

Company Registration No. 08714780 (England and Wales)

UNIVERSITY TECHNICAL COLLEGE WARRINGTON
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

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UNIVERSITY TECHNICAL COLLEGE WARRINGTON

REFERENCE AND ADMINISTRATIVE DETAILS

Members

M Houghton
Prof. A Gibson - MMU
Sellafield Ltd (Nominated person: J O'Brien)
T Liskiewicz

Trustees

L Barber (Accounting Officer) (Resigned 1 February 2020)
I Critchley (Appointed 5 November 2019)
P Gibbens (Appointed 11 March 2020)
M Houghton (Chair of Trustees)
T Jennings (Appointed 30 April 2020)
W McCann
A McManus (Resigned 5 February 2020)
P Middlehurst (Appointed 9 December 2020)
N Merriman (Appointed 11 March 2020)
J Patterson
R Smith (Resigned 7 November 2019)
J Thomason

Senior management team

- Principal	L Barber
- Vice principal	A Downing
- Assistant principal - inclusion	P Rigby
- Assistant principal - curriculum	J Varey
- Assistant principal - operations	M O'Donoghue
- Assistant principal - head of 6th form/employability	C Hatherall

Company secretary

M Ward

Company registration number

08714780 (England and Wales)

Principal address

Dallam Lane
Warrington
WA2 7NG

Registered office

Dallam Lane
Warrington
WA2 7NG

Independent auditor

Jackson Stephen LLP
James House
Stonecross Business Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank plc
Horsemarket Street
Warrington
Cheshire
WA1 1TP

Solicitors

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

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 14-19 serving a catchment area in North West England. It has a pupil capacity of 620 and had a roll of 231 in the school census on June 2020.

Structure, governance and management

Constitution

The academy trust 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 academy trust.

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

Trustees' indemnities

UTC Warrington has 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.

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, procedure minutes, accounts, budgets, business development strategic plans and other documents that they will need to undertake their role as a Trustee.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 Principals. 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 authorised by the Principal. 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. 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 the Baker Dearing Education Trust who advise appropriately. Benchmark data is also used at the 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 are completed by Trustees 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. UTC Warrington ("the Academy") 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 2020

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 digital industries and government. As trends evolve, UTCW will be adding Healthcare to its specialisms;
- 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 2020

Strategic report

Achievements and performance

Trustees and the Senior Leadership Team identified 4 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
2. Attendance; increasing in line with national averages
3. 'The UTC promise'; delivering on our unique employer-driven curriculum as a UTC
4. Literacy, including technical literacy, across the curriculum

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 '20 reinforced the Good status of the college, with continued 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. Despite the challenges present by Covid-19, the Trust Board are confident in the robustness of process underlying the centre assessed grades our students received.

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 231 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.
- Students 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.
- Recruitment at 14 is extremely challenging, with no sign of that changing despite better relationships with local schools.

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.
- Assess student numbers early and place emphasis on creating the right staffing structure for the number of students achieved. Rightsizing of the college has led to a reduction in the staff team, but not to the detriment of the curriculum.
- 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.

UTC Warrington secured a first, very positive Ofsted inspection report, which highlighted a good quality of education and 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.'

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Student outcomes in the summer exam series were extremely positive; centre assessed grades issued were in line with internal projections. As a number of courses on the UTCW curriculum are modular (particularly in 6th Form), a significant element of each course had already been completed and verified prior to college closure in April 2020. As these grades won't be published in any accountability tables, we have decided against publishing them in this trustees' report out of respect for fellow institutions.

Predictably, the impact of COVID-19 has been detrimental to student destinations. Fewer students have been successful in securing apprenticeships this year as a result progression to university has increased. This year the UTC has a small number of NEET students in year 13. This is a combination of the reduction in contact with the individuals concerned and ongoing mental health issues that have been exacerbated by the global COVID-19 pandemic. A number of enterprising Year 13 students secured employment during the lockdown period and have decided to continue with their current employer and revisit apprenticeship opportunities in 2021.

