

Company Registration Number: 09257096 (England & Wales)



LEEDS ADVANCED MANUFACTURING UTC LIMITED

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



ArmstrongWatson[®]

Accountants, Business & Financial Advisers

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

G P Cooper
P D Ball
S P J Nadin
M Goldstone
J Robinson
A Tuscher
P K Jimack

Designated Members

G P Cooper, Member of Governing Body
S P J Nadin, Member of Governing Body
M Goldstone, Member of Governing Body
A Burnham, Member of Governing Body (appointed 3 September 2018)
F Best, Member of Governing Body (resigned 31 July 2019)
R Amos, Member of Governing Body (resigned 5 November 2018)
K Hall, Member of Governing Body
E Martin, Member of Governing Body (resigned 12 March 2019)
M Scott, Member of Governing Body (appointed 25 September 2018)
D Watson, Member of Governing Body
V C Hopkins, Member of Governing Body
T Craven, Chair of Governing Body

Company registered number

09257096

Company name

Leeds Advanced Manufacturing UTC Limited

Principal and registered office

2 Sayner Road
Leeds
West Yorkshire
LS10 1LA

Senior management team

A Burnham, Principal
O Winterbottom, Assistant Principal
G Wright, Assistant Principal
A Berry, Assistant Principal
D Mason, Assistant Principal

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Independent auditor

Armstrong Watson Audit Limited
Chartered Accountants
Statutory Auditors
Third Floor
10 South Parade
Leeds
West Yorkshire
LS1 5QS

Bankers

Lloyds Bank
65-68 Briggate
Leeds
West Yorkshire
LS1 6LH

LEEDS ADVANCED MANUFACTURING UTC LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Leeds Advanced Manufacturing University Technical College (UTC Leeds) is a government-funded college for pupils aged 14-19 years old, who have a particular interest in mathematics, science, computing and engineering. At UTC Leeds academic, technical and practical education are valued equally. As well as being taught in more familiar classes and groups, students will learn through challenging and relevant science and engineering research projects which model more closely the professional or industrial experience.

UTC Leeds is designed to be accessible to students throughout the Leeds City Region who share an interest in pursuing a career in the field of advanced applied science, engineering or manufacturing. In terms of gaining a place in the UTC, the distance that such young people live from the UTC Leeds campus is not a barrier to entry. Our Admissions Policy reflects these aspirations.

The UTC opened in September 2016 and has a capacity of 600 pupils. At the October 2019 school census, the pupil roll was 297 students.

Structure, governance and management

a. Constitution

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

The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Leeds Advanced Manufacturing UTC Limited are also the directors of the charitable company for the purposes of company law.

The charitable company operates as UTC Leeds.

Details of the Trustees who served during the year, and to the date these accounts are approved 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.

c. Trustees' indemnities

The UTC has issued no guarantees, letters of comfort or indemnities during the year ended 31 August 2019.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The UTC has a minimum of three Trustees and has no maximum. The members may appoint up to ten Trustees as outlined under the terms of the Articles of Association. New Trustees are appointed based on their ability to support the delivery of the UTC's aims and objectives.

A minimum of two Parent Governors are elected to the board of trustees by the parents of registered pupils at the UTC.

e. Policies adopted for the induction and training of Trustees

All Trustees are provided with copies of procedures, policies, meeting minutes, budgets, accounts and other documents they require to undertake their role. Trustees have completed a skills audit and training has been provided to ensure coverage of their legal responsibilities. Governor training programmes are provided through Leeds City Council with support from external experts as required.

f. Organisational structure

The Governance structure of UTC Leeds is to have at least three Members and at least three Trustees including two Parent Governors and a Staff Governor. The Governing body has established two sub-committees for Finance and Resources and Standards, Achievements and Progress. The Governing body is responsible for approving key policies, adopting an annual plan for the UTC and making major decisions about the aims and objectives of the UTC, senior staffing appointments and expenditure over the fiscal limits outlined in the Scheme of Delegation and the Terms of Reference.

Day to day operational decisions on the running of the UTC are delegated to the Principal and Senior Leadership team. Under the direction of the Principal, the planned budget and staffing model is reviewed by the Governing body. All key UTC policies are drafted by the Principal and Senior Leadership team and approved by the Trustees.

