

Company Registration No. 08714780 (England and Wales)

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

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UNIVERSITY TECHNICAL COLLEGE WARRINGTON

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Prof. S Broomhead (Resigned 14 March 2019)
M Houghton
Prof. A Gibson - MMU
Sellafeld Ltd (Nominated person: J O'Brien)

Trustees

L Barber (Accounting Officer and Principal)
M Houghton (Chair of Trustees)
W J McCann
A McManus
S Park (Resigned 31 March 2019)
J Patterson
R M Smith (Resigned 7 November 2019)
N Gilligan (Resigned 30 January 2019)
I Cumming (Resigned 17 July 2019)
J Thomason
I Critchley (Appointed 5 November 2019)

Senior management team

- Principal	L Barber
- Vice principal	A Downing
- Assistant principal - inclusion	P Rigby
- Assistant principal - personal development	J Varey
- Assistant principal - operations	M O'Donoghue
- Associate assistant principal - employability	C Hatherall
- Assistant principal - teaching & learning	K Burge

Company secretary

M Ward

Company registration number

08714780 (England and Wales)

Registered office

UTC Warrington
Dallam Lane
Warrington
WA2 7NG

Independent auditor

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester
M1 6HT

Bankers

Lloyds Bank PLC
Horsemarket Street
Warrington
WA1 1TP

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Hill Dickinson LLP
No.1 St Pauls Square
Liverpool
L3 9SJ

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the period 1 September 2018 to 31 August 2019. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

UTC Warrington (UTCW) operates an academy for pupils aged 14 – 19 serving a catchment area in North West England. It has a pupil capacity of 620 and had a roll of 256 in the school census in June 2019.

Born out of the skills gap identified in the Warrington Skills Commission in 2012, which identified a shortage of skilled Engineers in Warrington, UTCW is a dedicated 14-19 academy with specialisms in Science and Engineering. With our £10 million iconic new building, filled with £1 million of specialist engineering equipment, we aim to create a unique, aspirational, technical and academic curriculum, which prepares our students for an exciting career on their doorstep, or beyond.

Working alongside our educational sponsor, Manchester Metropolitan University, we have the benefit of their expertise in supporting students into accessing high-quality Higher Education provision, as well as the technical know-how of their lecturers. Moreover, UTCW supplement academic knowledge and experience with employer master classes, technical projects and work experience in partnership with over 50 industry partners, including Sellafield Ltd, Fujitsu, Wood, Atkins, Stanley Engineering, Jacobs, and Balfour Beatty.

Set in an iconic building centrally located in Warrington town centre, with Warrington Central train station and Warrington Bus Station on our doorstep, UTCW is accessible for students far and wide. Through our innovative and forward-thinking STEM curriculum, which marries creative and entrepreneurial skills alongside Science and Engineering, UTCW will address the disconnect between education and industry, providing students with a competitive edge.

Structure, governance and management

Constitution

University Technical College Warrington is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust.

The trustees of University Technical College Warrington are also the directors for the purposes of company law. The academy trust is known as UTC Warrington.

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.

Members' liability

Each Member of UTC Warrington undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a Member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a Member.

Trustees' indemnities

UTC Warrington maintains Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. UTC Warrington has also granted indemnities to each of its Governors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 236 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other officers may incur to third parties in the course of acting as Governors or officers of UTC Warrington.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Method of recruitment and appointment or election of trustees

Under the terms of its Articles and Funding Agreement, UTC Warrington must provide to the Secretary of State the names of all new or replacement Charity Trustees and Members of the Academy Trust. Stating whether they have been appointed or elected, the date of their appointment or election and, where applicable, the name of the Charity Trustee or Member they replaced as soon as is practicable and in any event within 14 days of their appointment or election.

UTC Warrington must not appoint any new or replacement Charity Trustees or Members until it has first informed them, and they have agreed that their names will be shared with the Secretary of State to enable them to assess their suitability.

UTC Warrington must not amend or remove the provisions in its Articles relating to the appointment, election, resignation or removal of Charity Trustees or Members ("the Governance Articles") without the Secretary of State's consent.

Policies and procedures adopted for the induction and training of trustees

During the year under review, the Trust Board met on a monthly basis at board meetings with members of the board also representing committees of the Trust Board. Trustees attend an annual induction, which includes a skills audit and general training/updates, the outcome of the skills audit then forms part of a training plan for the year dependent on their individual and group needs. All new Trustees meet with the Chair and the Clerk and are given an induction, which includes a tour of the college and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, business development strategic plans and other documents that they will need to undertake their role as a Trustee.

Organisational structure

The organisational structure consists of three levels: The Trust Board (which includes Members and Trustees), the Senior Leadership Team, and the extended Senior Leadership Team, which includes middle leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trust Board are responsible for appointing the Principal & Chief Executive, setting general policy, adopting an annual plan and budget, monitoring the use of budgets and making major decisions about the direction of UTC Warrington.

The Senior Leadership Team comprises of the Principal & Chief Executive, Vice Principal and Assistant Principal's. The Principal & Chief Executive also acts as The Accounting Officer. These Senior Leaders control the Academy at an executive level, implementing the policies laid down by the trustees and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for posts in the Senior Leadership Team always contain a Trustee. Some spending control is devolved to Budget Holders, who are generally members of the middle management team. Any limits above are countersigned by a member of the Senior Leadership Team.

The Middle Management Team includes Faculty Leaders and Progress Leaders. Along with the Senior Leadership Team, these managers are responsible for the day to day operation of UTC Warrington, organising the teaching staff, facilities and students.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of UTC Warrington comprise the trustees and senior leadership team as disclosed on page 1.

The day to day running of the remuneration policy is delegated to the Principal & Chief Executive and monitored by the Pay Committee. All details for setting pay and remuneration of key management personnel are set out in the staff appraisal policy and pay policy, which are reviewed annually by the Board of Trustees. The Principal's salary is set by a pay committee of 3 Trustees, chaired by the Chair of Trustees. Advice is also sought from external sources, such as Baker Dearing Education Trust, who advise appropriately. Benchmark data is also used at annual review.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines (i.e. National Teachers or Local Government Pay Scales), helping trustees conclude that each individual's remuneration is at an appropriate level, and also linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board are always mindful of the charitable status of UTC Warrington and recognise the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensures the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Related parties and other connected charities and organisations

UTC Warrington is sponsored by Manchester Metropolitan University. Connected organisations include; Sellafeld Ltd, Wood Plc, Fujitsu. Jacobs, Cavendish Nuclear, Stanley Engineered Fastenings and the Royal Engineers (British Army).