Student Recruitment

Year Group	Pupil Numbers 2018/19	Pupil Numbers 2019/20	Pupil Numbers 2020/21
10	93	53	55
11	77	82	54
12	60	58	59
13	35	38	40
Total	265	231	208

Student recruitment figures reduced from 265 to 231 students in this academic year 2019-20, with a further reduction in student numbers for 2020-21. COVID-19 significantly reduced our marketing capability from March 20 onwards; many aspects of the marketing calendar were curtailed early, meaning potential students did not get as much exposure to the UTC offer. We accept it is difficult for students and families to choose to change school at 14/choose a 6th form college at 16 if they can not visit in person and meet the staff. Our main keep warm opportunities would usually take place at this time and because of COVID-19 we were unable to interact with all applicants as effectively as we would have liked.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 £1,528,190 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. 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. The Academy submitted a deficit recovery plan in April 2020 to the ESFA where projections were provided to show the repayment of the college's deficit over 10 years. This deficit recovery plan has since been substantially affected by student recruitment changes in September 2020 due to the impact of COVID-19. Recruitment of pupils has been lower than projected (30 fewer students) resulting in a difference in funding of £165k in the year with additional follow through effects. The ESFA informed the college that the deficit recovery plan would be placed on hold due to the global impact of coronavirus and that it would not be reviewed until student numbers were realised in September 2020. They have recently indicated that they are looking to reinstate the submission this academic year now that student numbers are known, however given the change in current student number projections the repayment will span over a longer period of time.
2. The academy has failed to achieve estimated pupil numbers over the last three years which has led to negative pupil number adjustments, affecting ability to achieve a surplus budget. The Trust Board have now provided realistic minimum viable numbers for future forecasting as a single academy trust and alongside this are undertaking a staff restructure to right size the staff team for this number of students (maximum reaching 240 in 2022/23) and in order to maintain a surplus budget.
3. The academy received a further £200,000 transitional funding grant in the year, a final £100,000 is due to be received in 2020/21. Fulfilment of transitional funding conditions requires the Academy to identify a suitable MAT to join by 2020. Despite no official confirmation of a MAT partner, the college is in final stages of consultation with a local MAT which is collating a proposal for UTCW to join their existing structure in 2021/22. The dialogue of this development has been supported and convened throughout this academic year by the ESFA and all parties are hopeful that this will be fulfilled and will satisfy transitional funding requirements.

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 means UTCW require the continued support of the ESFA. However, as trustees remain in close contact with the ESFA and receive regular positive feedback that the challenges are being addressed, 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 were 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 2020

Financial review

During the year to 31 August 2020 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 (GAG only) were overdrawn by £1,094,873 (2019: £889,702). This can be expected with the academy becoming established at an early stage in its life. There were no capital grants during the year from the ESFA; the only capital income received was the Devolved Formula Capital Grant (DFC) and capital funding received from local enterprise sponsors which was offset by expenditure. In accordance with the Charities SORP 2015, the capital income 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 a small amount of DFC carried forward. The academy generated a deficit of £699,876 (2019: £848,202) before actuarial losses. The academy has a net current liability position of £1,085,408 (2019: £889,702) and cash reserves of £478,246 (2019: £576,013) at the balance sheet date.

Financial effect of significant events

There were a number of key events during the academic year that have had a significant impact on the financial performance of the college. In order to address the deficit that the reduction of student numbers had created, a proposed staff restructure took place in November 2019, this took steps to change the staff structure to suit 30-40 fewer students and to move closer to a more financially sustainable future and in year surplus. Due to a number of voluntary resignations this restructure was not required at this stage and contributed towards some savings affecting the in year deficit. In addition to staffing changes, The Principal & Chief Executive and one other Senior leader took up secondment positions part way through the year to other educational establishments in order to raise a substantial amount of additional income for the college.

From September 2019, our catering provision was taken in-house. This has allowed the college more flexibility in their catering offer to students, secure better procurement procedures offering more value for money and it has waived the requirement to pay unproportionate management and marketing fees. The financial performance of the catering provision was impacted by college closure from March 2020 due to coronavirus and despite the catering staff being on furlough staff costs were only covered up to 80% and there was no ability within the final months of the academic year to create a surplus via food gross profit margins, therefore ending the year in a deficit £29k (2019: £54k).

The global pandemic of COVID-19, has had a number of effects on the college's performance and operations. It resulted in closure of most parts of the college from March 2020 offering only a provision on site for vulnerable students and for students of key workers. Due to our size and expertise in remote learning, we were comfortably able to offer a full package of remote learning to students quickly and hope that this has helped with any lost learning time.