For the financial year ended 31 August 2019 the Principal has acted as Accounting Officer.

g. 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 2016. Any performance uplifts would be directed through line management and presented to the Governing Board for approval. Non-teaching staff remuneration falls within the National Joint Council Guidelines.

h. Related parties and other connected charities and organisations

UTC Leeds is a single academy trust and is sponsored by Siemens, Agfa and the University of Leeds. The UTC has strong employer links with local engineering businesses. The sponsors and employer partners support the UTC curriculum, engage in project delivery and enhance the UTC's employability skills programme. The sponsors and employer partners do not provide the UTC with traded services and the UTC is free to act independently of these institutions. All transactions with the UTC trust partners are conducted on an arm's length basis and in accordance with the trust's financial regulations.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

a. Objects and aims

The objective of UTC Leeds as outlined in the Articles of Association is to advance for the public benefit education in the UK by establishing, maintaining, managing and developing a school offering a broad and balanced curriculum, which includes provision for technical education. It is our vision to develop students who will make a valuable and lifelong contribution to society and the engineering industry. Our students study a stimulating and relevant curriculum and are exposed to cutting-edge technologies and employer-led projects to give them a challenging, well-rounded education. Students leaving UTC Leeds will be recognised as young people with a strong ambition to succeed, who are independent learners and creative problem-solvers with the social and technical skills that employers look for in today's competitive market.

b. Objectives, strategies and activities

The main objectives of the UTC over the period ending 31st August 2019 were as follows:

- Effectively prepare for UTC Leeds first OFSTED inspection.
- Drive the "high expectation" agenda to further improve attendance, behaviour and exam results.
- Recruit and retain well trained professional staff at all levels at the UTC in order to deliver a quality experience to our young engineers.
- Establish and develop further links with local and regional employers in order to enrich the curriculum delivered at the UTC.
- Build on the links with the University of Leeds to enrich the curriculum and offer students access to the facilities, teaching staff, and undergraduates at an outstanding University.
- To ensure all students leaving UTC Leeds have positive outcomes and destinations.
- To provide value for money of funds expended.

The key strategies for achieving these objectives these were:

- Setting consistent objectives across all the teaching staff to support the high expectation agenda.
- Extending the teaching and learning walks to drive best practice across all departments.
- Re-structuring the Engineering team and curriculum delivery.
- Organising a comprehensive programme of work experience placements across the Leeds area.
- Working closely with the University of Leeds to deliver joint projects.
- Dedicating resource to managing the admissions process including interviewing all student applicants and providing open day events.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

c. Public benefit

In setting our objectives and planning our activities, the Governing body have given due regard to the Charity Commission's general guidance on public benefit in exercising their powers/duties. The main public benefit of UTC Leeds is the provision of education to help address the significant skills gap in the Leeds City Region. Leeds has a proud heritage in a diverse range of Engineering disciplines and our students will be the next generation of skilled engineers, scientists and technicians to help the local and regional economy grow.

d. Achievements and performance

During the year ended 31 August 2019, UTC Leeds has achieved:

- Impactful leadership from the new Principal in 2018 driving the "high expectations" agenda across the college. This has improved the outcomes for our students and improved staff retention.
- Its first OFSTED inspection with an overall judgement of requires improvement with the college judged as good for leadership & personal development, welfare and behaviour. The OFSTED inspector noted "Staff morale is high, the quality of teaching is improving and leaders' capacity to further improve the school are clear to see".
- Continued implementation of a rigorous admissions review process that is now showing in the improved behaviour and attendance measures for this year. 92% of our lessons were judged green or better for behaviour for learning. Attendance is now at 95% and in line with national average.
- An increase in student numbers from 310 in the second year of opening to 347.
- The appointment of 2 new assistant Principals to lead on KS4 and Sixth form in 19/20. This strengthens the Senior Leadership team further and provides additional capacity for Sixth form development.
- Progressed every year 11 and every year 13 student into a career, further education or higher education.
- Built closer relationships with local businesses to deliver work experience placements, interview practice for students and joint projects.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

a. Key performance indicators

The second cohort of students graduating from Leeds UTC completed their GCSE, A-Level and technical qualifications in the summer of 2019. A total of 108 students completed higher-level qualifications with an A-Level pass rate of 80% and technical qualification pass rate of 93%. In single engineering the pass rate was 96%. All Year 13 students progressed into a career or higher education.

A total of 86 students sat GCSE exams with 70% achieving Grade 4 or above in Maths, and 61% achieving Grade 4 or above in English. Progress from entry on Maths and English was in line with the National average. In Triple science the pass rate (Grade 4 or above) was 98% in Physics, 98% in Biology and 96% in Chemistry. A significant number of these students have remained at UTC Leeds to study A-levels and technical qualifications. The remainder of the cohort have progressed to alternative college courses and high-quality apprenticeships at major employers such as ATB Morley, CEG, Jaguar Landrover, Siemens, Skoda & Wright Group.

STUDENT NUMBERS

The number of students attending the UTC and percentage of female students has continued to grow since opening in September 2016 with the census figures as follows:

Census date	Oct 2016	Oct 2017	Oct 2018	Oct 2019
Female	21	48	59	50
Male	150	262	288	247
Total	171	310	347	297

b. Going concern

The Board of Trustees has a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future. Whilst the UTC has a deficit balance of £482,232 at the year-end on its restricted income fund (excluding restricted fixed assets funds and pension reserve) and net current liabilities of £217,165, the adoption of a going concern basis in preparing the financial statements is considered appropriate.