Related Party Questionnaires have been completed by most Trustee's and the Clerk keeps a register of related parties/declarations of interest, which are also included on UTCW's website.

Objectives and activities

Objects and aims

UTC Warrington's object ("**the Object**") is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum which includes provision for technical education ("**the Academy**"). UTC Warrington specialises in Science & Engineering and provides education for students aged 14-19.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives, strategies and activities

UTC Warrington aims to create an outstanding academic and technical institution, with support from our employer and university partners, to achieve the following objectives:

- Address the skills gap, as identified by the Science, Engineering and Cyber industries and government;
- Be known as a pioneering institution for outstanding quality STEM (Science Technology, Engineering & Maths) education in Warrington;
- Prepare a generation of skilled, career-ready young people with the necessary technical, academic and softer skills to succeed;
- Establish a modern, progressive college with an innovative and forward-thinking curriculum, valued by students and employers alike;
- Support female engineers into the profession, working alongside high profile aspirational women in Engineering;
- Embed a culture of excellence and kindness, which delivers outstanding outcomes and destinations for young people;
- Provide a platform for social mobility for disadvantaged students, by accessing high calibre STEM careers through our vast employer network.

Public benefit

UTC Warrington is a Single Academy Trust catering for students aged 14 to 19, striving to promote and support the advancement of education within the Warrington area. UTC Warrington provides an extensive programme of academic and technical education – all designed to contribute to the overall education of its students focussing on areas such as Science, Technology, Engineering, arts and Maths. The vision is for students to be inspired by the relevance and challenge of solving real-life problems and developing the skills and confidence to succeed throughout their journey into their working lives.

UTC Warrington works with:

- Manchester Metropolitan University, our University sponsor;
- A large network of local employers;
- Secondary and Further Education educational establishments;
- Apprenticeship training providers.

UTC Warrington also aims to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities. For example:

- Use of a state of the art lecture theatre;
- Use of high quality engineering equipment/machinery and/or science laboratories;
- Use of high quality conferencing and catering spaces.

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees believe that the Academy Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

Trustees and the Senior Leadership Team identified 7 key areas of school improvement, which were identified at the beginning of the academic year. Staff focused intently on improving:

1. The quality of teaching, learning and assessment in KS4 engineering and KS4 English
2. Attendance; increasing in line with national averages
3. 'The UTC promise'; delivering on our unique curriculum as a UTC
4. Literacy, including technical literacy, across the curriculum
5. Outcomes for disadvantaged and SEND students
6. Personal development, particularly student resilience
7. Recruitment and retention of 6th form students

UTC Warrington had its first Ofsted inspection in May 2019 and achieved a 'Good' grade in all areas, with particular strengths identified in the 6th form and within the Personal Development, Behaviour and Welfare. Outcomes for students in summer '19 reinforced the Good status of the college, with significant improvements in KS4 outcomes, most notably English, and continued success in the 6th form technical curriculum, where the average grade in Engineering was Distinction. Attendance rose steadily throughout the year, finishing above national averages for both key stages.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators

The Trust Board recognises the financial challenges faced in operating a university technical college. Fluctuating student numbers each year present a real challenge in developing a steady budget and therefore staff team; a range of student numbers from 375 to 265 presents the need for reactive budgeting and early dialogue with ESFA colleagues. Moreover, the curriculum delivered in a UTC carries a 'technical premium' cost not as prevalent in most school settings. The strategic environment any UTC finds itself operating within is extremely turbulent:

- Many UTCs do not have economies of scale, as they are smaller than some primary and average secondary schools. They largely all start as single academy trusts, too.
- Pupils are disadvantaged by 3 transition points rather than 2, which impacts on standards.
- UTCs struggle to recruit good secondary specialists, without a KS3.
- Accountability measures in England are not fit for purpose for the UTC model; Progress 8 and Ebacc fail to recognise UTC curricula and employer priorities.
- Relationships with local schools are difficult; recruiting students from local schools where they lose Year 10 and/or Year 12 students to the UTC is seen as a threat to financial security and outcomes. Aggressive anti-UTC marketing leads to fluctuating recruitment patterns and subsequent financial management challenges.
- Recruitment of students at 14 generally attracts students who fall into 2 categories; a) students who proactively seek out a technical curriculum that can't be found at their existing school, and b) students who may have already experienced several school moves and/or are seeking a 'fresh start', owing to behaviour/safeguarding issues at their previous school.

The Trust Board identified the following priorities pertaining to financial management:

- Increase student recruitment numbers in line with growth projections and local basic need by improving levels of school engagement locally and sub-regionally, to improve access to students;
- Operate within an agreed (and funded) budget from the ESFA, creating sufficient surplus to service ESFA deficit;
- Develop long-term sustainability plans through a Trust Business Development Strategy, looking for opportunities to increase revenue streams through expanding age range, delivering apprenticeship provision and development of the curriculum offer;
- Identify and join a Multi-Academy Trust that can help the UTC derive economies of scale and provide support with student recruitment.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

During this academic year (June 2019), UTC Warrington was successful in achieving a very positive first Ofsted inspection report. The report highlights *'The college has developed and improved over its first three years. Leaders and other staff have worked together to ensure that it provides a good quality of education.'* Commenting on leadership, it noted *'Leaders know what the college does well and what it still needs to do to improve. They are prepared to address aspects that have not been fully successful, so that there is the best possible provision for pupils.'*; moreover that *'Effective governance is a strength of the college. Governors, who are also trustees, have skills and experience that help them to provide good challenge to leaders.'*

Student outcomes at Key Stage 4 rose considerably during this academic year, with the college Attainment 8* rising from 30.1 to 36.1 (*albeit this measure isn't entirely fit for UTCs), English and Maths (% grade 4 and above) rising from 32 to 52.4 and progress from baseline/entry points improving significantly too. Students broadly attained better in every subject across the curriculum compared to the previous cohort, as a result of institution maturity, improved systems and culture. Outcomes at Key Stage 5 were an equally pleasing; the average grade across the Engineering specialism as Distinction (x2 A Levels) and a average Grade of C in Maths A Level.