The financial effects of COVID-19 have allowed some efficiency savings, the building closure producing savings in utilities, contracted cleaning, reprographics and capitation purchasing, however a number of contracted costs have remained static due to our contractual obligations and also a number of additional costs have arisen in creating a safe and secure building for students to come back to, e.g. sanitising stations, PPE and additional cleaning which despite some contribution from the ESFA, the continued costs will have an implication on next year's budget.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 £7,804,824 comprising fixed asset funds of £9,124,697 (2019: £9,559,402), restricted income reserves deficit of £1,094,873 (2019: £889,702), a pensions deficit of £225,000 (2019: £204,000) and unrestricted income funds of £nil (2019: £nil)

Investment policy

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.

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. The Trust Board (with responsibility for Finance & Resources) met 11 times 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 requirement for more focus on financial management and the need to review financial information more regularly. 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.

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
- Diversify revenue streams through apprenticeship provision and level 4 HNC study

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

TRUSTEES' REPORT (CONTINUED)

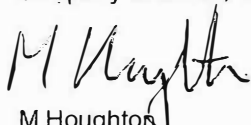
FOR THE YEAR ENDED 31 AUGUST 2020

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 13 January 2021 and signed on its behalf by:



M Houghton
Chair of Trustees

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that University Technical College 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, 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 University Technical College Warrington and the Secretary of State for Education. The accounting officer is 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 year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
L Barber (Accounting Officer) (Resigned 1 February 2020)	5	5
I Critchley (Appointed 5 November 2019)	7	9
P Gibbens (Appointed 11 March 2020)	4	5
M Houghton (Chair of Trustees)	10	11
T Jennings (Appointed 30 April 2020)	2	3
W McCann	6	11
A McManus (Resigned 5 February 2020)	0	5
P Middlehurst (Appointed 9 December 2020)	0	0
N Merriman (Appointed 11 March 2020)	4	5
J Patterson	10	11
R Smith (Resigned 7 November 2019)	0	2
J Thomason	10	11

The key changes in the composition of the Trust Board within the financial year were the resignations of A McManus and R Smith. L Barber resigned under the advice of the Regional Schools Commissioner, as it is encouraged that employees are not Trustees.

Trustees are keen to have an effective governing body. Whilst the Trust Board and Governing Body has broad representation from local employers, universities and parents, the appointment of a serving Headteacher has offered further insight into educational matters. There have been 2 further new appointments who represent the specialisms of the college, which has strengthened employer engagement. One new trustee has strong expertise in recruitment and marketing; a challenge for UTC Warrington. The college's local ward councillor has also joined the Trust Board, and has improved links to the local network to strengthen relationships with the local authority and other academy trusts.

The appointment of 4 new Trustees in this accounting period has resulted in more support and challenge of the leadership team, oversight of financial management and strong link governance; ensuring 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.

Key performance data is produced by way of monthly reports from the Principal, covering detailed information around student and financial performance. Senior leaders present key information to Trustees, regarding pastoral, curriculum and other trends, with mitigating actions. The Principal leads a robust process of self-evaluation and college improvement, which is cognisant of the college's long term strategic aims and objectives.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.' There have been no formal reviews in this academic year. In addition, the report comments:

'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 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'.

Due to a number of concurrent challenges faced in a hugely important inspection year for the college, the Trust Board felt it was necessary to revert to a flat structure, with the business and responsibilities of the curriculum, finance and resources, and audit committees being addressed at a monthly Trust Board meeting attended by all Trustees. The Trust Board are keen to explore Audit and Risk in more detail, in line with academies financial handbook requirements. Therefore, an Audit and Risk Management committee will commence in the next academic year.

Review of value for money

As accounting officer, the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the 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. This has made a small deficit, due to the impact of school closure (through COVID-19) on sales. Bringing the operation in-house has meant significantly less expenditure on catering service.
- UTCW has completed a number of procurement and tendering exercises after original contracts have come to end this year in order to provide better value for money. E.g. External audit, IT software and general departmental supplies.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust 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 University Technical College Warrington for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. 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:

- A comprehensive budgeting and monitoring system with an annual budget and periodic financial reports which are reviewed and agreed by the Trust Board
- Monthly reviews by the Trust Board, 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 Trust Board has considered the need for a specific internal audit function and has decided to appoint Redrambler Ltd as internal auditor for the accounting period 1 September 2019 to 31 August 2020.

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 Trust Board 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 2020-21 is under review. The internal auditors view from the final visit 'the overall risk is graded HIGH due to the low pupil numbers, significant deficit, Budget Recovery Plan and change in governance'. 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 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.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 13 January 2021 and signed on its behalf by:



L Barber
Accounting Officer



M Houghton
Chair of Trustees

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of University Technical College Warrington, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy trust's 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 2019.

