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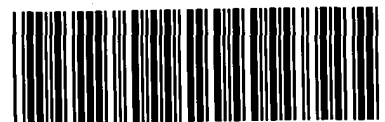
The Watford UTC

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2023

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The Watford UTC

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The Watford UTC

Reference and administrative details

Members	UH Holdings Limited Ralph Trustees Ltd Margaret Chapman
Trustees (Directors)	Ashok Patil (Chair of Trustees) (Accounting Officer from 1 September 2023) Ronnie Jacob Chris Andrews Stephen Hunt (resigned 1 September 2023) Mohan Luthra (resigned 1 September 2023) Ian Smithson (resigned 1 September 2023) Sir Leigh Lewis (resigned 1 September 2023) Dean Russell (resigned 1 September 2023) Claire May (resigned 1 September 2023)
Company Secretary	Alexander Hall
Senior Management Team	Paul Quinn, Acting Principal and Accounting Officer to 31 August 2023 Lisa Williams, Senior Assistant Director to 31 August 2023 Andree Quidder, Assistant Director to 31 August 2023
Principal and Registered Office	18 Colonial Way Watford Hertfordshire WD24 4PT
Company Registration Number	08599329
Auditors	TC Group Hamilton Office Park 31 High View Close Leicester LE4 9LJ
Bankers	Lloyds Bank 67 High Street Watford Herts WD17 2DU
Solicitors	Veale Wasbrough Vizards Barnards Inn 86 Fetter Lane London United Kingdom EC4A 1AD

The Watford UTC

Trustees' report for the Year Ended 31 August 2023

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2023. The annual report serves the purposes of both a trustees' report, and a directors' report and strategic report under company law.

The Watford UTC ("the Academy Trust, "Watford UTC" or "the UTC") operates as an Academy Trust for pupils aged 14 to 19 serving a catchment area in Watford and surrounding areas in North London and West Hertfordshire.

Structure, governance and management

Constitution

The Watford UTC is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association and the UTC Funding Agreement dated 6 August 2014, made between the UTC and the Secretary of State for Education, are the primary governing documents of Watford UTC. The Governors are also the trustees of and directors of the charitable company for the purposes of company and charity law.

The University of Hertfordshire Higher Education Corporation and Ralph Trustees Limited are sponsors of the UTC. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

The charitable company was incorporated on 5 July 2013.

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.

Trustees' indemnities

The Academy Trust has opted into the Department of Education's Risk Protection Arrangement ('RPA'), an alternative to insurance where UK government funds cover losses that arise. The scheme protects Members, Trustees and the Local Governing Body members from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The scheme provides cover up to £10,000,000.

Method of recruitment and appointment or election of Trustees

The articles of association provide for the appointment or election of governors as follows:

Up to 9 Trustees appointed by the members, of whom no less than:

- two shall be appointed by UH Holdings Limited; and
- two shall be appointed by the Employer Sponsors (Ralph Trustees Limited)

Two Parent Governors elected by parents of registered students of the UTC through such process as the Board of Governors may determine from time-to-time;

Principal (ex officio).

The Watford UTC

Trustees' report for the Year Ended 31 August 2023 (continued)

Discretionary categories

Where appointed, up to two Staff Governors appointed by the Members (Mrs Margaret Chapman, UH Holdings Limited, Ralph Trustees Limited) through such process as the Members may determine from time-to-time; and

Where appointed, up to three Co-opted Governors, who are not employees of the UTC, appointed by the Governors who have not themselves been co-opted.

Policies and procedures adopted for the induction and training of Trustees

All new Governors visit the UTC and have a 1:1 meeting with the Acting Principal that focuses on understanding our data. They also meet with the Chair of Governors and the Clerk to the Governors as a minimum as part of their induction. There were no new Governors in the period covered by this report.

The latest Dfe Governor Handbook and Academies Handbook are brought to the attention of Governors. Additional support to Governors is provided by the Baker Dearing Trust.

Organisational structure

The Watford UTC is governed by a Board of Governors constituted under a memorandum of association and articles of association. The Board of Governors is responsible for ensuring that high standards of corporate governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the UTC, addressing such matters as:

- Policy development and strategic development;
- Ensuring that the UTC delivers a high quality vocational based curriculum maintaining high standards of learning and teaching through constant measurement of the progress and attainment of students;
- Ensuring prudent financial management, and administration of the UTC;
- The management of all resources;
- Ensuring compliance with legal requirements;
- Establishing and maintaining effective internal controls;
- The monitoring of performance;
- Helping the UTC to be responsive to the needs of parents, carers and the community;
- Assessing and managing risk

The Trustees have delegated elements of their responsibility to two committees (Standards & Curriculum and Resources & Audit).

The Standards & Curriculum Committee is responsible for matters relating to the curriculum, academic standards and provision of education at the UTC through objective setting, approval of a development plan, operational implementation and monitoring/reporting on student progress and attainment.