Key Stage 4 Achievements and performance

The 2018 and 2019 results are shown in the table below

Measure	2018	2019
Grade 4 of above in Maths and English	32	55.8

Key Stage 5 Achievements and performance

Key stage 5 performance improved significantly across all areas, most notably in Engineering.

Measure	2019 UTC Average	2019 National Average
Pearsons BTEC Level 3 National Diploma in Engineering, points score	71.3	36.3

Student destinations at both key stages were outstanding; 50% of students entered STEM related degree study at University and 33% entered Engineering apprenticeships; both well above national trends. No students was classified as NEET across either key stage. Ofsted noted *'The curriculum is closely matched to the college's aim to prepare pupils to be ready for work in science, technology, engineering or mathematics (STEM) and other careers. A very low number of pupils leave the college without continuing their education or taking up apprenticeships. This indicates the college's success in this aspect.'* And that *'Leadership of the sixth form is effective. Sixth form students make a positive contribution to the college. As elsewhere in the college, teaching is well planned. This leads to students' strong progress. Students do particularly well in technical subjects. They show strong commitment to preparing themselves for their future careers or for higher education. The proportion leaving to take up higher apprenticeships is above the national average.'*

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Student Recruitment

Year Group	Pupil Numbers 2017	Pupil Numbers 2018	Pupil Numbers 2019
10	100	97	76
11	-	109	95
12	89	63	65
13	-	45	29

Student recruitment figures reduced from 275 to 265 students in this academic year. Approximately 100 students who had committed to joining the UTC, having applied and accepted a place, changed their mind citing pressure from current schools or the state of the premises at the time (the building was stripped of all its aluminium cladding and replaced as a precaution). This had a significantly detrimental effect on budget, with approximately £500k of PNA clawback returned to the ESFA. The UTC has new strategies to mitigate such turbulence in student roll.

Attendance

Attendance was 94.2% compared to 92.7% in the previous year and above the national average for key stage 4, attendance continues to be both a focus and a challenge for UTCW.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Going concern

The trustees are required to assess whether the use of going concern basis of accounting is appropriate for the Academy and consider whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. Where such conditions are identified which are beyond the control of the Academy then these are disclosed in the financial statements. The trustees make their assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. The trustees have identified the following material uncertainties in making their assessment:

1. At the year end, the Academy owed £1,356,719 to the ESFA in respect of incorrect claims, in the current period and prior periods, for the cost of the property, whereby the amount claimed incorrectly included VAT. Following the year end, the Academy has submitted a deficit recovery plan to the ESFA which is presently under consideration. The ESFA has indicated that they will submit the plan for ministerial approval in the coming weeks. As part of the deficit recovery plan, the amount owed would be fully repaid, assisted by an additional draw down loan from the ESFA such that the retained cash resources of the Academy will be reduced to £5,000. It is anticipated that repayment of this new loan will commence in October 2021 at which point, the Academy is anticipated to be reporting a surplus of funds. The deficit recovery plan indicates that by the end of August 2026, £300,000 will still be owed to the ESFA. The trustees are confident that approval of the plan will be achieved and that the plan is achievable however, at the date of approval of these financial statements no approval has been received.
2. Due to a failure to achieve the estimated pupil numbers for the last two years, the Academy has suffered a deficit of funds during the period due to Pupil Number Adjustment (PNA) claw-backs. This, along with those matters disclosed in 1) above, has required the Academy to prepare a deficit recovery plan and submit this to the ESFA for approval. The deficit recovery plan anticipated an increase in pupil numbers for 2020/21 to assist in the funding of the anticipated claw-back of £167,000 in respect of 2019/20. The increased pupil numbers for 2020/21 are based on increased current application numbers compared to those of prior periods which indicate a 20% increase along with improvement in local school engagement. Should future pupil number targets not be achieved then the Academy will need to reconsider its deficit recovery plan along with the ESFA in September 2020. The trustees believe that the forecast pupil numbers are achievable at the date of approval of these financial statements.
3. The academy received a further £200,000 transitional funding grant in the year. Fulfilment of transitional funding conditions requires the Academy to identify a suitable MAT to join by 2020. Despite have no firm offers having been made, the Academy has continued to pursue such opportunities and has maintained communication with the ESFA as to its progress. The trustees will continue to approach suitable MAT's with a view to satisfying the transitional funding requirements. At present the Academy is meeting the criteria but should a suitable opportunity not come to fruition within the anticipated timescale, then the ESFA may seek to reclaim the current period transitional funding and those previously paid. Such repayment is not anticipated in the deficit recovery plan described above.

The uncertainties described above relating to the ministerial approval by the ESFA of the deficit recovery plan, failure to achieve forecast pupil numbers and the support of the ESFA through transitional funding require the continued support of the ESFA and, as the trustees remain in close contact with the ESFA they anticipate that the required support will be forthcoming. Therefore the trustees have a reasonable expectation that the Academy will have adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of the approval of these financial statements and thus they continue to use the going concern basis.

If the Academy was unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce balance sheet values to their recoverable amounts, to provide for future liabilities that may arise and to reclassify fixed assets to current assets.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Financial review

During the year to 31 August 2019 the academy has aimed to implement the foundations of which it will operate for the foreseeable future.

Most of the Academy's income is obtained from the DfE via the ESFA in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes i.e. the objects of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

There were no unrestricted fund balances as at the balance sheet date. Restricted general funds were overdrawn by £889,702 (2018: £414,217). This can be expected with the academy becoming established at an early stage in its life,

With regard to Capital Grants the academy received capital grants toward the construction of the building in which they occupy, in addition to the Devolved Formula Capital Grant (DFC). In accordance with the Charities SORP 2015, the DFC received is shown in the Statement of Financial Activities (SOFA) as restricted fixed asset funds. The difference between the fixed asset fund and the net book value of fixed assets relates to the capital build which was on going over the year end which gave rise to an amount of accrued income and expenditure.

The academy generated a deficit of £848,202 (2018: £440,632) before actuarial losses.

The academy has a net current liability position of £889,702 (2018: £307,734 net current assets) and cash reserves of £576,013 (2018: £1,764,992) at the balance sheet date.

Financial and risk management objectives and policies

Within the financial year, UTC Warrington has established a full set of key financial policies to meet its obligations. Guidance from the Academies Financial Handbook has been used to inform an internal financial manual, which is reviewed regularly.