The principal uncertainties affecting the UTC, and the UTC sector more widely, include the following:

- Student recruitment and retainment – the UTC is one of the largest UTC's in the country but remains in its early years following incorporation. There are uncertainties in student recruitment that the UTC is addressing by continuing to invest in a marketing and business development strategy supported by regular updates to the governors on student number forecasts.
- Support from the DfE and ESFA – the UTC relies on continuing support from the ESFA for transition funding and financial support for working capital management. The ESFA and the DfE continue to be supportive of the UTC and the sector.

The Board of Trustees has considered the following in making its assessment that the UTC has adequate resources to continue in operational existence for the foreseeable future:

- Review of forecasts, including a detailed cash flow forecast, for a period up to 31 December 2020. The forecasts are updated with actual performance on a monthly basis, reviewed by the Trustees and shared

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

- with the ESFA. This has also included a visit from a School Resource Management advisor (SRMA) to make further cost saving suggestions that have been implemented by UTC Leeds.
- Cashflows and working capital are managed carefully after considered the detailed cash flow forecast that is regularly reviewed by the Trustees. The UTC has focused on achieving value for money on key supplier contracts during 2018/19 and this will reduce costs in 2019/20 and beyond.
 - Relationship with the ESFA and DfE remains strong and management and the Trustees of the UTC are in regular dialogue with the ESFA/DfE, including discussions regarding financial performance and cash flow requirements.
 - There has been an investment in the Senior Leadership Team with the appointment of 2 Assistant Principals and consequently a renewed focus on the UTC vision, achieving the best outcomes for our students and growing student numbers.
 - The Trustees, including the Finance and Resources Committee, regularly review financial performance and data on student recruitment and achievements.
 - Sensitivity analysis has been performed on the key assumptions inherent in the forecasts, with a focus on the impact on cash flow forecasts and requirements.

The UTC and the Board of Trustees has taken a robust approach to assessing the UTC's ability to continue as a going concern and, after highlighting the uncertainties above, has a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future.

c. Next steps

The school priorities for 19/20 will focus on the following areas

- More consistent Key Stage 5 outcomes for Maths, Computer Science and Geography
- Driving up student numbers in both Year 10 and Year 12 through increased focus on marketing and recruitment
- Continuing the high expectation agenda within the college, with the target of ensuring no student is left behind in their learning
- Keeping the focus on staff wellbeing and development to ensure high levels of staff retention

Financial review

a. 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 to commitments and the nature of reserves.

At 31st August 2019 the UTC held £10,456,704 of total reserves, made up of fixed asset reserves of £11,085,936 unrestricted reserves of £Nil and restricted deficit of £629,232 (including pension deficit of £147,000). 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 deficit on the restricted reserve is as a result of investing in the teaching staff, curriculum and facilities at the UTC to deliver a balanced curriculum while student numbers build.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

b. Investment policy

The Finance and Resources Committee are responsible for ensuring the effective overview of the cash management strategies and policies. At this stage of its development, the UTC has not needed to implement any investment decisions. The bank interest received in the year is not considered significant.

c. Principal risks and uncertainties

The Trustees consider that the UTC Leeds risk management and internal controls are in compliance with the Academies Financial Handbook 2018. The trustees consider the principal risks and uncertainties facing the UTC are as follows:

- Student recruitment into years 10 and 12 to ensure financial viability.
- Retention of existing students.
- Ability to attract and retain specialist teaching staff to deliver the technical curriculum.

Most of the UTC's income is from the Department of Education in recurrent grants; so any potential changes to the value or allocation of these grants present a risk to the UTC. The use of these grants are restricted to particular purpose and are shown in the Statement of Financial Activities.

Fundraising activities/ income generation

Over the course of the 2018-19 academic year, we have received a small number of sponsorship contributions.

We are very grateful for this support, which has enabled the UTC to continue at the cutting edge with industry standard technology in the classroom.

Plans for future periods

The UTC became a fully functioning school from 2016. With staff and students in place, the UTC started their journey to becoming a centre of excellence in the delivery of STEM education and preparing young people for the next steps in their career.

We are fortunate to have support from all aspects of industry in the region. Key to the success of the UTC is the quality of the interaction between us and our employer partners. Working with all partners we will develop an engagement plan which meets the needs of all.

We will continue to focus on the marketing of the UTC across the region and share the successes of the UTC over the coming year. In sharing the message about the UTC we aim to recruit young, committed and talented young people to join the UTC and begin their professional careers with us.

Funds held as custodian trustees on behalf of others

Neither the Trust itself, nor its trustees, held any funds or assets on behalf of any other entity as a custodian trustee in the year ended 31 August 2019.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

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 & 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 2018 to 2019;
- 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;
- 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.