The Resources & Audit Committee is responsible for all financial management, ensuring an effective internal environment and oversight of risk management and audit matters.

Each committee has its own terms of reference detailing the responsibilities delegated to it.

The Acting Principal has full executive authority and is responsible for the day to day running of the UTC; and is supported by other members of the Senior Leadership Team.

Arrangements for setting pay and remuneration of key management personnel

The employed staff at the UTC are paid on nationally negotiated pay scales. Pay and progression is determined by Governors, based upon the recommendations and evidence supplied by the Acting Principal. The Acting Principals pay and progression is solely determined by Governors.

The Watford UTC

Trustees' report for the Year Ended 31 August 2023 (continued)

Connected organisations, including related party relationships

The UTC works with the University of Hertfordshire, who are sponsors of the UTC, providing advice and guidance.

In addition, the UTC works with a range of partners who, amongst other things, provide work experience for students.

Objectives and activities

Objectives, strategies and activities

In the year to 31 August 2023 the Governors and Senior Leaders continued their dialogue with the Department for Education about the sustainability of the UTC. The decision was taken, by mutual consent with the Schools Minister, to close Watford UTC on 31 August 2023.

At the heart of these discussions and the actions taken by Governors and staff, was the acceptance by all parties that any actions taken should ensure that the students at the UTC are able to complete their studies and receive excellent support from staff at the UTC in doing so.

Public benefit

The UTC's Governors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the UTC's aims and objectives and in planning its future activities.

Strategic Report

Following the decision to close Watford UTC the principal aim was to ensure the remaining students completed their studies supported by experienced staff, who would not only support their academic studies but also their pastoral needs. The retention of staff until 31 August 2023 was a key element of the Governors' strategy.

As a result of reduced pupil numbers the General Annual Grant (GAG) that Watford UTC received was reduced from previous years. The main risk therefore arising from the financial statements was cash flow and credit. Watford UTC worked closely with the Education and Skills Funding Agency (ESFA) to ensure their was sufficient liquidity to meet the foreseeable needs of the UTC and ensure liabilities are settled as they fall due.

Achievements and performance

In the year to 31 August 2023 the focus was ensuring that the remaining students at the UTC completed their studies and were able to be successful in their chosen examinations. Following publication of the results at GCSE and A Level and their equivalent technical examinations, Trustees are pleased to report that student outcomes were in line with the expectations of individual student predictions.

Key Performance Indicators

As the majority of the UTC's funding is based on pupil numbers, pupil numbers is the key performance indicator for the financial status of the UTC.

Pupil numbers at the most recent census (October 2022) were 57, this was the result of no students being recruited into Years 10 and 12 in September 2022.

Monthly monitoring of the cash position is undertaken, with support provided by the ESFA.

The Watford UTC

Trustees' report for the Year Ended 31 August 2023 (continued)

Going concern

The Trustees have not prepared the financial statements on a going concern basis as the UTC closed on 31 August 2023. The financial statements have been prepared on a basis other than a going concern basis with current assets valued at the recoverable amount and liabilities recognised as the amount payable by the UTC.

Financial review

The majority of the UTC's income is received from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2023 and the associated expenditure of these grants are shown as Restricted Funds in the Statement of Financial Activities.

A summary of the results for the year is included on page 17.

During the year ended 31 August 2023, the total income was £2,248,318 (£1,678,723 in 2021- 2022). During the same period the total expenditure was £9,841,785 (£2,019,632 in 2021- 2022).

Excluding depreciation, an operating surplus of £199,294 was made in the year to 31 August 2023.

Reserves policy

The UTC has not had the capacity for accumulation of reserves at present. All funds were held at Lloyds Bank plc.

Investment policy

The Trustees' investment powers are governed by the articles of association, which permit the UTC's funds, not immediately required, to be invested in furtherance of its objects after obtaining expert financial advice. The UTC did not engage in any investment of surplus funds during the year under review.

Principal risks and uncertainties

The principal risks and uncertainties facing the UTC are as follows:

Financial

With reduced pupil numbers and the decision to close the UTC the maintenance of adequate cash reserves was a key risk. Cash flow was closely monitored by the Acting Principal working closely with the ESFA.

Safeguarding and child protection

The Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety, and discipline.

Staffing

The success of the UTC is reliant on the quality of its staff, so the Governors monitor and review policies and procedures to ensure continued development and training of staff.

The Board of Trustees has assessed the major risks to which the UTC is exposed, in particular those relating to student recruitment, educational outcomes, finance, building development, staffing, and reputation. Systems are in place to control those risks, and a detailed risk register has been developed and internal controls implemented.

Fundraising

The UTC has not actively fundraised during the year.