A Finance & Resources Committee met once during the financial year, providing support and scrutiny, ensuring adequate financial controls are in place. The meeting structure changed part way through the year to monthly trust board meetings, due to the impending Ofsted inspection and on-going work around deficit recovery, therefore, finance was covered at each monthly meeting. Monthly link-governance meetings took place between key finance personnel and a Trustee with responsibility for finance.

UTC Warrington has kept a risk register which has been reviewed on a half-termly basis. The biggest risks identified are on-going student recruitment, retention of students, financial sustainability (including cash flow) and national perception of the UTC programme. Outcomes were previously a risk now mitigated by recent successes in academic results and destinations, plus a very successful Ofsted inspection. Improved school engagement is already beginning to show green shoots of improved student recruitment.

Reserves policy

The Trustees will review the reserve levels of UTC Warrington annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees will always try to match income with expenditure in the current year and set and manage a balanced budget, UTC Warrington will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the students.

At the balance sheet date, UTC Warrington had total funds of £8,465,700 comprising fixed asset funds of £9,559,402 (2018: £9,897,119), restricted income reserves deficit of £889,702 (2018: £414,217), a pensions deficit of £204,000 (2018: £60,000) and unrestricted income funds of £nil (2018: £nil).

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Investment policy and powers

UTC Warrington held no investments within the financial year.

Principal risks and uncertainties

The Trustees have assessed the major risks to which UTC Warrington is exposed, in particular those relating to the specific teaching, outcomes, student recruitment, finances and operational matters such as facilities. The Trustees held risk workshops and regularly reviewed a risk register. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of college grounds and internal financial controls in order to manage risk). UTC Warrington has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Fundraising

UTC Warrington carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

Plans for future periods

UTC Warrington is currently working on a business development strategy in order to ensure long term sustainability. Trustees have discussed and agreed to the following:

- Join a Multi Academy Trust suitable to the needs and values of UTC Warrington
- Further develop local relationships to improve access for young people
- Potential extension of age range, if demand can be evidenced and supported
- Diversify revenue streams through apprenticeship provision and lettings
- Tighter scrutiny of financial management controls

Funds held as custodian trustee on behalf of others

There are no assets being held.

Auditor

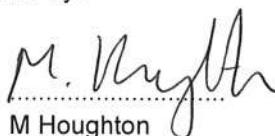
In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 20/12/2019 and signed on its behalf by:



L Barber
Trustee



M Houghton
Chair of Trustees

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that UTC Warrington 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 & Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between UTC Warrington and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 11 times during the year. Attendance during the period at meetings of the Board of Trustees, including committee meetings was as follows:

Trustees	Meetings attended	Out of possible
L Barber (Accounting Officer and Principal)	11	11
M Houghton (Chair of Trustees)	8	11
W J McCann	7	11
A McManus	5	11
S Park (Resigned 31 March 2019)	3	6
J Patterson	9	11
R M Smith (Resigned 7 November 2019)	10	11
N Gilligan (Resigned 30 January 2019)	2	5
I Cumming (Resigned 17 July 2019)	2	10
J Thomason	10	11
I Critchley (Appointed 5 November 2019)	0	0

The key changes in the composition of the trust board within the financial year were the resignations of S Park and I Cumming, and the removal of N Gilligan. There has been breadth and depth of coverage across the Trust Board, resulting in support and challenge of the leadership team, oversight of financial management through sub-committee meetings and strong link governance, and ensuring that the strategic vision is delivered.

The board have demonstrated strong leadership and management which has been referenced by several external sources including Ofsted and a DfE Education Advisor, link-governance is particularly strong in curriculum, finance and safeguarding. The Trust Board have self-evaluated their own effectiveness through completion of a skills analysis, which has formed a trustee development programme. Through our teaching school partner, the board have identified a National Leader of Governance who they intend to develop a long term relationship with to develop governance at UTC Warrington.

Data is produced by way of monthly and half-termly reports from the Chief Executive, covering detailed information around student and financial performance. Data is also provided at trust board meetings including sub-committees where matters are discussed in more detail.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Governance reviews

In the year prior, an external review of governance was carried out by a National Leader of Governance, which formed part of a subsequent governance action plan. Within 2018/19 there have been no external reviews. However, during the UTC's first Ofsted inspection in May 2019, governance was reviewed as part of the scrutiny of leadership & management. The UTC's first Ofsted report states that 'Effective governance is a strength of the college. Governors, who are also trustees, have skills and experience that help them to provide good challenge to leaders.'

In addition, the report states the following:

'Effective governance in the college is one of its strengths. Many of the trustees, who also act as governors, have worked with the college from its inception. They are very knowledgeable about the college and the way that it has developed over time. This, together with their strong links with significant local employers and Manchester Metropolitan University (MMU), gives them the insight that they need to provide strategic guidance and challenge to leaders.'

'Governors are keen to have an effective governing body. While the governing body has broad representation from local employers, there is less expertise in relation to school education. In order to strengthen governance further, governors have agreed to appoint a serving head teacher to the governing body.'

'Governors are appropriately involved in the strategic use of the college's funding. They work closely with statutory agencies to account for the college's overall current and future spending plans. They know how the additional funding available is used to support disadvantaged pupils and those with SEND. Governors ensure that this funding supports pupils' achievement.'

The Finance Audit and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to support and challenge the Principal and Senior Leadership Team in the areas of budget, cash flow, audit, facilities, HR and staffing. Also, to ensure school resources are being managed effectively, providing a safe educational environment.

The Finance and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to support and challenge the Principal and Senior Leadership Team in the areas of budget, cash flow, audit, facilities, HR and staffing. Also, to ensure school resources are being managed effectively, providing a safe educational environment.

Attendance at Finance and Resource Committee meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
L Barber (Accounting Officer and Principal)	1	1
M Houghton (Chair of Trustees)	0	1
A McManus	1	1
S Park (Resigned 31 March 2019)	0	1
N Gilligan (Resigned 30 January 2019)	0	1
J Thomason	1	1

The meeting structure changed part way through the year to monthly trust board meetings, due to the impending Ofsted inspection and on-going work around deficit recovery, therefore, finance was covered at each monthly meeting.

Review of value for money

As Accounting Officer, the Principal & Chief Executive has responsibility for ensuring that UTC Warrington 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.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Accounting Officer considers how the trust'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 available.

The Accounting Officer for UTC Warrington has delivered improved value for money during the year by seeking to use the most cost effective solutions.