Disclosure of information to auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Auditor

The auditor, Armstrong Watson Audit Limited, has indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

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



.....
T Craven
Chair of Trustees



.....
A Burnham
Accounting Officer

18 December 2019

LEEDS ADVANCED MANUFACTURING UTC LIMITED
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GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Leeds Advanced Manufacturing UTC 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. 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
G P Cooper, Member of Governing Body	7	7
S P J Nadin, Member of Governing Body	4	7
M Goldstone (Chair)	6	7
A Burnham, Member of Governing Body	7	7
F Best, Member of Governing Body	6	7
R Amos, Member of Governing Body	1	1
K Hall, Member of Governing Body	5	7
E Martin, Member of Governing Body	1	5
M Scott, Member of Governing Body	5	6
D Watson, Member of Governing Body	5	7
V C Hopkins, Member of Governing Body	3	7
T Craven, Member of Governing Body	6	7

There were two changes in the board of Trustees during the year, with a third resignation occurring at the end of the academic year. New Trustees have been appointed to ensure applicable skills are maintained on the Board of Trustees.

The Board has met regularly over the year and challenged internally to ensure effectiveness. The board had to address key challenges such as:

- Preparation for our first OFSTED inspection
- Supporting the Principal in driving the "high expectation" agenda to further improve attendance, behaviour and exam results
- Strengthening the Senior Leadership team (SLT) covering succession planning and SLT capacity
- Investigation to Multi Academy Trust options

The board relies upon data presented to them by Senior UTC Leadership, drawn from key systems used by many educational establishments such as SIMS and Civica. Financial data from Civica has been subject to

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

external audit and internal control review to gain comfort on its integrity. Student data contained within SIMS is validated in detail as part of the Census submission process.

An external review of governance took place in April 2019. The key findings were:

1. The Trustees have a clear vision and strategic priorities for the next three to five years. Trustees have led on the formulation of the vision and immediate strategic priorities for the UTC.
2. The Trustees have ensured they have the necessary skills on the board to effectively monitor the finance and procurement processes.
3. Trustees appropriately challenge student educational performance data.
4. There is a good representation across the board of basic and specialist skills and experience for effective governance.

Some recommendations were made:

1. To consider local and national developments and build on effective partnerships to ensure the long term success of the UTC.
2. To consider forming a separate committee or working party to focus on marketing and the recruitment of pupils.
3. To consider increasing the number of Trustees in post.

An action plan was implemented by the end of August 2019.

The Finance and Resources Committee is a sub-committee of the main board of trustees and its purpose is to ensure effective and robust financial management of the UTC as required by ESFA, OFSTED and the Audit Commission. To oversee the management of the UTC's finances within the framework established by the Academies Financial Handbook.

Issues dealt with by the committee during the year have included the monitoring of financial performance against budget and the UTC's peer group and approval of key contract renewals to achieve best value for money.

The sub-committee has formally met 6 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
G P Cooper	6	6
T Craven (Chair)	6	6
M Goldstone	3	6
S P J Nadin	5	6
D Watson	6	6
A Burnham	5	6

The Standards, Achievement and Progress Committee is a sub-committee of the main board of trustees and its purpose is to monitor and evaluate the progress the college is making towards achievement of its educational objectives.

Issues dealt with by the committee during the year have included the review of attendance, student numbers and

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

profile, staffing arrangements and academic results.

The sub-committee has formally met 3 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
K Hall (Chair)	3	3
V C Hopkins	3	3
F Best	2	3
E Martin	1	2
A Burnham	2	3
M Scott	3	3

Review of value for money

As accounting officer, the Principal has responsibility for ensuring that the Academy 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 Academy'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 Academy has delivered improved value for money during the year by:

- The use of integrated curriculum financial planning to maximise the financial efficiency of the school in delivering the best curriculum within the resources available.
- Ensuring school financial efficiency through benchmarking exercises against other UTCs and schools with similar characteristics.
- Procurement of contracts via Government approved frameworks. These national deals allowed us to secure savings in areas such as electricity costs.
- The challenge and adherence to strict budgetary controls to ensure expenditure is limited to essential items and is clearly monitored and reported to Trustees to allow effective oversight.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 Leeds Advanced Manufacturing UTC Limited for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy 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 Academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 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 Academy'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
- delegation of authority and segregation of duties
- identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed the Chief Financial Officer at Ron Dearing UTC Trust to perform checks on financial systems during the year.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- payroll
- purchases
- income
- expenses
- petty cash
- accounting system
- financial month end procedures
- review of Trustee meeting minutes

The internal auditor reports to the board of Trustees through the Finance and Resources Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;

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GOVERNANCE STATEMENT (CONTINUED)


Review of effectiveness (continued)

- the work of the executive managers within the Academy 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 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 and signed on their behalf by:


.....
T Craven
Chair of Trustees
Date: 18 December 2019


.....
A Burnham
Accounting Officer

LEEDS ADVANCED MANUFACTURING UTC LIMITED
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Leeds Advanced Manufacturing UTC Limited I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 2018.