The Watford UTC

Trustees' report for the Year Ended 31 August 2023 (continued)

Plans for future periods

Following the closure of the UTC on 31 August 2023, the trustees plan to complete all remaining administrative tasks relating to the closure of the company and to apply to strike off the company by April 2024.

Funds held as Custodian Trustee on behalf of others

The Academy Trust and its Trustees do not act as Custodian Trustees of any other charity.

The Academy does however hold Post 16 Bursary Funds on behalf of the ESFA, which are distributed to students as required and in line with the terms and conditions of the funds.

Auditor

Insofar as the Trustees are aware:

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

The trustees' report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 19 December 2023 and signed on its behalf by:



.....
Ashok Patil (Chair of Trustees)
Trustee

The Watford UTC

Governance statement

Scope of responsibility

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

As trustees, we have reviewed and taken account of the guidance in DfE's Government Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the 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 The Watford UTC 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 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ashok Patil (Chair of Trustees) (Accounting Officer from 1 September 2023)	7	7
Chris Andrews	7	7
Ronnie Jacob	7	7
Stephen Hunt (resigned 1 September 2023)	4	7
Mohan Luthra (resigned 1 September 2023)	5	7
Ian Smithson (resigned 1 September 2023)	4	7
Dean Russell (resigned 1 September 2023)	2	7
Sir Leigh Lewis (resigned 1 September 2023)	2	7
Claire May (resigned 1 September 2023)	6	7

The Board of Trustees reviewed the Trust's governance structure during the year to evaluate its impact and effectiveness. The Board of Trustees has a wide range of skills that contribute to the successful governance of the Trust and are satisfied that the current structure in place is appropriate and effective for the Trust.

The Resources & Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to consider finance reports, funding proposals, agree the annual budget, monitor management accounts, undertake the audit function, review annual insurance arrangements and all matters relating to good financial management. Its purpose in relation to personnel is to consider all staff related matters including training and development, staffing structure, terms and conditions of service, staff related policies including new pay and appraisal policies, and termly absence recording reports Attendance at meetings during the year was as follows:

The Watford UTC

Governance statement (continued)

Trustee	Meetings attended	Out of a possible
Ashok Patil (Chair of Trustees) (Accounting Officer from 1 September 2023)	3	6
Ronnie Jacob	6	6
Mohan Luthra (resigned 1 September 2023)	4	6

Conflicts of interest

All Trustees are required to provide information at the start of the academic year to update the Register of Interests; and are reminded of the need to declare interests at the start of each meeting.

Additional safeguards have been employed during the closure process through the employment of an experienced Project Manager by the Trustees, and approved by the ESFA, to ensure all matters are dealt with without giving rise to any conflicts and which negates risks of further liabilities arising on the Trustees.

Governance reviews

During the year the UTC has carried out a review of its governance arrangements and procedures, with legal advice, to ensure structures were in place to meet closure obligations from the 1 September 2023.

Review of value for money

As Accounting Officer, the Acting Principal had responsibility for ensuring that the UTC delivers good value in the use of public resources. Post closure the Accounting Officer role was assigned to the Chair of Trustees.

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 the academic year, and reports to the Trustees where value for money can be improved, including the use of benchmarking data where available.

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's 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 Watford UTC for the period ended 31 August 2023 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 on-going process for identifying, evaluating and managing the UTC's significant risks that has been in place for the period from incorporation to 31 August 2023 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 Watford UTC

Governance statement (continued)

The risk and control framework

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

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

On an annual basis, the auditor reports to the Board of Trustees, through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees's financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Review of effectiveness

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. The Accounting Officer for the year ended 31 August 2023 was the Acting Principal, Paul Quinn. On 1 September 2023 the Chair of Trustees, Ashok Patil, took over the role of Accounting Officer. During the year in question the review has been informed by:

- the support from Baker Dearing Trust;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Senior Leadership Team 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 Resources & Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 19 December 2023 and signed on its behalf by:



.....
Ashok Patil (Chair of Trustees)
Trustee

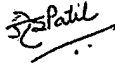
The Watford UTC

Statement of regularity, propriety and compliance

As accounting officer of The Watford UTC I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

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 non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academy Trust Handbook 2022.

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



.....
Ashok Patil (Chair of Trustees)
Accounting Officer from 1 September 2023

Date: 19 December 2023

The Watford UTC

Statement of Trustees' Responsibilities

The Trustees (who 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 Academies Accounts Direction published 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgments 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 financial statements; and
- 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 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 on 19 December 2023 and signed on its behalf by:



.....
Ashok Patil (Chair of Trustees)
Trustee

The Watford UTC

Independent Auditor's Report on the Financial Statements to the Members of The Watford UTC

Opinion

We have audited the financial statements of The Watford UTC (the 'Academy') for the year ended 31 August 2023, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs as at 31 August 2023 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; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2022 to 2023.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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.

