

Company number: 07390138

Charity number: 1138894

# Baker Dearing Educational Trust

Report and financial statements

For the year ended 31 December 2018

# Baker Dearing Educational Trust

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### For the year ended 31 December 2018

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## Baker Dearing Educational Trust

### Reference and administrative details

For the year ended 31 December 2018

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**Company number** 07390138 – incorporated in the United Kingdom

**Charity number** 1138894 – registered in England and Wales

**Registered office  
and operational  
address** 4 Millbank  
London  
SW1P 3JA

**Trustees** Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

The Rt Hon Lord Baker of Dorking CH, Chairman

The Rt Hon Lord Adonis

Professor The Lord Bhattacharya Kt CBE (passed away 1 March 2019)

Sir Kevin Satchwell, Deputy Chairman (resigned 9 May 2018)

Dr Theresa Simpkin

Sir Mike Tomlinson CBE

**Principal Officers** Charles Parker Chief Executive  
Ian May FCMA Finance Director

**Bankers** HSBC  
16 King Street  
London  
WC2E 8JF

**Solicitors** Stone King LLP  
91 Charterhouse Street  
London  
EC1M 6HR

**Auditor** Sayer Vincent LLP  
Chartered Accountants and Statutory Auditor  
Invicta House  
108–114 Golden Lane  
London  
EC1Y 0TL

## **Baker Dearing Educational Trust**

### **Trustees' annual report**

#### **For the year ended 31 December 2018**

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The trustees present their report and the audited financial statements for the year ended 31 December 2018

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

The organisation is a charitable company limited by guarantee, incorporated on 28 September 2010 and registered as a Charity on 9 November 2010.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

The objects of the Charity are to advance the education of children, young people and young adults by technically-oriented study at new or existing colleges with an emphasis on practical training, business and commerce leading to employment.

### **Appointment of trustees**

Trustees are selected by reference to their eligibility, personal competence and specialist skills. A Nominations Committee, chaired by Lord Baker, meets twice a year to discuss and recommend the appointment of trustees.

### **Trustee induction and training**

On appointment trustees are inducted into the strategic aims of the Charity and the underlying financial implications. Throughout the year trustees are updated with progress reports and are invited to attend educational seminars and events to increase their awareness of the Charity's activities and the educational sector governance requirements.

The members of the company appoint new trustees. There must be a minimum of three trustees and a maximum of twelve.

All trustees give their time voluntarily and receive no benefits from the Charity. Any expenses reclaimed from the Charity are set out in note 7 to the accounts.

### **Related parties and connected organisations**

See note 9 for details of related parties and connected organisations.

## Remuneration Policy for key management personnel

Remuneration is reviewed, and agreed, once each year by the trustees at a trustees' meeting. The review takes into account the performance of individuals and the change in cost of living as measured by the RPI.

## Objectives and activities

Baker Dearing Educational Trust (Baker Dearing) licenses UTCs (University Technical Colleges). The Charity offers guidance and support to UTCs to help them ensure high standards of education and financial viability and liaises between sponsors, the UTCs themselves and the DfE (Department for Education).

The trustees review the aims, objectives and activities of the Charity each year. This report looks at what the Charity has achieved and the outcomes of its work. The trustees report the success of each key activity and the benefits the Charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the Charity's aims, objectives and activities remain focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

## Vision of the Charity

Baker Dearing promotes and supports University Technical Colleges (UTCs).

UTCs are a new concept in education, introduced in England in 2010. They offer 14–19 year olds the opportunity to take a highly regarded, technically-oriented full-time course of study at a specialist school equipped to the highest standards. The UTCs are publicly-funded academies which are sponsored by a university in partnership with employers offering clear progression routes into higher education or further training and employment.

Students start at the age of 14, integrating academic requirements with the technical and practical elements of the curriculum in an adult environment, which is strongly influenced by profound engagement with local employers. Under the same roof they study technical subjects alongside the GCSE subjects of English, mathematics, science and IT. They also take part in sport and acquire employability, entrepreneurial and financial skills. Each UTC has particular technical specialisms.

UTCs typically have between 500 and 800 students, a deliberately small size to foster loyalty and so that each student is known individually. The size also ensures that numbers in nearby schools are not unduly disturbed.