I confirm that I and the Academy board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2018.

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.



.....
A Burnham

Accounting Officer

Date: 18 December 2019

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEEDS
ADVANCED MANUFACTURING UTC LIMITED**

Opinion

We have audited the financial statements of Leeds Advanced Manufacturing UTC Limited (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 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, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

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 Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 related to going concern

We draw attention to note 1.2 and to 'Going Concern' on pages 7 and 8 within the Trustees Report, which indicates that there is an overall deficit on restricted funds. As stated in note 1.2, and 'Going Concern' on pages 7 and 8, these events or conditions, along with the other matters as set forth in note 1.2, and 'Going Concern' on pages 7 and 8 indicate that a material uncertainty exists that may cast significant doubt on the Academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEEDS
ADVANCED MANUFACTURING UTC LIMITED (CONTINUED)**

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. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. 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.

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 Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEEDS
ADVANCED MANUFACTURING UTC LIMITED (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy 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 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's 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.

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.

Use of our report

This report is made solely to the Academy'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 Academy's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Karen A Rae (Senior statutory auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants
Statutory Auditors
Leeds

Date: 19 December 2019.

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEEDS
ADVANCED MANUFACTURING UTC LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 1 December 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Leeds Advanced Manufacturing UTC Limited during the year 1 September 2018 to 31 August 2019 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 Leeds Advanced Manufacturing UTC Limited and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Leeds Advanced Manufacturing UTC Limited and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Leeds Advanced Manufacturing UTC Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Leeds Advanced Manufacturing UTC Limited's accounting officer
and the reporting accountant**

The accounting officer is responsible, under the requirements of Leeds Advanced Manufacturing UTC Limited's funding agreement with the Secretary of State for Education dated July 2015 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEEDS
ADVANCED MANUFACTURING UTC LIMITED AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 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's income and expenditure.

The work undertaken to draw our conclusion includes:

A review of the accuracy of the Trust's self assessment of compliance with regularity and propriety requirements and review of appropriate evidence and documentation.


Review of payroll and personnel for compliance with Scheme of Delegation.

Review of financial powers and authorisation limits in relation to purchasing for compliance with Scheme of Delegation.

Review of minutes of committee meetings held in the year.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Karen A Rae

Armstrong Watson Audit Limited

Date: 19 December 2019

LEEDS ADVANCED MANUFACTURING UTC LIMITED

(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	595	-	30,796	31,391	192,278
Charitable activities		-	2,381,578	-	2,381,578	2,291,836
Investments	5	374	-	-	374	163
Other income	6	68,719	-	-	68,719	74,371
Total income		69,688	2,381,578	30,796	2,482,062	2,558,648
Expenditure on:						
Charitable activities	8	69,688	2,545,329	453,280	3,068,297	3,065,157
Total expenditure		69,688	2,545,329	453,280	3,068,297	3,065,157
Net movement in funds before other recognised gains/(losses)		-	(163,751)	(422,484)	(586,235)	(506,509)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(58,000)	-	(58,000)	8,000
Net movement in funds		-	(221,751)	(422,484)	(644,235)	(498,509)
Reconciliation of funds:						
Total funds brought forward		-	(407,481)	11,508,420	11,100,939	11,599,448
Net movement in funds		-	(221,751)	(422,484)	(644,235)	(498,509)
Total funds carried forward		-	(629,232)	11,085,936	10,456,704	11,100,939

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 27 to 47 form part of these financial statements.

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 09257096

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	11,051,869	11,505,149
Current assets			
Debtors	15	109,654	68,417
Cash at bank and in hand		9,782	20,486
		<u>119,436</u>	<u>88,903</u>
Creditors: amounts falling due within one year	16	<u>(336,601)</u>	<u>(280,113)</u>
Net current liabilities		(217,165)	(191,210)
Total assets less current liabilities		10,834,704	11,313,939
Creditors: amounts falling due after more than one year	17	<u>(231,000)</u>	<u>(167,000)</u>
Net assets excluding pension liability		10,603,704	11,146,939
Defined benefit pension scheme liability	23	<u>(147,000)</u>	<u>(46,000)</u>
Total net assets		<u>10,456,704</u>	<u>11,100,939</u>

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)


BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Funds of the Academy			
Restricted funds:			
Fixed asset funds	18	11,085,936	11,508,420
Restricted income funds	18	(482,232)	(361,481)
Restricted funds excluding pension asset	18	10,603,704	11,146,939
Pension reserve	18	(147,000)	(46,000)
Total restricted funds	18	10,456,704	11,100,939
Total funds		10,456,704	11,100,939

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 23 to 47 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:


.....
T Craven
Chair of Trustees


.....
A Burhnam
Accounting Officer

Date: 18 December 2019

The notes on pages 27 to 47 form part of these financial statements.

