(359,389)	-	-
Pupil Premium	-	32,080	(32,080)	-	-
Other grants	-	200,000	(200,000)	-	-
Pension reserve	(22,000)	-	(31,000)	7,000	(46,000)
	<u>151,694</u>	<u>1,354,198</u>	<u>(1,359,721)</u>	<u>7,000</u>	<u>153,171</u>
Restricted fixed asset funds					
Capital funding/donated assets	<u>473,973</u>	<u>6,916,158</u>	<u>(238,087)</u>	<u>-</u>	<u>7,152,044</u>
Total restricted funds	<u>625,667</u>	<u>8,270,356</u>	<u>(1,597,808)</u>	<u>7,000</u>	<u>7,305,215</u>
Total of funds	<u>668,937</u>	<u>8,340,931</u>	<u>(1,621,034)</u>	<u>7,000</u>	<u>7,935,834</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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

	Brought Forward	Income	Expenditure	Gains/ (Losses)	Carried Forward
	£	£	£	£	£
Unrestricted funds					
Unrestricted Reserve	<u>43,270</u>	<u>146,303</u>	<u>(32,702)</u>	<u>-</u>	<u>156,871</u>
Restricted funds					
General Annual Grant (GAG)	33,491	1,592,936	(1,739,705)	-	(113,278)
Start Up Grant	140,203	311,345	(451,548)	-	-
Pupil Premium	-	58,646	(58,646)	-	-
Other grants	-	444,141	(444,141)	-	-
Pension reserve	(22,000)	-	(75,000)	48,000	(49,000)
	<u>151,694</u>	<u>2,407,068</u>	<u>(2,769,040)</u>	<u>48,000</u>	<u>(162,278)</u>
Restricted fixed asset funds					
Capital funding/donated assets	<u>473,973</u>	<u>6,991,892</u>	<u>(622,036)</u>	<u>-</u>	<u>6,843,829</u>
Total restricted funds	<u>625,667</u>	<u>9,398,960</u>	<u>(3,391,076)</u>	<u>48,000</u>	<u>6,681,551</u>
Total of funds	<u>668,937</u>	<u>9,545,263</u>	<u>(3,423,778)</u>	<u>48,000</u>	<u>6,838,422</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Intangible fixed assets	-	-	59,692	59,692	119,329
Tangible fixed assets	-	-	6,735,482	6,735,482	6,953,506
Current assets	156,871	211,188	48,655	416,714	847,579
Creditors due within one year	-	(324,466)	-	(324,466)	(478,580)
Provisions for liabilities and Charges	-	(49,000)	-	(49,000)	(46,000)
	<u>156,871</u>	<u>(162,278)</u>	<u>6,843,829</u>	<u>6,838,422</u>	<u>7,395,834</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Intangible fixed assets	-	-	119,329	119,329	178,966
Tangible fixed assets	-	-	6,953,506	6,953,506	217,453
Current assets	90,619	677,751	79,209	847,579	532,510
Creditors due within one year	-	(478,580)	-	(478,580)	(237,992)
Provisions for liabilities and Charges	-	(46,000)	-	(46,000)	(22,000)
	<u>90,619</u>	<u>(153,171)</u>	<u>7,152,044</u>	<u>7,395,834</u>	<u>668,937</u>

16. COMMITMENTS UNDER OPERATING LEASES

	2018 £	2017 £
Amounts due within one year	446	446
Amounts due between one and five years	891	1,337
	<u>1,337</u>	<u>1,783</u>

**17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2018 £	2017 £
Net income/(expenditure) for the year (as per statement of Financial activities)	(598,412)	6,719,897
Adjustment for:		
Depreciation charges	282,875	178,450
Loss on disposal of fixed assets	41,438	-
Fixed assets transferred on conversion	-	(6,910,268)
decrease/(Increase) in debtors	12,896	(52,233)
(decrease)/ Increase in creditors	(154,114)	240,589
Capital grants from DfE and other capital income	(75,734)	(5,890)
Defined benefit pension scheme cost less contributions payable	44,000	31,000
Amortisation Charges	<u>59,637</u>	<u>59,637</u>
Net cash provided by operating activities	<u>(387,414)</u>	<u>261,182</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	<u>294,635</u>	<u>712,604</u>
Total	<u><u>294,635</u></u>	<u><u>712,604</u></u>

19. PENSION COMMITMENTS AND SIMILAR OBLIGATIONS

The UTC's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Riding Pension Fund. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

19. PENSION COMMITMENTS AND SIMILAR OBLIGATIONS (continued)

- 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 16.48%. 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 TPS in the period amounted to £56,799 (2017 - £52,826).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £46,000 (2017 - £40,000), of which employer's contributions totalled £35,000 (2017 - £31,000) and employees' contributions totalled £11,000 (2017 - £9,000). The agreed contribution rates for future years are 15.3% for employers and between 5.5% and 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.