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 and Principal

13 January 2021

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

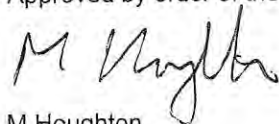
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 13 January 2021 and signed on its behalf by:



M Houghton
Chair of Trustees

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

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

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of University Technical College Warrington for the year ended 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and 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 2020 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 2019 and the Academies Accounts Direction 2019 to 2020.

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 attention to note 1.2 in the financial statements, which indicates that the academy trust is reliant upon the ESFA for the continuation of financial support additional to its core funding. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the academy trust's ability to continue as a going concern. 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.

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 has been prepared in accordance with applicable legal requirements.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

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

FOR THE YEAR ENDED 31 AUGUST 2020

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 accounts

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.

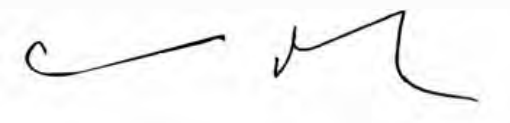
UNIVERSITY TECHNICAL COLLEGE WARRINGTON

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

FOR THE YEAR ENDED 31 AUGUST 2020

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.



Christopher Moss BSc F.C.A. (Senior Statutory Auditor)
for and on behalf of Jackson Stephen LLP

27/01/2021

Chartered Accountants
Statutory Auditor

James House
Stonecross Business Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UNIVERSITY TECHNICAL COLLEGE WARRINGTON AND THE EDUCATION AND SKILLS FUNDING AGENCY *FOR THE YEAR ENDED 31 AUGUST 2020*

In accordance with the terms of our engagement letter dated 12 June 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- A review of the systems in place that govern sales, purchases, credit/charge card and payroll as outlined in the Financial Procedures Manual
- Substantive testing of the income and expenditure of the academy
- Analytical review
- Obtaining evidence relevant to the regularity and propriety of the academy's income and expenditure.

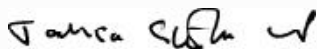
UNIVERSITY TECHNICAL COLLEGE WARRINGTON

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

FOR THE YEAR ENDED 31 AUGUST 2020

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Jackson Stephen LLP

27/01/2021

Dated:

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2020 £	Total 2019 £
Income and endowments from:					
Donations and capital grants	3	-	-	22,845	168,670
Charitable activities:					
- Funding for educational operations	4	-	1,771,038	-	1,932,928
- Funding for teaching school	4	-	-	-	30,000
Other trading activities	5	218,635	-	218,635	133,459
Investments	6	253	-	253	2,737
Total		<u>218,888</u>	<u>1,771,038</u>	<u>2,012,771</u>	<u>2,267,794</u>
Expenditure on:					
Raising funds	7	29,530	-	29,530	-
Charitable activities:					
- Educational operations	8	165,782	2,059,785	457,550	3,078,668
- Teaching school		-	-	-	37,328
Total	7	<u>195,312</u>	<u>2,059,785</u>	<u>457,550</u>	<u>3,115,996</u>
Net income/(expenditure)		23,576	(288,747)	(434,705)	(699,876)
Transfers between funds	17	(23,576)	23,576	-	-
Other recognised gains/(losses)					
Actuarial gains/(losses) on defined benefit pension schemes	19	-	39,000	-	39,000
Net movement in funds		-	(226,171)	(434,705)	(660,876)
Reconciliation of funds					
Total funds brought forward		-	(1,093,702)	9,559,402	8,465,700
Total funds carried forward		<u>-</u>	<u>(1,319,873)</u>	<u>9,124,697</u>	<u>8,465,700</u>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

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

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted	Restricted funds:		Total
		funds £	General £	Fixed asset £	2019 £
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		-	30,000	-	30,000
Other trading activities	5	44,888	88,571	-	133,459
Investments	6	2,737	-	-	2,737
Total		<u>47,750</u>	<u>2,069,275</u>	<u>150,769</u>	<u>2,267,794</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	42,117	2,541,043	495,508	3,078,668
- Teaching school		-	37,328	-	37,328
Total	7	<u>42,117</u>	<u>2,578,371</u>	<u>495,508</u>	<u>3,115,996</u>
Net income/(expenditure)		5,633	(509,096)	(344,739)	(848,202)
Transfers between funds	17	(5,633)	(1,389)	7,022	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	19	-	(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