## **Baker Dearing Educational Trust**

### **Trustees' annual report**

#### **For the year ended 31 December 2018**

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UTCs are demand-led, but have support from all three main political parties. The government has been committed to establishing UTCs and so far over 50 have been approved. The DfE provides the capital cost of a UTC and the ongoing running costs. Baker Dearing's role is both to help UTCs prepare for opening by assisting with the development of the curriculum and also to preserve the key principles and character of open UTCs, as defined by the terms of the Baker Dearing licence.

The UTC brand and trademarks belong to the Charity which grants a licence to each UTC. The Charity retains close links with UTCs once they are open, to help ensure high standards of education, compliance with the licence and financial viability. It is in the interests of the whole UTC programme that the Charity's brand values are preserved.

### **The Charity's strategies and objectives**

In order to achieve the above vision Baker Dearing Educational Trust's objectives are:

- To promote the University Technical College concept.
- To support University Technical Colleges so they provide a high quality technical education ensuring excellent outcomes for their students.
- To protect the University Technical College brand against erosion and contamination.

To this end the Charity has carried out the following activities:

- Worked with UTCs to enhance employer engagement and involvement.
- Held seminars and meetings to encourage UTC Principals' and governors to exchange ideas and best practice.
- Met regularly with ministers and officials of the DfE to review the progress, and actions in connection with, of UTCs which have already been approved and to plan and carry out future competitive rounds of applications to open a UTC.
- Offered training courses to Principals and other UTC staff, particularly focussing on the skills required for this specialist education.
- Promoted UTCs to a wide audience through PR and marketing activities and by responding to public enquires.
- Worked with open UTCs to ensure that they operate in accordance with the Charity's guidelines.
- Worked with the Government to ensure that, as far as possible, conditions exist which allow UTCs to thrive.

### **Performance against objectives**

By the end of 2018, 50 UTCs were open and another has been approved to open during in September 2020, which is in line with expectations.

## **Beneficiaries of our services**

The Charity's main activities and who it tries to help are described below. All its charitable activities focus on the development and support of UTCs and are undertaken to further Baker Dearing Educational Trust's charitable purposes for the public benefit.

Beneficiaries of the services are the UTCs and their students.

## **Financial review**

The trustees have determined that the Charity should be financially independent of Government. They have ensured that the majority of its income is raised from private charitable sources.

The Trust's income for the period included donations, a grant from the Department for Education, and licence subscriptions from UTCs. This has been used to support the Trust's promotional activities for the development and success of the University Technical College programme.

The donations include funds from Gatsby Charitable Foundation (£400,000), Garfield Weston Foundation (£300,000), Peter Cundill Foundation (£150,000), Michael Bishop Foundation (£100,000) and Edge Foundation (£667,250). Edge Foundation's donations included both cash and gift in-kind. The gift in-kind donation covered the shared use of Edge's premises and staff.

## **Principle risks and uncertainties**

There are two significant risks to the organisation: (a) the lack of income, particularly from donations and grants and (b) the possibility of the UTC programme expanding at a slower rate.

- a) Lack of income can be mitigated by reducing expenditure. The Charity's contractual arrangements with suppliers' goods and services have short cancellation periods. The effect of lower expenditure would be to reduce the level of activity and services that the Trust can offer, but it would remain in existence.
- b) Should the UTC programme expand at a slower rate the expenditure allocated to assisting organisations to become UTCs and advice to UTCs during their pre-opening phase would be reduced accordingly. The Charity would review its financial priorities to mitigate this risk.

## **Reserves policy and going concern**

The Charity's income has materially come from donations and grants. The reserves policy targets a level of reserves held to be sufficient to cover at least a quarter of the annual direct operating costs. The Charity has reduced its expenditure going forward therefore this implies a target reserve level of around £250,000. At the end of the year the level of free reserves stood at £560,808 (2016: £226,132). The income of the Charity is dependent on raising further donations and the Charity is confident that the current fundraising programme will ensure the appropriate amount is received. Should there be a shortfall the Charity can reduce operating costs to mitigate the situation. There are no material uncertainties about the Charity's ability to continue as a going concern.

## Statement on fundraising

Baker Dearing Educational Trust does not engage in public fundraising and does not use professional fundraisers or commercial participators. Baker Dearing Educational Trust nevertheless observes and complies with relevant fundraising regulations and codes. During the year there was no non-compliance of these regulations and codes and Baker Dearing Educational Trust received no complaints relating to its fundraising practice.