Conclusion relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the principal accounting policies to the financial statements concerning the UTC's closure on 31 August 2023. As the UTC closed on 31 August 2023, the financial statements have not been prepared on a going concern basis.

Other information (covers the Reference and administrative details, the Trustees' report and Strategic Report and the Governance statement)

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.

We have nothing to report in this regard.

The Watford UTC

Independent Auditor's Report on the Financial Statements to the Members of The Watford UTC (continued)

Opinion 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 Strategic Report and Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' 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 Statement of Trustees' Responsibilities [set out on page 11], the Trustees 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 Academy'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 Academy or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The Watford UTC

Independent Auditor's Report on the Financial Statements to the Members of The Watford UTC (continued)

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Academy Trust and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting frameworks.

We understood how the Academy Trust is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes and discussions with those charged with governance.

We assessed the susceptibility of the Academy Trust's financial statements to material misstatement, including how fraud might occur, by discussion with management from various parts of the business to understand where they considered there was a susceptibility to fraud. We considered the procedures and controls that the Academy Trust has established to prevent and detect fraud, and how these are monitored by management, and also any enhanced risk factors such as performance targets.

Based on our understanding, we designed our audit procedures to identify any non-compliance with laws and regulations identified in the paragraphs above.

We also performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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

Use of our report

This report is made solely to the Academy's Trustees, 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 Academy's trustees 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 Academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Richard Buckby FCA (Senior Statutory Auditor)
For and on behalf of TC Group, Statutory Auditor

Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ

Date: 20.12.2023

The Watford UTC

Independent Reporting Accountant's Assurance Report on Regularity to The Watford UTC and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 September 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Watford UTC during the period 1 September 2022 to 31 August 2023 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 The Watford UTC and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to The Watford UTC and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Watford UTC and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Board of Trustees's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Board of Trustees's funding agreement with the Secretary of State for Education dated and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 from 1 September 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- On a sample basis testing transactions and balances
- Making enquiries of the academy regarding systems and controls in place that are relevant to our regularity conclusion
- On a sample basis reviewing records for evidence of those systems and controls in operation.

The Watford UTC

Independent Reporting Accountant's Assurance Report on Regularity to The Watford UTC 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 from 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Richard Buckby FCA
For and on behalf of TC Group, Chartered Accountants

Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ

Date: 20.12.2023
.....

The Watford UTC

Statement of Financial Activities for the Year Ended 31 August 2023 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2023/22 Total £
Income and endowments from:					
Donations and capital grants	2	-	-	20,418	20,418
Other trading activities	4	46,879	-	-	46,879
Investments	5	15	-	-	15
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	2,181,006	-	2,181,006
Total		46,894	2,181,006	20,418	2,248,318
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	14,616	2,034,408	7,792,761	9,841,785
Net income/(expenditure)		32,278	146,598	(7,772,343)	(7,593,467)
Transfers between funds		(156,773)	177,414	(20,641)	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	22	-	10,000	-	10,000
Net movement in (deficit)/funds		(124,495)	334,012	(7,792,984)	(7,583,467)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2022		158,347	(334,012)	7,813,402	7,637,737
Total funds carried forward at 31 August 2023		33,852	-	20,418	54,270

The Watford UTC

Statement of Financial Activities for the Year Ended 31 August 2022 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2022/21 Total £
Income and endowments from:					
Donations and capital grants	2	-	-	6,450	6,450
Other trading activities	4	45,949	-	-	45,949
Investments	5	14	-	-	14
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	1,626,310	-	1,626,310
Total		45,963	1,626,310	6,450	1,678,723
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	14,006	1,761,722	243,904	2,019,632
Net income/(expenditure)		31,957	(135,412)	(237,454)	(340,909)
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	22	-	266,000	-	266,000
Net movement in funds/(deficit)		31,957	130,588	(237,454)	(74,909)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2021		126,390	(464,600)	8,050,856	7,712,646
Total funds/(deficit) carried forward at 31 August 2022		158,347	(334,012)	7,813,402	7,637,737

The Watford UTC

(Registration number: 08599329)
Balance Sheet as at 31 August 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	-	7,792,761
Current assets			
Debtors	12	15,599	347,245
Cash at bank and in hand		<u>160,461</u>	<u>100,330</u>
		176,060	447,575
Liabilities			
Creditors: Amounts falling due within one year		<u>(121,790)</u>	<u>(597,599)</u>
Net current assets/(liabilities)		<u>54,270</u>	<u>(150,024)</u>
Total assets less current liabilities		<u>54,270</u>	<u>7,642,737</u>
Net assets excluding pension asset		54,270	7,642,737
Defined benefit pension scheme liability	22	<u>-</u>	<u>(5,000)</u>
Total net assets		<u><u>54,270</u></u>	<u><u>7,637,737</u></u>
Funds of the Academy:			
Restricted funds			
Restricted general fund	14	-	(329,012)
Restricted fixed asset fund	14	20,418	7,813,402
Pension reserve	14	<u>-</u>	<u>(5,000)</u>
		20,418	7,479,390
Unrestricted funds			
Unrestricted general fund	14	<u>33,852</u>	<u>158,347</u>
Total funds		<u><u>54,270</u></u>	<u><u>7,637,737</u></u>