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash used in operating activities	20	(41,874)	(755,253)
Cash flows from investing activities	21	31,170	5,214
Change in cash and cash equivalents in the year		(10,704)	(750,039)
Cash and cash equivalents at the beginning of the year		20,486	770,525
Cash and cash equivalents at the end of the year	22	<u><u>9,782</u></u>	<u><u>20,486</u></u>

The notes on pages 27 to 47 form part of these financial statements

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Leeds Advanced Manufacturing UTC Limited meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

The Board of Trustees has a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future. Whilst the UTC has a deficit balance of £482,232 at the year-end on its restricted income fund (excluding restricted fixed assets funds and pension reserve) and net current liabilities of £217,165, the adoption of a going concern basis in preparing the financial statements is considered appropriate.

The Board of Trustees has considered the following in making its assessment that the UTC has adequate resources to continue in operational existence for the foreseeable future:

- Review of forecasts, including a detailed cash flow forecast, for a period up to 31 December 2020. The forecasts are updated with actual performance on a monthly basis, reviewed by the Trustees and shared with the ESFA. This has also included a visit from a School Resource Management advisor (SRMA) to make further cost saving suggestions that have been implemented by UTC Leeds.
- Cashflows and working capital are managed carefully after considered the detailed cash flow forecast that is regularly reviewed by the Trustees. The UTC has focused on achieving value for money on key supplier contracts during 2018/19 and this will reduce costs in 2019/20 and beyond.

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.2 Going concern (continued)

- Relationship with the ESFA and DfE remains strong and management and the Trustees of the UTC are in regular dialogue with the ESFA/DfE, including discussions regarding financial performance and cash flow requirements.
- There has been an investment in the Senior Leadership Team with the appointment of 2 Assistant Principals and consequently a renewed focus on the UTC vision, achieving the best outcomes for our students and growing student numbers.
- The Trustees, including the Finance and Resources Committee, regularly review financial performance and data on student recruitment and achievements.
- Sensitivity analysis has been performed on the key assumptions inherent in the forecasts, with a focus on the impact on cash flow forecasts and requirements.

The UTC and the Board of Trustees has taken a robust approach to assessing the UTC's ability to continue as a going concern and, after highlighting the uncertainties above, has a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future.

1.3 Income

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

- **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Academy has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Academy, can be reliably measured.

- **Donations**

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

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

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

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

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

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- 50 years straight line
Specialist technology equipment	- 4 years straight line
ICT equipment	- 4 years straight line

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

1.7 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.

1.8 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.

1.9 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.10 Pensions

1.11 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. Critical accounting estimates and areas of judgment

Estimates and judgments 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2019. 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.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	595	-	-	595
Capital Grants	-	-	30,796	30,796
	<u>595</u>	<u>-</u>	<u>30,796</u>	<u>31,391</u>

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Donations	12,809	17,546	-	30,355
Capital Grants	-	-	161,923	161,923
	<u>12,809</u>	<u>17,546</u>	<u>161,923</u>	<u>192,278</u>

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. Funding for the Academy's educational operations

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
DfE/ESFA grants			
Start up grants	90,500	90,500	212,500
General annual grant	2,283,261	2,283,261	2,076,777
Local authority income	7,817	7,817	2,559
	<u>2,381,578</u>	<u>2,381,578</u>	<u>2,291,836</u>

5. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Interest received	374	374	163
	<u>374</u>	<u>374</u>	<u>163</u>

6. Other incoming resources

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Other income	68,719	68,719	74,371
	<u>68,719</u>	<u>68,719</u>	<u>74,371</u>

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Educational operations:				
Direct costs	1,501,615	109,410	279,054	1,890,079
Allocated support costs	414,544	468,520	295,154	1,178,218
	<u>1,916,159</u>	<u>577,930</u>	<u>574,208</u>	<u>3,068,297</u>
	Staff Costs 2018 £	Premises 2018 £	Other 2018 £	Total 2018 £
Educational operations:				
Direct costs	1,706,433	241,573	181,279	2,129,285
Allocated support costs	138,568	376,599	420,705	935,872
	<u>1,845,001</u>	<u>618,172</u>	<u>602,004</u>	<u>2,465,177</u>

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Educational operations	<u>69,688</u>	<u>2,998,609</u>	<u>3,068,297</u>
	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Educational operations	<u>87,343</u>	<u>2,977,814</u>	<u>3,065,157</u>

LEEDS ADVANCED MANUFACTURING UTC LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Analysis of expenditure on charitable activities (continued)

Summary by expenditure type

	Staff costs 2019 £	Depreciation 2019 £	Other costs 2019 £	Total funds 2019 £
Educational operations	1,773,424	453,280	841,593	3,068,297