## Plans for the future

Baker Dearing will continue to provide support and advice to UTCs on a variety of areas covering education, marketing and finance. It will also continue to liaise with the Government to ensure that the UTC programme and the technical education provided by UTCs will be embedded in the educational landscape.

## Statement of responsibilities of the trustees

The trustees (who are also directors of Baker Dearing Educational Trust for the purposes of company law) are responsible for preparing the trustees' annual reports and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 Charity will continue in operation

The trustees are responsible for keeping adequate accounting records that 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.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware



## **Baker Dearing Educational Trust**

### **Trustees' annual report**

#### **For the year ended 31 December 2018**

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- 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 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.

Members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up. The total number of such guarantees at 31 December 2018 was 6 (2016: 9). The trustees are members of the Charity but this entitles them only to voting rights. The trustees have no beneficial interest in the Charity.

The report of the Trustees has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

## **Auditor**

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 13 March 2019 and signed on their behalf by:

The Rt Hon Lord Baker of Dorking CH  
Chairman

## Independent auditor's report

To the members of

**Baker Dearing Educational Trust**

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### Opinion

We have audited the financial statements of Baker Dearing Educational Trust (the 'charitable company') for the year ended 31 December 2018 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

## Independent auditor's report

To the members of

**Baker Dearing Educational Trust**

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### Other information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

### Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

## Independent auditor's report

To the members of

**Baker Dearing Educational Trust**

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### Responsibilities of trustees

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

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

## Independent auditor's report

To the members of

**Baker Dearing Educational Trust**

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are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Use of our report

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

Noelia Serrano (Senior statutory auditor)

7 May 2019

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

**Baker Dearing Educational Trust**

**Statement of financial activities (incorporating an income and expenditure account)**

**For the year ended 31 December 2018**

	Note	Unrestricted £	Restricted £	2018 Total £	2017 Total £
<b>Income from:</b>					
Donations and legacies	3	1,654,900	72,000	<b>1,726,900</b>	1,083,658
Charitable activities					
UTC promotion and support	4 a	272,029	14,083	<b>286,112</b>	355,059
Investments		2,622	-	<b>2,622</b>	1,442
<b>Total income</b>		<b>1,929,551</b>	<b>86,083</b>	<b>2,015,634</b>	<b>1,440,159</b>
<b>Expenditure on:</b>					
Raising funds		37,011	-	<b>37,011</b>	17,778
Charitable activities					
UTC promotion and support		1,557,864	137,104	<b>1,694,968</b>	1,593,421
<b>Total expenditure</b>	5	<b>1,594,875</b>	<b>137,104</b>	<b>1,731,979</b>	<b>1,611,199</b>
<b>Net income/ (expenditure) for the year and net movement in</b>	16a	<b>334,676</b>	<b>(51,021)</b>	<b>283,655</b>	<b>(171,040)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		226,132	69,489	<b>295,621</b>	466,661
<b>Total funds carried forward</b>		<b>560,808</b>	<b>18,468</b>	<b>579,276</b>	<b>295,621</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16 to the financial statements.

**Baker Dearing Educational Trust****Balance sheet**

Company no. 07390138

**As at 31 December 2018**

	Note	£	2018 £	£	2017 £
<b>Current assets:</b>					
Debtors	11	447,320		41,235	
Short term deposits		55,373		54,826	
Cash at bank and in hand		391,745		521,382	
		<u>894,438</u>		<u>617,443</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	12	(315,162)		(321,822)	
<b>Net current assets</b>			<u>579,276</u>		<u>295,621</u>
<b>Total net assets</b>	14a		<u>579,276</u>		<u>295,621</u>
<b>The funds of the charity:</b>	15a				
Restricted income funds			18,468		69,489
Unrestricted income funds:					
General funds		560,808		226,132	
		<u>560,808</u>		<u>226,132</u>	
<b>Total unrestricted funds</b>			<u>560,808</u>		<u>226,132</u>
<b>Total charity funds</b>			<u>579,276</u>		<u>295,621</u>