The financial statements on pages 17 to 38 were approved by the Trustees, and authorised for issue on 19 December 2023 and signed on their behalf by:



.....
 Ashok Patil (Chair of Trustees)
 Trustee

The Watford UTC

Statement of Cash Flows for the year ended 31 August 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash provided by operating activities	17	39,698	5,762
Cash flows from investing activities	18	<u>20,433</u>	<u>(4,099)</u>
Change in cash and cash equivalents in the year		60,131	1,663
Cash and cash equivalents at 1 September		<u>100,330</u>	<u>98,667</u>
Cash and cash equivalents at 31 August	19	<u><u>160,461</u></u>	<u><u>100,330</u></u>

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023

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.

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going concern

The trustees have not prepared the financial statements on a going concern basis as the UTC closed on 31 August 2023. The financial statements have been prepared on a basis other than a going concern basis with current assets valued at the recoverable amount and liabilities valued at the amount payable by the UTC.

Income

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

Grants

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

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 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 spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Other income

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

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

1 Accounting policies (continued)

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.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

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

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

Asset class	Depreciation method and rate
Freehold building	2% per annum
Leasehold building	Length of lease
Fixtures, fittings and equipment	20% per annum
IT equipment	20% - 33% per annum

Liabilities

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

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

1 Accounting policies (continued)

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased assets

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

Taxation

The academy 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 academy 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.

Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

1 Accounting policies (continued)

Fund accounting

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

Restricted fixed asset funds are resources, which are to be applied to specific capital purposes imposed by 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/donor and include grants from the Department for Education Group.

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 academy 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 22, 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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.

2 Donations and capital grants

	Restricted Fixed Asset Funds £	2023/22 Total £	2022/21 Total £
Capital grants	<u>20,418</u>	<u>20,418</u>	<u>6,450</u>

The income from donations and capital grants was £20,418 (2022: £6,450) which was allocated between the funds as follows; £Nil unrestricted funds (2022: £Nil), £Nil restricted funds (2022: £Nil), £20,418 restricted fixed asset funds (2022: £6,450) and £Nil endowment funds (2022: £Nil).

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

3 Funding for the Academy Trust's educational operations

	Restricted General Funds £	2023/22 Total £	2022/21 Total £
Educational operations			
DfE/ESFA revenue grants			
General Annual Grant	435,779	435,779	637,950
Pupil Premium	22,165	22,165	23,734
Rates relief	121,735	121,735	59,235
Lease relief	272,013	272,013	248,064
Deficit funding	1,155,363	1,155,363	599,673
Other DfE Group grants	173,284	173,284	52,918
	<u>2,180,339</u>	<u>2,180,339</u>	<u>1,621,574</u>
Other government grants			
Local authority income	667	667	4,736
Total grants	<u>2,181,006</u>	<u>2,181,006</u>	<u>1,626,310</u>

The funding for educational operations was £2,181,006 (2022: £1,626,310) which was allocated between the funds as follows; £Nil unrestricted funds (2022: £Nil), £2,181,006 restricted funds (2022: £1,626,310), £Nil restricted fixed asset funds (2022: £Nil) and £Nil endowment funds (2022: £Nil).

4 Other trading activities

	Unrestricted Funds £	2023/22 Total £	2022/21 Total £
Hire of facilities	40,978	40,978	42,489
Other sales	5,901	5,901	3,460
	<u>46,879</u>	<u>46,879</u>	<u>45,949</u>

The income from other trading activities was £46,879 (2022: £45,949) which was allocated between the funds as follows; £46,879 unrestricted funds (2022: £45,949), £Nil restricted funds (2022: £Nil), £Nil restricted fixed asset funds (2022: £Nil) and £Nil endowment funds (2022: £Nil).

5 Investment income

	Unrestricted Funds £	2023/22 Total £	2022/21 Total £
Bank Interest	15	15	14

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

5 Investment income (continued)

The income from other trading activities was £15 (2022: £14) which was allocated between the funds as follows; £15 unrestricted funds (2022: £14), £Nil restricted funds (2022: £Nil), £Nil restricted fixed asset funds (2022: £Nil) and £Nil endowment funds (2022: £Nil).