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total funds 2018 £
Educational operations	1,708,653	211,707	1,144,797	3,065,157

9. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational operations	1,890,079	1,178,218	3,068,297

	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational operations	2,129,285	935,872	3,065,157

LEEDS ADVANCED MANUFACTURING UTC LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	248,099	136,044
Depreciation	453,280	211,707
Computer costs	103,089	94,152
Other support costs	160,672	267,011
Governance Costs	26,350	20,343
Premises support costs	157,161	167,263
Marketing	29,567	39,352
	<u><u>1,178,218</u></u>	<u><u>935,872</u></u>

10. Net expenditure

Net expenditure for the year includes:

	2019 £	<i>2018 £</i>
Depreciation of tangible fixed assets	453,280	453,280
Fees paid to auditor for:		
Audit	<u><u>6,000</u></u>	<u><u>6,000</u></u>

LEEDS ADVANCED MANUFACTURING UTC LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,440,109	1,325,861
Social security costs	117,691	131,949
Pension costs	215,624	250,842
	<u>1,773,424</u>	<u>1,708,652</u>
Agency staff costs	129,843	113,449
Staff restructuring costs	12,892	22,900
Agency	<u><u>1,916,159</u></u>	<u><u>1,845,001</u></u>

Staff restructuring costs comprise:

	2019 £	2018 £
Severance payments	12,892	22,900
	<u>12,892</u>	<u>22,900</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	22	20
Support Staff	12	10
Management	5	6
	<u>39</u>	<u>36</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £70,001 - £80,000	-	1

In addition to salary costs were consultancy fees paid to three members of the senior leadership team totalling £194,970.

d. Key management personnel

Key management personnel received remuneration of £416,697 in the year (2018 - £375,286).

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. 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. The value of Trustees' remuneration and other benefits was as follows:

	2019 £	2018 £
A Burnham (Principal and Trustee) Remuneration Appointed 3 September 2018	105,000 - 110,000	
M Kennedy (Principal and Trustee) Remuneration Resigned 28 February 2018		75,000 - 80,000
Pension contributions		10,000 - 15,000

During the year ended 31 August 2019, expenses totalling £464 were reimbursed (2018 - £298).

13. Trustees' and Officers' insurance

The Academy has opted into the Department of 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 membership.

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14. Tangible fixed assets

	Freehold property £	Technology equipment £	ICT equipment £	Total £
Cost or valuation				
At 1 September 2018	11,440,337	538,231	428,062	12,406,630
At 31 August 2019	11,440,337	538,231	428,062	12,406,630
Depreciation				
At 1 September 2018	420,508	266,721	214,252	901,481
Charge for the year	211,707	134,558	107,015	453,280
At 31 August 2019	632,215	401,279	321,267	1,354,761
Net book value				
At 31 August 2019	10,808,122	136,952	106,795	11,051,869
At 31 August 2018	11,019,829	271,510	213,810	11,505,149

The acquisition of the freehold on 2 Sayner Road, Hunslet, Leeds, LS10 1LA was donated to the trust at a value of £855,000.

Included within Freehold Property above is £855,000 that relates to land is not subject to depreciation.

The value of the fixed assets is recognised in the financial statements whilst the academy is a going concern. Should the academy cease to be a going concern, the value of the assets would transfer to the funding authorities.

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	161	13,819
Other debtors	52,276	6,854
Prepayments and accrued income	57,217	47,744
	<u>109,654</u>	<u>68,417</u>

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16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	117,163	105,042
Other creditors	6,815	13,642
Accruals and deferred income	212,623	161,429
	<u>336,601</u>	<u>280,113</u>

Included in other creditors is bursary income received £15,663 and expenditure £8,929 totalling £6,734.

	2019 £	2018 £
Deferred income at 1 September 2018	13,355	13,585
Resources deferred during the year	12,868	13,355
Amounts released from previous periods	(13,355)	(13,585)
	<u>12,868</u>	<u>13,355</u>

At the balance sheet date the academy trust was holding funds of £12,868 in advance for rates relief.

17. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other creditors	<u>231,000</u>	<u>167,000</u>

A loan of £231,000 from the ESFA was owed at the end of the year. The loan is repayable subject to the judgement of the ESFA, based on the liquidity and solvency of the UTC.