- Using the ESFA's RM1050 framework, UTCW has sourced extremely competitive ICT technical support. This was recently reviewed and a new provider identified, who is delivering higher quality for the same competitive price.
- UTCW brought catering in house at the end of the audited academic year. Whilst the savings hadn't had time to make an impact by August 2019, early indications are a service which used to cost the academy approximately £35k per annum will break even in the 19-20 academic year.
- Savings on energy bills have been found through partnering with an organisation who specialise in energy procurement. They advise the UTC on the most economical energy tariffs at regular intervals, to negate any periods of unnecessary overpayment.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of UTC Warrington policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in UTC Warrington for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which UTC Warrington is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing UTC Warrington's significant risks that has been in place for the period 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

UTC Warrington'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 Resources 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:

- to appoint Redrambler Ltd as internal auditor;

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The internal auditor's role includes giving advice on financial matters and performing a range of checks on UTC Warrington's financial systems. On a termly basis, the auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/ bank reconciliations
- External audit arrangements
- Budget planning, monitoring and reporting
- Internal controls
- Governance
- Risk management
- Assets
- Catering income
- Pupil Premium
- Lettings

The programme of internal audit was delivered as intended and a programme for 19-20 is under review. The internal auditors view from the final visit 'the overall risk is high due to the deficit budget situation and low pupil numbers. There are no day to day operational risks of an urgent nature to bring to the attention of the Academy.

Review of effectiveness

As Accounting Officer, the Principal & Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

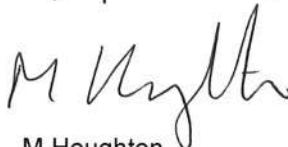
- the work of the internal auditor and a peer reviewer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 20/12/2019 and signed on its behalf by:



L Barber
Accounting Officer and Principal



M Houghton
Trustee

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

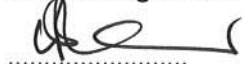
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of UTC Warrington, I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. 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 trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the 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.

L Barber
Accounting Officer



20/12/2019

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of University Technical College Warrington for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 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 accounts for each financial year. Under company law, the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

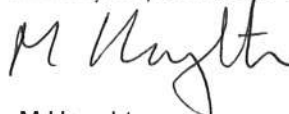
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 20/12/2019 and signed on its behalf by:



L Barber
Trustee



M Houghton
Chair of Trustees

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY TECHNICAL COLLEGE WARRINGTON

Opinion

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

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Material uncertainty related to going concern

We draw your attention to the disclosures made in note 1.2 of the financial statements concerning the Academy's ability to continue as a going concern and their reliance on the ESFA for financial support in addition to the Academy's core funding. The matters explained in note 1.2 indicate the existence of material uncertainties which may cast doubt on the Academy's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Academy were unable to continue as a going concern.

As adequate disclosure of these uncertainties is made in the financial statements, our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY TECHNICAL COLLEGE WARRINGTON (CONTINUED)

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' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, 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 accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

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

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY TECHNICAL COLLEGE WARRINGTON (CONTINUED)

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.



Mark Robertson BA BSc CA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

Chartered Accountants
Statutory Auditor

20/12/2019

St James Building
79 Oxford Street
Manchester
M1 6HT

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UNIVERSITY TECHNICAL COLLEGE WARRINGTON AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter and further to the requirements of the Education and 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 University Technical College Warrington during the period 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 University Technical College Warrington and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the University Technical College Warrington 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 University Technical College Warrington and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of University Technical College Warrington's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of University Technical College Warrington's funding agreement with the Secretary of State for Education dated 26 March 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 period 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.

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 trust's income and expenditure.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements University Technical College Warrington for the year ended 31 August 2019 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UNIVERSITY TECHNICAL COLLEGE WARRINGTON AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 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.

Matter 1 - From the audit substantive procedures carried out it became apparent that the schools own tendering and procurement policies in place throughout the year were not being adhered to. The key issue was that purchase orders were not raised for most of the sample tested, therefore evidence of pre-authorisation for a number of purchases could not be obtained.

Matter 2 - A few receipts were missing to support staff expenses claims/hospitality payments, the largest amount being £525.

Matter 3 - One expense claim made in the year amounted to £575 for food laid on at a city centre venue to reward staff following an Ofsted visit. We do not believe this is appropriate use of public money.

Matter 4 - It would appear, from evidence supplied during our review, that £118,000 has been added to the ESFA VAT loan without prior approval.



Reporting Accountant

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester
M1 6HT

Dated: 20/12/2019

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General £ Fixed asset £	Total 2019 £	Total 2018 £
Income and endowments from:					
Donations and capital grants	3	125	17,776	150,769	168,670
Charitable activities:					
- Funding for educational operations	4	-	1,932,928	-	1,932,928
- Funding for teaching school	26	-	30,000	-	30,000
Other trading activities	5	44,888	88,571	-	133,459
Investments	6	2,737	-	-	2,737
Total		47,750	2,069,275	150,769	2,267,794
Expenditure on:					
Charitable activities:					
- Educational operations	8	42,117	2,541,043	495,508	3,078,668
- Teaching school	26	-	37,328	-	37,328
Total	7	42,117	2,578,371	495,508	3,115,996
Net income/(expenditure)		5,633	(509,096)	(344,739)	(848,202)
Transfers between funds	18	(5,633)	(1,389)	7,022	-
Other recognised gains/(losses)					
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(109,000)	-	(109,000)
Net movement in funds		-	(619,485)	(337,717)	(957,202)
Reconciliation of funds					
Total funds brought forward		-	(474,217)	9,897,119	9,422,902
Total funds carried forward		-	(1,093,702)	9,559,402	8,465,700

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2018
		£	£	£	£
Income and endowments from:					
Donations and capital grants	3	-	8,943	447,026	455,969
Charitable activities:					
- Funding for educational operations	4	-	2,258,001	-	2,258,001
Other trading activities	5	7,949	110,750	-	118,699
Investments	6	1,473	-	-	1,473
Total		9,422	2,377,694	447,026	2,834,142
Expenditure on:					
Charitable activities:					
- Educational operations	8	-	2,742,007	532,767	3,274,774
Total	7	-	2,742,007	532,767	3,274,774
Net income/(expenditure)		9,422	(364,313)	(85,741)	(440,632)
Transfers between funds	18	(9,422)	(35,030)	44,452	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	38,000	-	38,000
Net movement in funds		-	(361,343)	(41,289)	(402,632)
Reconciliation of funds					
Total funds brought forward		-	(112,874)	9,938,408	9,825,534
Total funds carried forward		-	(474,217)	9,897,119	9,422,902