6 Expenditure

	Non Pay Expenditure			2023/22	2022/21
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
Academy's educational operations					
Direct costs	835,715	-	41,358	877,073	837,723
Allocated support costs	<u>186,290</u>	<u>8,515,118</u>	<u>263,304</u>	<u>8,964,712</u>	<u>1,181,909</u>
	<u>1,022,005</u>	<u>8,515,118</u>	<u>304,662</u>	<u>9,841,785</u>	<u>2,019,632</u>
Net income/(expenditure) for the year includes:					
				2023/22	2022/21
				£	£
Operating lease rentals				242,927	246,537
Depreciation				7,792,761	243,903
Fees payable to auditor - audit				11,000	10,050
- other audit services				<u>2,000</u>	<u>950</u>

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

7 Charitable activities

		2023/22 £	2022/21 £
Direct costs - educational operations		877,073	837,723
Support costs - educational operations		8,964,712	1,181,909
		<u>9,841,785</u>	<u>2,019,632</u>
	Educational operations £	2023/22 Total £	2022/21 Total £
Analysis of support costs			
Support staff costs	186,290	186,290	180,262
Depreciation	7,792,761	7,792,761	243,904
Technology costs	35,045	35,045	46,759
Premises costs	722,357	722,357	580,316
Other support costs	214,150	214,150	118,413
Governance costs	14,109	14,109	12,255
Total support costs	<u>8,964,712</u>	<u>8,964,712</u>	<u>1,181,909</u>

8 Staff

Staff costs

	2023/22 £	2022/21 £
Staff costs during the year were:		
Wages and salaries	806,142	633,471
Social security costs	69,193	65,375
Operating costs of defined benefit pension schemes	146,670	176,642
	<u>1,022,005</u>	<u>875,488</u>
Supply staff costs	-	73,268
Staff restructuring costs	-	9,000
	<u>1,022,005</u>	<u>957,756</u>

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

8 Staff (continued)

Staff numbers

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

	2023/22	2022/21
	No	No
Teachers	9	10
Administration and support	7	6
Management	3	3
	<u>19</u>	<u>19</u>

Higher paid staff

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

	2023/22	2022/21
	No	No
£70,001 - £80,000	2	-
£90,001 - £100,000	-	1
£120,001 - £130,000	<u>1</u>	<u>-</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £363,616 (2022: £275,533).

The above employees participated in the Teachers' Pension Scheme and employer contributions for the year amounted to £54,452 (2022: £47,869).

9 Related party transactions - trustees' remuneration and expenses

No trustee received any remuneration or reimbursement of expenses during the year ended 31 August 2023 (2022: £nil).

Other related party transactions involving the trustees are set out in note 23.

10 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.

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

11 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	2023/22 Total £
Cost					
At 1 September 2022	<u>7,264,998</u>	<u>2,191,218</u>	<u>1,580,305</u>	<u>66,062</u>	<u>11,102,583</u>
At 31 August 2023	<u>7,264,998</u>	<u>2,191,218</u>	<u>1,580,305</u>	<u>66,062</u>	<u>11,102,583</u>
Depreciation					
At 1 September 2022	<u>775,054</u>	<u>914,695</u>	<u>1,578,026</u>	<u>42,047</u>	<u>3,309,822</u>
Charge for the year	<u>6,489,944</u>	<u>1,276,523</u>	<u>2,279</u>	<u>24,015</u>	<u>7,792,761</u>
At 31 August 2023	<u>7,264,998</u>	<u>2,191,218</u>	<u>1,580,305</u>	<u>66,062</u>	<u>11,102,583</u>
Net book value					
At 31 August 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2022	<u>6,489,944</u>	<u>1,276,523</u>	<u>2,279</u>	<u>24,015</u>	<u>7,792,761</u>

The UTC was located on a site acquired on its behalf by the DfE/ESFA. Part of the site was held under freehold and the remainder of the site occupied under a 30 year lease agreement with a third party. Following the closure of the UTC on 31 August 2023 the freehold and leasehold titles were transferred back to the DfE/ESFA. As a result of the closure the carrying value of freehold and leasehold buildings have been impaired to £nil as at 31 August 2023.

Furniture and equipment and computer equipment asset held by the UTC at 31 August 2023 were to be used by the DfE/ESFA in other educational establishments following the closure of the UTC.

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

12 Debtors

	2023	2022
	£	£
Trade debtors	2,127	40
VAT recoverable	13,472	34,760
Other debtors	-	285,626
Prepayments	-	22,005
Accrued grant and other income	-	4,814
	<u>15,599</u>	<u>347,245</u>

Included within other debtors in 2023 is an amount of £nil (2022: £285,626) that relates to the lease incentive cost funding commitment from the ESFA under the site lease agreement.

13 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	52,398	34,938
Other taxation and social security	38,316	16,883
ESFA creditor: abatement of GAG	-	174,934
Other creditors	29,076	301,667
Accruals	2,000	11,000
Deferred income	-	58,177
	<u>121,790</u>	<u>597,599</u>

Included within other creditors is an amount of £nil (2022: £285,626) that relates to the lease incentive cost under the site lease agreement.