Approved by the trustees on 13 March 2019 and signed on their behalf by

The Rt Hon Lord Baker of Dorking  
Chairman

Baker Dearing Educational Trust

Statement of cash flows

For the year ended 31 December 2018

	Note	2018 £	£	2017 £	£
<b>Net cash (used in)/provided by operating activities</b>	17		(131,712)		164,253
<b>Cash flows from investing activities:</b>					
Dividends, interest and rents from investments		2,622		1,442	
<b>Net cash provided by investing activities</b>			2,622		1,442
<b>Change in cash and cash equivalents in the year</b>			(129,090)		(162,811)
Cash and cash equivalents at the beginning of the year			576,208		739,019
<b>Cash and cash equivalents at the end of the year</b>	17		<u>447,118</u>		<u>576,208</u>



**1 Accounting policies**

**a) Statutory information**

Baker Dearing Educational Trust is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office is 4, Millbank, London SW1P 3JA.

**b) Basis of preparation**

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**g) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**1 Accounting policies (continued)**

**h) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of promoting and supporting UTCs to further the purposes of the charity and their associated support costs

**i) Allocation of support and governance costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Governance costs are allocated to the promotion and support of UTCs.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

**j) Debtors**

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

**k) Cash at bank and in hand**

Cash at bank and cash 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.

**l) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**m) Pensions**

The charity offers a defined contribution scheme for all employees which is auto-enrolment compliant. All pension contributions relate to payments made to individual employees' personal pension plans. Contributions are charged to the statement of financial activities in the year to which they relate. Differences between contributions due and actually paid are shown as either accruals or prepayments in the balance sheet.

## 2 Detailed comparatives for the statement of financial activities

	Unrestricted £	Restricted £	2017 Total £
<b>Income from:</b>			
Donations and legacies	1,083,658		1,083,658
Charitable activities	269,908	85,151	355,059
Investments	1,442	-	1,442
<b>Total income</b>	<b>1,355,008</b>	<b>85,151</b>	<b>1,440,159</b>
<b>Expenditure on:</b>			
Raising funds	17,778	-	17,778
Charitable activities	1,475,250	118,171	1,593,421
<b>Total expenditure</b>	<b>1,493,028</b>	<b>118,171</b>	<b>1,611,199</b>
<b>Net income / expenditure</b>	<b>(138,020)</b>	<b>(33,020)</b>	<b>(171,040)</b>
<b>Net movement in funds</b>	<b>(138,020)</b>	<b>(33,020)</b>	<b>(171,040)</b>
<b>Total funds brought forward</b>	<b>364,152</b>	<b>102,509</b>	<b>466,661</b>
<b>Total funds carried forward</b>	<b>226,132</b>	<b>69,489</b>	<b>295,621</b>

## 3 Income from donations and legacies

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Gifts	1,498,900	72,000	1,570,900	921,350
Donated services	156,000	-	156,000	162,308
	<b>1,654,900</b>	<b>72,000</b>	<b>1,726,900</b>	<b>1,083,658</b>

The donated services represent the shared use of Edge Foundation's premises and staff.

## 4 a Income from charitable activities

UTC promotion and support	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Department for Education	-	14,083	14,083	85,151
UTC licence fees	272,029	-	272,029	269,908
<b>Total income from charitable activities</b>	<b>272,029</b>	<b>14,083</b>	<b>286,112</b>	<b>355,059</b>

## 4 b Income from charitable activities prior year

UTC promotion and support	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Department for Education	-	85,151	85,151	165,429
UTC licence fees	269,908	-	269,908	268,380
<b>Total income from charitable activities</b>	<b>269,908</b>	<b>85,151</b>	<b>355,059</b>	<b>433,809</b>

## 5 Analysis of expenditure

	<u>Charitable activities</u>			2018 Total £	2017 Total £
	Cost of raising funds £	UTC promotion and support £	Governance costs £		
Staff costs (Note 7)	18,971	361,827	-	<b>380,798</b>	338,583
UTC promotional activities:					
Operational & programme management	-	588,667	50,655	<b>639,322</b>	670,191
Marketing & events	-	462,895	-	<b>462,895</b>	366,307
Administration	18,041	74,924	-	<b>92,965</b>	73,810
Premises, IT & personnel donated by Edge	-	156,000	-	<b>156,000</b>	162,308
	<b>37,011</b>	<b>1,644,314</b>	<b>50,655</b>	<b>1,731,979</b>	<b>1,611,199</b>
Reallocation of: Governance costs	-	50,655	(50,655)	-	-
<b>Total expenditure 2018</b>	<b>37,011</b>	<b>1,694,968</b>	<b>-</b>	<b>1,731,979</b>	
Total expenditure 2017	17,778	1,593,421	-		<b>1,611,199</b>