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

BALANCE SHEET

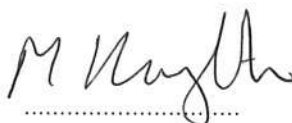
AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	12	9,559,402		9,889,485	
Current assets					
Stocks	13	6,900		5,253	
Debtors	14	89,130		536,060	
Cash at bank and in hand		576,013		1,764,992	
		672,043		2,306,305	
Current liabilities					
Creditors: amounts falling due within one year	15	(1,561,745)		(1,998,571)	
Net current assets			(889,702)		307,734
Total assets less current liabilities			8,669,700		10,197,219
Creditors: amounts falling due after more than one year	16		-		(714,317)
Net assets excluding pension liability			8,669,700		9,482,902
Defined benefit pension liability	20		(204,000)		(60,000)
Net assets			8,465,700		9,422,902
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds		9,559,402		9,897,119	
- Restricted income funds		(889,702)		(414,217)	
- Pension reserve		(204,000)		(60,000)	
Total restricted funds		8,465,700		9,422,902	
Unrestricted income funds	18		-		-
Total funds		8,465,700		9,422,902	

The accounts on pages 25 to 49 were approved by the trustees and authorised for issue on 20/12/2019 and are signed on their behalf by:



L Barber
Trustee



M Houghton
Chair of Trustees

Company Number 08714780

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	21	(1,177,060)		1,745,831	
Cash flows from investing activities					
Dividends, interest and rents from investments		2,737		1,473	
Capital grants from DfE Group		150,769		96,757	
Purchase of tangible fixed assets		(165,425)		(140,595)	
Proceeds from sale of tangible fixed assets		-		3,740	
Net cash used in investing activities		(11,919)		(38,625)	
Net (decrease)/increase in cash and cash equivalents in the reporting period		(1,188,979)		1,707,206	
Cash and cash equivalents at beginning of the year		1,764,992		57,786	
Cash and cash equivalents at end of the year		576,013		1,764,992	

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

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), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

University Technical College Warrington meets the definition of a public benefit entity under FRS 102.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.2 Going concern

The trustees are required to assess whether the use of going concern basis of accounting is appropriate for the Academy and consider whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. Where such conditions are identified which are beyond the control of the Academy then these are disclosed in the financial statements. The trustees make their assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. The trustees have identified the following material uncertainties in making their assessment:

1. At the year end, the Academy owed £1,356,719 to the ESFA in respect of incorrect claims, in the current period and prior periods, for the cost of the property, whereby the amount claimed incorrectly included VAT. Following the year end, the Academy has submitted a deficit recovery plan to the ESFA which is presently under consideration. The ESFA has indicated that they will submit the plan for ministerial approval in the coming weeks. As part of the deficit recovery plan, the amount owed would be fully repaid, assisted by an additional draw down loan from the ESFA such that the retained cash resources of the Academy will be reduced to £5,000. It is anticipated that repayment of this new loan will commence in October 2021 at which point, the Academy is anticipated to be reporting a surplus of funds. The deficit recovery plan indicates that by the end of August 2026, £300,000 will still be owed to the ESFA. The trustees are confident that approval of the plan will be achieved and that the plan is achievable however, at the date of approval of these financial statements no approval has been received.
2. Due to a failure to achieve the estimated pupil numbers for the last two years, the Academy has suffered a deficit of funds during the period due to Pupil Number Adjustment (PNA) claw-backs. This, along with those matters disclosed in 1) above, has required the Academy to prepare a deficit recovery plan and submit this to the ESFA for approval. The deficit recovery plan anticipated an increase in pupil numbers for 2020/21 to assist in the funding of the anticipated claw-back of £167,000 in respect of 2019/20. The increased pupil numbers for 2020/21 are based on increased current application numbers compared to those of prior periods which indicate a 20% increase along with improvement in local school engagement. Should future pupil number targets not be achieved then the Academy will need to re-consider its deficit recovery plan along with the ESFA in September 2020. The trustees believe that the forecast pupil numbers are achievable at the date of approval of these financial statements.
3. The academy received a further £200,000 transitional funding grant in the year. Fulfilment of transitional funding conditions requires the Academy to identify a suitable MAT to join by 2020. Despite have no firm offers having been made, the Academy has continued to pursue such opportunities and has maintained communication with the ESFA as to its progress. The trustees will continue to approach suitable MAT's with a view to satisfying the transitional funding requirements. At present the Academy is meeting the criteria but should a suitable opportunity not come to fruition within the anticipated timescale, then the ESFA may seek to reclaim the current period transitional funding and those previously paid. Such repayment is not anticipated in the deficit recovery plan described above.

The uncertainties described above relating to the ministerial approval by the ESFA of the deficit recovery plan, failure to achieve forecast pupil numbers and the support of the ESFA through transitional funding require the continued support of the ESFA and, as the trustees remain in close contact with the ESFA they anticipate that the required support will be forthcoming. Therefore the trustees have a reasonable expectation that the Academy will have adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of the approval of these financial statements and thus they continue to use the going concern basis.

If the Academy was unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce balance sheet values to their recoverable amounts, to provide for future liabilities that may arise and to reclassify fixed assets to current assets.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.3 Income

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

Grants receivable

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

General Annual Grant

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 are allocated on the portion of the asset's use.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold land and buildings	50 years straight line
Computer equipment	4 years straight line
Fixtures, fittings & equipment	5% - 25% reducing balance

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.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.6 Liabilities

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

1.7 Provisions

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

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

1.8 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.9 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.10 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.11 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.12 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.13 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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.

Local Government Pension Scheme

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 20, 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.