	2023	2022
	£	£
Deferred income		
Deferred income at 1 September 2022	58,177	19,782
Resources deferred in the period	-	58,177
Amounts released from previous periods	<u>(58,177)</u>	<u>(19,782)</u>
Deferred income at 31 August 2023	<u>-</u>	<u>58,177</u>

Included within deferred income is an amount of £nil (2022: £20,545) which relates to lease rental funding from the ESFA received in advance of the year end and an amount of £nil (2022: £37,632) in relation to rates relied which relate to 2023-24.

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

14 Funds

	Balance at 1 September 2022 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2023 £
Restricted funds					
<i>Restricted general funds</i>					
General Annual Grant (GAG)	(329,012)	435,779	(284,181)	177,414	-
Deficit funding	-	1,155,363	(1,155,363)	-	-
Pupil Premium	-	22,165	(22,165)	-	-
Other DfE/ESFA grants	-	567,032	(567,032)	-	-
Local Authority grants	-	667	(667)	-	-
<i>Restricted fixed asset funds</i>					
Fixed assets	7,813,402	20,418	(7,792,761)	(20,641)	20,418
<i>Pension reserve funds</i>					
Pension reserve	(5,000)	-	(5,000)	10,000	-
Total restricted funds	7,479,390	2,201,424	(9,827,169)	166,773	20,418
<i>Unrestricted general funds</i>					
General funds	158,347	46,894	(14,616)	(156,773)	33,852
Total unrestricted funds	158,347	46,894	(14,616)	(156,773)	33,852
Total endowment funds	-	-	-	-	-
Total funds	7,637,737	2,248,318	(9,841,785)	10,000	54,270

The Watford UTC

Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

14 Funds (continued)

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

	Balance at 1 September 2021 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2022 £
Restricted funds					
<i>Restricted general funds</i>					
General Annual Grant (GAG)	(237,600)	637,950	(729,362)	-	(329,012)
Deficit funding	-	599,673	(599,673)	-	-
Pupil Premium	-	23,734	(23,734)	-	-
Other DfE/ESFA grants	-	360,217	(360,217)	-	-
Local Authority grants	-	4,736	(4,736)	-	-
<i>Restricted fixed asset funds</i>					
Fixed assets	8,050,856	6,450	(243,904)	-	7,813,402
<i>Pension reserve funds</i>					
Pension reserve	(227,000)	-	(44,000)	266,000	(5,000)
Total restricted funds	<u>7,586,256</u>	<u>1,632,760</u>	<u>(2,005,626)</u>	<u>266,000</u>	<u>7,479,390</u>
<i>Unrestricted general funds</i>					
General funds	<u>126,390</u>	<u>45,963</u>	<u>(14,006)</u>	<u>-</u>	<u>158,347</u>
Total unrestricted funds	126,390	45,963	(14,006)	-	158,347
Total endowment funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds	<u><u>7,712,646</u></u>	<u><u>1,678,723</u></u>	<u><u>(2,019,632)</u></u>	<u><u>266,000</u></u>	<u><u>7,637,737</u></u>

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

Restricted funds

- The General Annual Grant funding must be used for the normal running costs of the Academy Trust in line with its funding agreement. 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 the year end.

- Other DfE/ESFA grants which include pupil premium funding, ESFA deficit recovery funding and Local Authority funding are all used in accordance with the restrictions of the individual grants or funding which are all for the provision of education to pupils of the Academy Trust.

- The pension reserve represents the Local Government Pension Scheme deficit.

Restricted Fixed Asset Fund

- This represents the net book value of assets of the Academy Trust at the year end together with the balance of any unspent capital grants and funding received by the Academy Trust.

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Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

15 Analysis of net assets between funds

Fund balances at 31 August 2023 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Current assets	33,852	121,790	20,418	176,060
Current liabilities	-	(121,790)	-	(121,790)
Total net assets	<u>33,852</u>	<u>-</u>	<u>20,418</u>	<u>54,270</u>

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	7,792,761	7,792,761
Current assets	158,347	268,587	20,641	447,575
Current liabilities	-	(597,599)	-	(597,599)
Pension scheme liability	-	(5,000)	-	(5,000)
Total net assets	<u>158,347</u>	<u>(334,012)</u>	<u>7,813,402</u>	<u>7,637,737</u>

16 Long-term commitments, including operating leases

Operating leases

At 31 August 2023 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2023 £	2022 £
Amounts due within one year	-	246,537
Amounts due between one and five years	-	986,148
Amounts due after five years	-	4,191,129
	<u>-</u>	<u>5,423,814</u>

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Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

17 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2022/23	2021/22
	£	£
Net expenditure	(7,593,467)	(340,909)
Depreciation	7,792,761	243,903
Capital grants from DfE and other capital income	(20,418)	(6,450)
Interest receivable	(15)	(14)
Defined benefit pension scheme cost less contributions payable	5,000	40,000
Defined benefit pension scheme finance cost	-	4,000
Decrease in debtors	331,646	19,892
(Decrease)/increase in creditors	(475,809)	45,340
Net cash provided by Operating Activities	<u>39,698</u>	<u>5,762</u>