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18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds					
General Funds - all funds	-	69,688	(69,688)	-	-
Restricted general funds					
Restricted Funds - all funds	(361,481)	2,381,578	(2,502,329)	-	(482,232)
Pension reserve	(46,000)	-	(43,000)	(58,000)	(147,000)
	<u>(407,481)</u>	<u>2,381,578</u>	<u>(2,545,329)</u>	<u>(58,000)</u>	<u>(629,232)</u>
Restricted fixed asset funds					
Class II Restricted Funds - all funds	11,508,420	30,796	(453,280)	-	11,085,936
Total Restricted funds	<u>11,100,939</u>	<u>2,412,374</u>	<u>(2,998,609)</u>	<u>(58,000)</u>	<u>10,456,704</u>
Total funds	<u>11,100,939</u>	<u>2,482,062</u>	<u>(3,068,297)</u>	<u>(58,000)</u>	<u>10,456,704</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 other school generated income 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 2019**

18. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds					
General funds - all funds	-	87,343	(87,343)	-	-
Restricted general funds					
Restricted Funds - all funds	(182,329)	2,308,382	(2,487,534)	-	(361,481)
Pension reserve	(18,000)	1,000	(37,000)	8,000	(46,000)
	<u>(200,329)</u>	<u>2,309,382</u>	<u>(2,524,534)</u>	<u>8,000</u>	<u>(407,481)</u>
Restricted fixed asset funds					
Restricted fixed asset fund	11,799,777	161,923	(453,280)	-	11,508,420
Total Restricted funds	<u>11,599,448</u>	<u>2,471,305</u>	<u>(2,977,814)</u>	<u>8,000</u>	<u>11,100,939</u>
Total funds	<u><u>11,599,448</u></u>	<u><u>2,558,648</u></u>	<u><u>(3,065,157)</u></u>	<u><u>8,000</u></u>	<u><u>11,100,939</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	11,051,869	11,051,869
Current assets	85,369	34,067	119,436
Creditors due within one year	(336,601)	-	(336,601)
Creditors due in more than one year	(231,000)	-	(231,000)
Provisions for liabilities and charges	(147,000)	-	(147,000)
Total	(629,232)	11,085,936	10,456,704

Analysis of net assets between funds - prior year

	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	11,505,149	11,505,149
Current assets	85,632	3,271	88,903
Creditors due within one year	(280,113)	-	(280,113)
Creditors due in more than one year	(167,000)	-	(167,000)
Provisions for liabilities and charges	(46,000)	-	(46,000)
Total	(407,481)	11,508,420	11,100,939

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of financial activities)	(586,235)	(506,509)
Adjustments for:		
Depreciation	453,280	453,280
Capital grants from DfE and other capital income	(30,796)	(161,923)
Dividends, interest and rents from investments	(374)	(163)
(Increase)/decrease in debtors	(41,237)	124,302
Increase/(decrease) in creditors	163,488	(664,240)
Net cash used in operating activities	(41,874)	(755,253)

21. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	374	163
Purchase of intangible assets	-	(154,872)
Purchase of tangible fixed assets	30,796	161,923
Pension adjustment	-	(2,000)
Net cash provided by investing activities	31,170	5,214

22. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	9,782	20,486
Total cash and cash equivalents	9,782	20,486

23. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' 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 West Yorkshire Pension Fund. Both are multi-employer defined benefit schemes.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

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

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The TPS valuation report has confirmed that the employer contribution rate will increase to 23.68% of contributory pay with effect from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £160,146 (2018 - £157,070).

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

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £45,000 (2018 - £36,000), of which employer's contributions totalled £29,000 (2018 - £23,000) and employees' contributions totalled £ 13,000 (2018 - £13,000). The agreed contribution rates for future years are 11.3% per cent for employers and between 5.5% and 6.5% per cent 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.25	3.25
Rate of increase for pensions in payment/inflation	2.0	2.0
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	3.0	2.0

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.2	22.1
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	23.2	23.1
Females	27.2	27.1

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	4,530	110
Discount rate -0.1%	4,860	118
CPI rate +0.1%	4,860	114
CPI rate -0.1%	4,530	114

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23. Pension commitments (continued)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	24,987	50,728
Property	1,417	2,856
Cash and other liquid assets	612	1,496
Bonds	4,830	9,724
Other	354	3,196
Total market value of assets	32,200	68,000

The actual return on scheme assets was £3000 (2018 - £1000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	147,000	46,000

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

	2019 £	2018 £
At 1 September	114,000	52,000
Current service cost	43,000	59,000
Interest cost	3,000	1,000
Employee contributions	16,000	13,000
Actuarial (gains)/losses	263,000	(8,000)
Benefits paid	1,000	(3,000)
At 31 August	440,000	114,000

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23. Pension commitments (continued)

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	68,000	34,000
Interest income	3,000	1,000
Actuarial gains	205,000	-
Employer contributions	(29,000)	(23,000)
Employee contributions	16,000	13,000
Benefits paid	1,000	(3,000)
At 31 August	322,000	68,000

24. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	8,944	18,459
Between 1 and 5 years	9,832	3,789
	18,776	22,248

25. 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.

26. Related party transactions

No related party transactions took place in the period covered by the financial statements, other than certain trustees' remuneration, already disclosed in note 12.