Useful economic lives of tangible assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	150,769	150,769	447,026
Other donations	125	17,776	17,901	8,943
	<u>125</u>	<u>168,545</u>	<u>168,670</u>	<u>455,969</u>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,548,277	1,548,277	1,779,270
Other DfE group grants	-	384,651	384,651	478,731
	-	1,932,928	1,932,928	2,258,001
Other funding				
Teaching school income	-	30,000	30,000	-
Total funding	-	1,962,928	1,962,928	2,258,001

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	1,150	-	1,150	-
Catering income	-	46,998	46,998	80,901
Other trading activities	-	21,018	21,018	-
School trips	-	20,555	20,555	29,849
Other income	43,738	-	43,738	7,949
	44,888	88,571	133,459	118,699

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Other investment income	2,737	-	2,737	1,473

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	1,513,041	307,215	291,116	2,111,372	2,259,394
- Allocated support costs	345,021	310,907	311,368	967,296	1,015,380
Teaching school					
- Direct costs	35,328	-	2,000	37,328	-
	<u>1,893,390</u>	<u>618,122</u>	<u>604,484</u>	<u>3,115,996</u>	<u>3,274,774</u>

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	15,950	14,650
- Other services	7,150	18,470
Operating lease rentals	4,161	4,853
Depreciation of tangible fixed assets	495,508	533,702
Gain on disposal of fixed assets	-	(935)
Net interest on defined benefit pension liability	2,000	4,000
	<u></u>	<u></u>

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	38,890	2,072,482	2,111,372	2,259,394
Teaching school	-	37,328	37,328	-
Support costs				
Educational operations	3,227	964,069	967,296	1,015,380
	<u>42,117</u>	<u>3,073,879</u>	<u>3,115,996</u>	<u>3,274,774</u>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Charitable activities

(Continued)

	Teaching school	Educational operations	Total 2019	Total 2018
	£	£	£	£
Analysis of support costs				
Support staff costs	-	347,196	347,196	333,254
Depreciation	-	188,293	188,293	180,524
Technology costs	-	51,591	51,591	54,089
Premises costs	-	122,614	122,614	177,407
Other support costs	-	211,590	211,590	210,740
Governance costs	-	46,012	46,012	59,366
	-	967,296	967,296	1,015,380

9 Staff

Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	1,443,499	1,476,526
Social security costs	133,219	146,614
Pension costs	268,562	293,084
Amounts paid to employees	1,845,280	1,916,224
Agency staff costs	48,110	35,607
Amounts paid to staff	1,893,390	1,951,831
Staff development and other staff costs	4,622	16,377
Total staff expenditure	1,898,012	1,968,208

Staff numbers

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

	2019 Number	2018 Number
Teachers	25	28
Administration and support	17	16
Management	2	3
	44	47

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

(Continued)

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	1	2
£101,001 - £110,000	1	1
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £540,985 (2018: £473,431).

10 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

L Barber (principal and trustee):

Remuneration: £105,000 - £110,000 (2018: £100,000 - £105,000)

Employer pension contributions paid £15,000 - £20,000 (2018: £15,000 - £20,000)

During the period ended 31 August 2019, travel and subsistence expenses totalling £629 were reimbursed or paid directly to 1 trustee (2018: £1,582 was reimbursed or paid directly to 1 trustee.)

11 Trustees and officers insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust 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.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

12 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2018	9,311,084	592,193	1,101,215	11,004,492
Additions	150,023	2,301	13,101	165,425
At 31 August 2019	9,461,107	594,494	1,114,316	11,169,917
Depreciation				
At 1 September 2018	358,264	285,050	471,693	1,115,007
Charge for the year	187,141	148,528	159,839	495,508
At 31 August 2019	545,405	433,578	631,532	1,610,515
Net book value				
At 31 August 2019	8,915,702	160,916	482,784	9,559,402
At 31 August 2018	8,952,820	307,143	629,522	9,889,485

13 Stocks

	2019 £	2018 £
School uniform	6,900	5,253

14 Debtors

	2019 £	2018 £
Trade debtors	-	13,099
Other debtors	55,523	510,512
Prepayments and accrued income	33,607	12,449
	89,130	536,060

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15 Creditors: amounts falling due within one year	2019 £	2018 £
Trade creditors	57,615	42,151
Other taxation and social security	35,162	37,514
ESFA creditors	1,387,828	1,296,482
Other creditors	30,918	146,491
Accruals and deferred income	50,222	475,933
	<u>1,561,745</u>	<u>1,998,571</u>

The amounts due to ESFA relate to a VAT balance of £1,356,719 (2018: £956,487) and Pupil Number Adjustment of £31,109 (2018: £339,995).

16 Creditors: amounts falling due after more than one year	2019 £	2018 £
ESFA creditors	-	714,317
	<u>-</u>	<u>714,317</u>

The amounts due to ESFA relate to a VAT balance of £nil (2018: £683,210) and Pupil Number Adjustment of £nil (2018: £31,107).

17 Deferred income	2019 £	2018 £
Deferred income is included within:		
Creditors due within one year	<u>22,898</u>	<u>46,844</u>
Deferred income at 1 September 2018	46,844	37,598
Released from previous years	(46,844)	(37,598)
Resources deferred in the year	<u>22,898</u>	<u>46,844</u>
Deferred income at 31 August 2019	<u>22,898</u>	<u>46,844</u>

Deferred income represents amounts received in advance in relation to rates relief and sixth form bursary.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	(414,217)	1,548,277	(2,001,100)	(22,662)	(889,702)
Other DfE / ESFA grants	-	384,651	(384,651)	-	-
Teaching school	-	30,000	(37,328)	7,328	-
Other restricted funds	-	106,347	(120,292)	13,945	-
Pension reserve	(60,000)	-	(35,000)	(109,000)	(204,000)
	<u>(474,217)</u>	<u>2,069,275</u>	<u>(2,578,371)</u>	<u>(110,389)</u>	<u>(1,093,702)</u>
Restricted fixed asset funds					
DfE group capital grants	9,897,119	150,769	(495,508)	7,022	9,559,402
	<u>9,897,119</u>	<u>150,769</u>	<u>(495,508)</u>	<u>7,022</u>	<u>9,559,402</u>
Total restricted funds	<u>9,422,902</u>	<u>2,220,044</u>	<u>(3,073,879)</u>	<u>(103,367)</u>	<u>8,465,700</u>
Unrestricted funds					
General funds	-	47,750	(42,117)	(5,633)	-
	<u>-</u>	<u>47,750</u>	<u>(42,117)</u>	<u>(5,633)</u>	<u>-</u>
Total funds	<u>9,422,902</u>	<u>2,267,794</u>	<u>(3,115,996)</u>	<u>(109,000)</u>	<u>8,465,700</u>