East Ridings Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80%	2.50%
Expected return on scheme assets at 31 August	6.8%	12.20%
Rate of increase in salaries	2.50%	2.60%
Rate of increase for pensions in payment / inflation	2.30%	2.40%
Inflation assumption (CPI)	2.30%	2.40%
Commutation of pensions to lump sums	80.00%	80.00%

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

19. PENSION COMMITMENTS 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
Retiring today		
Males	21.7	21.7
Females	24.2	24.2
Retiring in 20 years		
Males	23.7	23.7
Females	26.4	26.4

Sensitivity analysis:

	2018 £'000	2017 £'000
Discount rate -0.5%	45	32
CPI rate +0.5%	45	-

The UTC's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	107,820	67,450
Bonds	19,370	12,350
Property	17,880	10,450
Cash	4,470	4,750
Total market value of assets	<u>149,000</u>	<u>95,000</u>

The actual return on scheme assets was £5,000 (2017 - £2,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost (net of employee contributions)	<u>(77,000)</u>	<u>(61,000)</u>
Actual return on scheme assets	<u>5,000</u>	<u>2,000</u>

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FOR THE YEAR ENDED 31 AUGUST 2018**

19. PENSION COMMITMENTS AND SIMILAR OBLIGATIONS (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2018	2017
	£	£
Opening defined benefit obligation	141,000	58,000
Current service cost	77,000	61,000
Interest cost	5,000	2,000
Contributions by employees	11,000	9,000
Actuarial (gains)/ losses	(36,000)	11,000
	<hr/>	<hr/>
Closing defined benefit obligation	198,000	141,000

Movements in the fair value of the UTC's share of scheme assets:

	2018	2017
	£	£
Opening fair value of scheme assets	95,000	36,000
Return on plan assets (excluding net interest on the net defined Pension liability)	3,000	1,000
Actuarial gains	5,000	18,000
Contributions by employer	35,000	31,000
Contributions by employees	11,000	9,000
	<hr/>	<hr/>
Closing fair value of scheme assets	149,000	95,000

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/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

HUMBER UTC LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
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21. RELATED PARTY TRANSACTIONS

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

Engineering UTC Northern Lincolnshire is proud to have developed a significant number of partners who are closely involved in the development and future delivery of the curriculum. Building connections with industry will ensure local young people have the skills, knowledge and attitude that companies in North Lincolnshire are looking for.

North Lindsey College as a member of the board and advisor regarding post 16 technical Education matters. Charges of £61,473 have been made in the year for room hire.

£61,473 has been received from North Lindsey College.

Donations of £400 and £2,000 were also received from ECITB and the University of Hull respectively. A £1000 donation was received from Cristal, for the rebranding costs of the UTC.

Payments totalling £75,485 were made to North Lincolnshire Council for business rates and other services.

A table summarising related party transactions from the last two years appears below.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. RELATED PARTY TRANSACTIONS (continued)

	2018 £	2017 £
University of Hull - donations	(2,000)	(13,120)
North Lindsey College - educational support costs	-	500
North Lindsey College – hire of premises and donations	(61,473)	(60,250)
Outwood Grange Academies Trust - various support costs	-	234,892
Outwood Grange Academies Trust – training income	-	(1,197)
Principal, A Downing - salary & pension	-	65,095
Clugston - donation	-	(5,000)
DONG Energy Wind Power - donation	-	(5,000)
ECITB – STEM project donation	(400)	-
Cristal – Rebranding donation	(1,000)	-
Jotun Paints - donation	-	(3,000)
Online Design & Engineering Ltd	-	(200)
HCF Catch – donation	-	(1,229)

22. POST BALANCE SHEET EVENTS

No post balance sheet events to report.

23. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £3,326 and disbursed £10,932 from the fund, including £7,606 from the previous year.