## 5 Analysis of expenditure prior year

	<u>Charitable activities</u>			2017 Total £	2016 Total £
	Cost of raising funds £	UTC promotion and support £	Governance costs £		
Staff costs (Note 7)	17,778	320,805	-	<b>338,583</b>	332,372
UTC promotional activities:					
Operational & programme management	-	630,698	39,493	<b>670,191</b>	666,365
Marketing & events	-	366,307	-	<b>366,307</b>	330,800
Administration	-	73,810	-	<b>73,810</b>	69,877
Premises, IT & personnel donated by Edge	-	162,308	-	<b>162,308</b>	154,720
	<b>17,778</b>	<b>1,553,928</b>	<b>39,493</b>	<b>1,611,199</b>	<b>1,554,134</b>
Reallocation of: Governance costs	-	39,493	(39,493)	-	-
<b>Total expenditure 2017</b>	<b>17,778</b>	<b>1,593,421</b>	<b>-</b>	<b>1,611,199</b>	
Total expenditure 2016	15,884	1,538,250	-		<b>1,554,134</b>

**6 Net incoming resources for the year**

This is stated after charging / crediting:

	2018 £	2,017 £
Auditor's remuneration (excluding VAT):		
Audit	6,000	6,350
Other services	1,100	1,100
	<u>7,100</u>	<u>7,450</u>

**7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2018 £	2,017 £
Salaries and wages	307,453	295,311
Redundancy payments	27,386	–
Social security costs	32,760	30,865
Employer's contribution to defined contribution pension schemes	6,027	5,057
Other forms of employee benefits	7,172	7,350
	<u>380,798</u>	<u>338,583</u>

The following number of employees received employee benefits in excess of £60,000 (excluding employer pension costs and employer national insurance) during the year between:

	2018 No.	2,017 No.
£140,000 – £149,999	1	1

The aggregate remuneration for key management personnel (including employer national insurance contributions and employer pension contributions) is £167,790 (2017: £167,029).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £4,291 (2017: £4,457) incurred by 1 (2017: 1) member relating to attendance at meetings of the trustees and development of UTCs.

**8 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2018 No.	2,017 No.
Promotion of UTCs	6.0	6.0
	<u>6.0</u>	<u>6.0</u>

## Baker Dearing Educational Trust

### Notes to the financial statements

#### For the year ended 31 December 2018

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#### 9 Related party transactions

Baker Dearing Educational Trust received a grant of £511,250 (2017: £293,750) from Edge Foundation to cover the development of UTCs and it also received in-kind support amounting to £156,000 (2017: £162,308) covering premises, IT and other personnel costs. Three persons (2017: 3) are trustees of both the Edge Foundation and the Baker Dearing Educational Trust during the year. The Rt Hon Lord Baker of Dorking was appointed to the Edge Foundation on 1 March 2010. The Rt Hon Lord Adonis was appointed to the Edge Foundation on 15 December 2010. Sir Kevin Satchwell was appointed to the Edge Foundation on 17 June 2010 however has resigned from Baker Dearing Educational Trust on 9 May 2018.

From time to time, averaging approximately one day per week, Lord Baker receives secretarial support provided by the Baker Dearing Educational Trust for his personal administrative matters. One fifth of the salary costs for this person amounts to £6,952 (2017: £6,674).

#### 10 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

#### 11 Debtors

	2018 £	2017 £
Trade debtors	420,821	5,400
Accrued income and pre-payments	26,499	35,835
	<u>447,320</u>	<u>41,235</u>

#### 12 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	74,053	67,192
Accruals	56,362	37,474
Deferred income (note 13) Employers donations	-	40,000
Deferred income (note 13) UTC subscriptions	184,747	177,156
	<u>315,162</u>	<u>321,822</u>

#### 13 Deferred income

Deferred income comprises UTC subscriptions and employer donations.