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

- (i) General Annual Grant (GAG) must be used for the normal running costs of the academy.
- (ii) The other DfE/ESFA grants fund is used to track grants provided by local and central government departments.
- (iii) The other restricted funds tracks grants, donations and other income arising from sources other than grants provided by central and local government departments.
- (iv) The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.
- (v) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward as well as the current fixed assets held.
- (vi) The start up grant is a restricted fund used to provide pupil resources and leadership diseconomies.
- (vii) The teaching school is a restricted fund used to provide teacher training to a specific member of staff.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

The trust is carrying a net deficit of £889,702 on restricted general funds (excluding pension reserve). Refer to note 1.2 for details of how trust is taking action to return these funds to surplus.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	(269,874)	1,779,270	(2,543,696)	620,083	(414,217)
Other DfE / ESFA grants	200,000	478,731	-	(678,731)	-
Other restricted funds	-	119,693	(143,311)	23,618	-
Pension reserve	(43,000)	-	(55,000)	38,000	(60,000)
	<u>(112,874)</u>	<u>2,377,694</u>	<u>(2,742,007)</u>	<u>2,970</u>	<u>(474,217)</u>
Restricted fixed asset funds					
DfE group capital grants	9,938,408	447,026	(532,767)	44,452	9,897,119
	<u>9,938,408</u>	<u>447,026</u>	<u>(532,767)</u>	<u>44,452</u>	<u>9,897,119</u>
Total restricted funds	<u>9,825,534</u>	<u>2,824,720</u>	<u>(3,274,774)</u>	<u>47,422</u>	<u>9,422,902</u>
Unrestricted funds					
General funds	-	9,422	-	(9,422)	-
	<u>-</u>	<u>9,422</u>	<u>-</u>	<u>(9,422)</u>	<u>-</u>
Total funds	<u>9,825,534</u>	<u>2,834,142</u>	<u>(3,274,774)</u>	<u>38,000</u>	<u>9,422,902</u>

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	9,559,402	9,559,402
Current assets	-	672,043	-	672,043
Creditors falling due within one year	-	(1,561,745)	-	(1,561,745)
Defined benefit pension liability	-	(204,000)	-	(204,000)
	<u>-</u>	<u>(1,093,702)</u>	<u>9,559,402</u>	<u>8,465,700</u>
Total net assets	<u>-</u>	<u>(1,093,702)</u>	<u>9,559,402</u>	<u>8,465,700</u>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	9,889,485	9,889,485
Current assets	-	1,940,851	365,454	2,306,305
Creditors falling due within one year	-	(1,640,751)	(357,820)	(1,998,571)
Creditors falling due after one year	-	(714,317)	-	(714,317)
Defined benefit pension liability	-	(60,000)	-	(60,000)
Total net assets	-	(474,217)	9,897,119	9,422,902

20 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £9,961 (2018: £9,961) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The employer contribution will increase to 23.6% from 1 September 2019.

The employer's pension costs paid to the TPS in the period amounted to £185,084 (2018: £194,747).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19.2% for employers and 5.5 to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2019 £	2018 £
Employer's contributions	53,000	54,000
Employees' contributions	16,000	17,000
Total contributions	69,000	71,000
Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	2.6	2.6
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

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

	2019 Years	2018 Years
Retiring today		
- Males	21.2	22.3
- Females	23.5	24.5
Retiring in 20 years		
- Males	22.1	23.9
- Females	25	26.5

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

	2019 £'000	2018 £'000
0.5% decrease in real discount rate	102	44
0.5% increase in pension increase rate	101	44

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

	2019 Fair value £	2018 Fair value £
Equities	84,710	54,720
Bonds	92,590	49,020
Cash	3,940	1,140
Property	15,760	9,120
Total market value of assets	197,000	114,000

The actual return on scheme assets was £4,000 (2018: £3,000).

Amount recognised in the Statement of Financial Activities

	2019 £	2018 £
Current service cost	85,000	105,000
Past service cost	1,000	-
Interest income	(4,000)	-
Interest cost	6,000	4,000
Total operating charge	88,000	109,000

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations (Continued)

Changes in the present value of defined benefit obligations	2019 £
At 1 September 2018	174,000
Current service cost	85,000
Interest cost	6,000
Employee contributions	16,000
Actuarial loss/(gain)	119,000
Past service cost	1,000
At 31 August 2019	401,000

Changes in the fair value of the academy trust's share of scheme assets	2019 £
At 1 September 2018	114,000
Interest income	4,000
Actuarial gain	10,000
Employer contributions	53,000
Employee contributions	16,000
At 31 August 2019	197,000

The estimated value of employer contributions for the year ended 31 August 2020 is £50,000.

21 Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the reporting period (as per the statement of financial activities)	(848,202)	(440,632)
Adjusted for:		
Capital grants from DfE and other capital income	(150,769)	(96,757)
Investment income receivable	(2,737)	(1,473)
Defined benefit pension costs less contributions payable	33,000	51,000
Defined benefit pension scheme finance cost	2,000	4,000
Depreciation of tangible fixed assets	495,508	533,702
(Loss)/profit on disposal of fixed assets	-	(935)
(Increase)/decrease in stocks	(1,647)	1,170
Decrease in debtors	446,930	1,776,131
(Decrease) in creditors	(1,151,143)	(80,375)
Net cash (used in)/provided by operating activities	(1,177,060)	1,745,831

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

22 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	14,357	9,480
Amounts due in two and five years	23,728	18,170
	<u>38,085</u>	<u>27,650</u>

23 Capital commitments

	2019 £	2018 £
Expenditure contracted for but not provided in the accounts	-	244,012
	<u>-</u>	<u>244,012</u>

24 Related party transactions

Owing to the nature of the UTC's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

26	Teaching school trading account	2019		2018	
		£	£	£	£
	Direct income				
	Other external funding		30,000		-
	Direct costs				
	Direct staff costs	35,328		-	
	Educational supplies and services	2,000		-	
		<u>37,328</u>		<u>-</u>	
	Total income				-
		<u>37,328</u>		<u>-</u>	
	Total operating costs		(37,328)		-
	Transfers between funds excluding depreciation		7,328		-
			<u>-</u>		<u>-</u>
	Surplus from teaching school		-		-
	Teaching school balances at 1 September 2018		-		-
			<u>-</u>		<u>-</u>
	Teaching school balances at 31 August 2019		-		-
			<u>-</u>		<u>-</u>