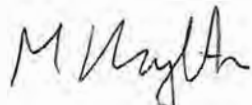
UNIVERSITY TECHNICAL COLLEGE WARRINGTON

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	12		9,115,232		9,559,402
Current assets					
Stocks	13	6,030		6,900	
Debtors	14	108,787		89,130	
Cash at bank and in hand		478,246		576,013	
		593,063		672,043	
Current liabilities					
Creditors: amounts falling due within one year	15	(1,678,471)		(1,561,745)	
Net current liabilities			(1,085,408)		(889,702)
Net assets excluding pension liability			8,029,824		8,669,700
Defined benefit pension scheme liability	19		(225,000)		(204,000)
Total net assets			7,804,824		8,465,700
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			9,124,697		9,559,402
- Restricted income funds			(1,094,873)		(889,702)
- Pension reserve			(225,000)		(204,000)
Total restricted funds			7,804,824		8,465,700
Unrestricted income funds	17		-		-
Total funds			7,804,824		8,465,700

The accounts on pages 23 to 45 were approved by the trustees and authorised for issue on 13 January 2021 and are signed on their behalf by:



M Houghton
Chair of Trustees

Company Number 08714780

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash used in operating activities	20		(107,485)		(1,177,060)
Cash flows from investing activities					
Dividends, interest and rents from investments		253		2,737	
Capital grants from DfE Group		8,877		150,769	
Capital funding received from sponsors and others		13,968		-	
Purchase of tangible fixed assets		(13,380)		(165,425)	
Net cash provided by/(used in) investing activities			9,718		(11,919)
Net decrease in cash and cash equivalents in the reporting period			(97,767)		(1,188,979)
Cash and cash equivalents at beginning of the year			576,013		1,764,992
Cash and cash equivalents at end of the year			478,246		576,013

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 £1,528,190 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. 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. The Academy submitted a deficit recovery plan in April 2020 to the ESFA where projections were provided to show the repayment of the college's deficit over 10 years. This deficit recovery plan has since been substantially affected by student recruitment changes in September 2020 due to the impact of COVID-19. Recruitment of pupils has been lower than projected (30 fewer students) resulting in a difference in funding of £165k in the year with additional follow through effects. The ESFA informed the college that the deficit recovery plan would be placed on hold due to the global impact of coronavirus and that it would not be reviewed until student numbers were realised in September 2020. They have recently indicated that they are looking to reinstate the submission this academic year now that student numbers are known, however given the change in current student number projections the repayment will span over a longer period of time. 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 Trust Board have now provided realistic minimum viable numbers for future forecasting as a single academy trust and alongside this are undertaking a staff restructure to right size the staff team for this number of students (maximum reaching 240 in 2022/23) and in order to maintain a surplus budget.

3. The academy received a further £200,000 transitional funding grant in the year, a final £100,000 is due to be received in 20/21. Fulfilment of transitional funding conditions requires the Academy to identify a suitable MAT to join by 2020. Despite no official confirmation of a MAT partner, the college is in final stages of consultation with a local MAT which is collating a proposal for UTCW to join their existing structure in 21/22. The dialogue of this development has been supported and convened throughout this academic year by the ESFA and all parties are hopeful that this will be fulfilled and will satisfy transitional funding requirements.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

If the Academy were 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.

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 means UTCW require the continued support of the ESFA. However, as trustees remain in close contact with the ESFA and receive regular positive feedback that the challenges are being addressed, 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.

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

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

General Annual Grant is recognised in full in the statement of financial activities in the 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 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.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

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.

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.

All resources expended are inclusive of irrecoverable VAT.

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.

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.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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/reducing balance basis over its expected useful life, as follows:

Leasehold land and buildings	2% per annum straight line basis
Computer equipment	25% per annum straight line basis
Fixtures, fittings & equipment	5% - 25% per annum 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.

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 Leased assets

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

1.8 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.

1.9 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.

1.10 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 2020

1 Accounting policies

(Continued)

1.11 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 to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. 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 net income or expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.12 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 ESFA.