	Employers donations £	UTC subscriptions £	2018 £	2017 £
Balance at the beginning of the year	40,000	180,366	220,366	260,366
Amount deferred in the year	-	184,747	184,747	217,156
Amount released to income in the year	(40,000)	(180,366)	(220,366)	(260,366)
Balance at the end of the year	<u>-</u>	<u>184,747</u>	<u>184,747</u>	<u>217,156</u>

## 14a Analysis of net assets between funds 2018

	General unrestricted £	Restricted £	Total £
Net current assets	560,808	18,468	579,276
<b>Net assets at the end of the year</b>	<b>560,808</b>	<b>18,468</b>	<b>579,276</b>

## 14b Analysis of net assets between funds 2017

	General unrestricted £	Restricted £	Total
Net current assets	226,132	69,489	295,621
<b>Net assets at the end of the year</b>	<b>226,132</b>	<b>69,489</b>	<b>295,621</b>

## 15a Movements in funds (current year)

	At 1 January 2018 £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	At 31 December 2018 £
<b>Restricted funds:</b>					
Department for Education	-	14,083	(14,083)	-	-
Gatsby Charitable Foundation	15,091	-	(15,091)	-	-
Special Growth Fund	54,398	-	(35,930)	-	18,468
Marketing Fund	-	72,000	(72,000)	-	-
<b>Total restricted funds</b>	<b>69,489</b>	<b>86,083</b>	<b>(137,104)</b>	<b>-</b>	<b>18,468</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>226,132</b>	<b>1,929,551</b>	<b>(1,594,875)</b>	<b>-</b>	<b>560,808</b>
<b>Total unrestricted funds</b>	<b>226,132</b>	<b>1,929,551</b>	<b>(1,594,875)</b>	<b>-</b>	<b>560,808</b>
<b>Total funds</b>	<b>295,621</b>	<b>2,015,634</b>	<b>(1,731,979)</b>	<b>-</b>	<b>579,276</b>

## 15b Movements in funds (prior year)

	At 1 January 2016 £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	At 31 December 2017 £
<b>Restricted funds:</b>					
Department for Education	-	85,151	(85,151)	-	-
Gatsby Charitable Foundation	15,091	-		-	15,091
Siemens	225	-	(225)		-
Special Growth Fund	87,193		(32,795)	-	54,398
<b>Total restricted funds</b>	<b>102,509</b>	<b>85,151</b>	<b>(118,171)</b>	<b>-</b>	<b>69,489</b>
<b>Unrestricted funds:</b>					
<b>General funds</b>	<b>364,152</b>	<b>1,355,008</b>	<b>(1,493,028)</b>	<b>-</b>	<b>226,132</b>
<b>Total unrestricted funds</b>	<b>364,152</b>	<b>1,355,008</b>	<b>(1,493,028)</b>	<b>-</b>	<b>226,132</b>
<b>Total funds</b>	<b>466,661</b>	<b>1,440,159</b>	<b>(1,611,199)</b>	<b>-</b>	<b>295,621</b>

## Purposes of restricted funds

The Department for Education restricted fund was used to support the selection of UTCs for Department of Education approval.

The Gatsby Charitable Foundation grant is used to assist with the training of UTC teachers and UTC pupil recruitment.

The Siemens donation contributes to a Special Growth Fund which has been set up to assist UTCs with funding educational projects and resources such as employer based activities, specialist equipment and travel and associated costs for certain UTC students. The Special Growth Fund also includes donations from The Frank Jackson Foundation and Monday Charitable Trust.

The Marketing Fund was utilised to assist UTCs with pupil recruitment advertising within their local communities.

## 16 Reconciliation of net (expenditure)/income to net cash flow from operating activities

Net (expenditure)/income for the reporting period (as per statement of financial activities)	283,655	(171,040)
Dividends, interest and rent from investments	(2,622)	(1,442)
(Increase) Decrease in debtors	(406,085)	58,155
Decrease in creditors	(6,660)	(49,926)
<b>Net cash (used in)/provided by operating activities</b>	<b>(131,712)</b>	<b>(164,253)</b>



## 17 Analysis of cash and cash equivalents

	At 1 January 2018 £	Cash flows £	Other changes £	At 31 December 2018 £
Cash at bank and in hand	521,382	(129,637)	–	391,745
Notice deposits (less than three months)	54,826	547	–	55,373
<b>Total cash and cash equivalents</b>	<b>576,208</b>	<b>(129,090)</b>	<b>–</b>	<b>447,118</b>

## 18 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.