18 Cash flows from investing activities

	2022/23	2021/22
	£	£
Dividends, interest and rents from investments	15	14
Purchase of tangible fixed assets	-	(10,563)
Capital funding received from sponsors and others	20,418	6,450
Net cash provided by/(used in) investing activities	<u>20,433</u>	<u>(4,099)</u>

19 Analysis of cash and cash equivalents

	2023	2022
	£	£
Cash in hand and at bank	<u>160,461</u>	<u>100,330</u>
Total cash and cash equivalents	<u>160,461</u>	<u>100,330</u>

20 Analysis of changes in net debt

	At 1 September 2022	Cash flows	Other non-cash changes	At 31 August 2023
	£	£	£	£
Cash	100,330	60,131	-	160,461
Loans falling due within one year	(597,599)	-	597,599	-
Total	<u>(497,269)</u>	<u>60,131</u>	<u>597,599</u>	<u>160,461</u>

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Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

21 Member 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.

22 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS to the period ended 31 March 2022.

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. Assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

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Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

22 Pension and similar obligations (continued)

The employer's pension costs paid to TPS in the period amounted to £167,382 (2022: £162,372).

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 academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local government pension schemes

Hertfordshire County Council Pension Fund

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £33,000 (2022 - £29,000), of which employer's contributions totalled £26,000 (2022 - £22,000) and employees' contributions totalled £7,000 (2022 - £7,000). The agreed contribution rates for future years are 19 per cent for employers and 5.5 - 12.5 per cent for employees. The scheme is managed by Hertfordshire County Council.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

The actuarial valuation calculated the fair value of plan assets to be in excess of the defined benefit obligation giving a plan surplus as at 31 August 2023 of £73,000. FRS102 28.22 states that a plan surplus shall be recognised only to the extent that the entity is able to recover the surplus through either reduced contributions in the future or through refunds from the plan. The trustees believe there to be insufficient certainty over the ability to meet these conditions and therefore the plan surplus has not been recognised.

Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	3.50	3.50
Rate of increase for pensions in payment/inflation	3.00	3.10
Discount rate for scheme liabilities	5.20	4.30
Inflation assumptions (CPI)	3.00	3.10
Commutation of pensions to lump sums	<u>55.00</u>	<u>50.00</u>

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

	2023	2022
Retiring today		
Males retiring today	21.60	21.90
Females retiring today	24.30	24.40
Retiring in 20 years		
Males retiring in 20 years	21.60	22.90
Females retiring in 20 years	<u>25.40</u>	<u>26.00</u>

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Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

22 Pension and similar obligations (continued)

The academy's share of the assets in the scheme were:

	2023	2022
	£	£
Equities	259,000	150,000
Government bonds	122,000	69,000
Property	71,000	45,000
Cash and other liquid assets	<u>55,000</u>	<u>36,000</u>
Total market value of assets	<u><u>507,000</u></u>	<u><u>300,000</u></u>

The actual return on scheme assets was £190,000 (2022 - (£19,000)).

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Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

22 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2023/22 £	2022/21 £
Current service cost	(31,000)	(62,000)
Interest income	13,000	5,000
Interest cost	<u>(13,000)</u>	<u>(9,000)</u>
Total amount recognized in the SOFA	<u>(31,000)</u>	<u>(66,000)</u>

Changes in the present value of defined benefit obligations were as follows:

	2023/22 £	2022/21 £
At start of period	305,000	521,000
Current service cost	31,000	62,000
Interest cost	13,000	9,000
Employee contributions	7,000	7,000
Actuarial (gain)/loss	94,000	(291,000)
Benefits paid	<u>(16,000)</u>	<u>(3,000)</u>
At 31 August	<u>434,000</u>	<u>305,000</u>

Changes in the fair value of academy's share of scheme assets:

	2023/22 £	2022/21 £
At start of period	300,000	293,000
Interest income	13,000	5,000
Actuarial gain/(loss)	177,000	(24,000)
Employer contributions	26,000	22,000
Employee contributions	7,000	7,000
Benefits paid	<u>(16,000)</u>	<u>(3,000)</u>
At 31 August	<u>507,000</u>	<u>300,000</u>

23 Related party transactions

Owing to the nature of the academy trust 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 trustees have an interest.

There were no related party transactions in the year .

24 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2023 the academy trust received £Nil and disbursed £Nil from the fund. An amount of £Nil is included in other creditors relating to undistributed funds that is repayable to ESFA.

Comparatives for the accounting period ending 31 August 2022 are £4,237 received, £4,237 disbursed and £Nil included in other creditors.