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.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

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 19, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

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 reassessed 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 2020 £	Total 2019 £
Capital grants	-	22,845	22,845	150,769
Other donations	-	-	-	17,901
	-	22,845	22,845	168,670

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,337,438	1,337,438	1,511,894
Other DfE group grants	-	417,010	417,010	421,034
	-	1,754,448	1,754,448	1,932,928
Other government grants				
Local authority grants	-	11,590	11,590	-
Other income	-	5,000	5,000	-
	-	16,590	16,590	-
Other funding				
Teaching school income	-	-	-	30,000
Total funding	-	1,771,038	1,771,038	1,962,928

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	1,417	-	1,417	1,150
Catering income	46,748	-	46,748	46,998
Staff consultancy	117,886	-	117,886	1,980
Parental contributions	1,116	-	1,116	21,018
Other trading activities	-	-	-	20,555
Other income	51,468	-	51,468	41,758
	<u>218,635</u>	<u>-</u>	<u>218,635</u>	<u>133,459</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Other investment income	<u>253</u>	<u>-</u>	<u>253</u>	<u>2,737</u>

7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Expenditure on raising funds					
- Direct costs	-	-	29,530	29,530	-
Academy's educational operations					
- Direct costs	1,464,092	-	148,677	1,612,769	2,111,372
- Allocated support costs	300,701	570,485	199,162	1,070,348	967,296
Teaching school					
- Direct costs	-	-	-	-	37,328
	<u>1,764,793</u>	<u>570,485</u>	<u>377,369</u>	<u>2,712,647</u>	<u>3,115,996</u>

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	8,750	15,950
- Other services	805	7,150
Operating lease rentals	2,061	4,161
Depreciation of tangible fixed assets	457,550	495,508
Net interest on defined benefit pension liability	5,000	2,000
	<u></u>	<u></u>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Direct costs				
Educational operations	117,886	1,494,883	1,612,769	2,111,312
Teaching school	-	-	-	37,328
Support costs				
Educational operations	-	1,070,348	1,070,348	967,296
	<u>117,886</u>	<u>2,565,231</u>	<u>2,683,117</u>	<u>3,115,936</u>

The expenditure on teaching school was £- (2019: £37,328) of which £- was restricted (2019: £37,328).

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

8 Charitable activities

(Continued)

	2020 £	2019 £
Analysis of support costs		
Support staff costs	301,098	347,196
Depreciation	457,550	188,293
Technology costs	54,967	51,591
Premises costs	112,935	122,614
Legal costs	25,521	22,914
Other support costs	85,125	211,590
Governance costs	33,152	23,098
	<u>1,070,348</u>	<u>967,296</u>

9 Staff

Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	1,293,781	1,443,499
Social security costs	120,355	133,219
Pension costs	327,269	268,562
	<u>1,741,405</u>	<u>1,845,280</u>
Staff costs - employees	1,741,405	1,845,280
Agency staff costs	23,388	48,110
	<u>1,764,793</u>	<u>1,893,390</u>
Staff development and other staff costs	4,556	4,622
	<u>1,769,349</u>	<u>1,898,012</u>

Staff numbers

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

	2020 Number	2019 Number
Teachers	17	25
Administration and support	11	17
Management	2	2
	<u>30</u>	<u>44</u>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Staff

(Continued)

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	1	1
£100,001 - £110,000	1	1

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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £669,452 (2019: £540,985).

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: £105,001 - £110,000 (2019: £105,001 - £110,000)

Pension contributions: £15,001 - £20,000 (2019: £15,001 - £20,000)

During the period ended 31 August 2020, travel and subsistence expenses totalling £280 were reimbursed or paid directly to 1 trustee (2019: £629 to 1 trustee).

Other related party transactions involving the governors are set out within the related party transactions note.

11 Insurance for trustees and officers

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2020 was £4,752 (2019: £5,240). The cost of this insurance is included in the total insurance cost.

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

12 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2019	9,461,107	594,494	1,114,316	11,169,917
Additions	-	13,380	-	13,380
At 31 August 2020	9,461,107	607,874	1,114,316	11,183,297
Depreciation				
At 1 September 2019	545,405	433,578	631,532	1,610,515
Charge for the year	188,003	148,848	120,699	457,550
At 31 August 2020	733,408	582,426	752,231	2,068,065
Net book value				
At 31 August 2020	8,727,699	25,448	362,085	9,115,232
At 31 August 2019	8,915,702	160,916	482,784	9,559,402

13 Stocks

	2020 £	2019 £
School uniform	5,066	6,900
Catering stock	964	-
	6,030	6,900

14 Debtors

	2020 £	2019 £
Trade debtors	53,312	-
Other debtors	6,106	55,523
Prepayments and accrued income	49,369	33,607
	108,787	89,130

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

15 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	2,882	57,615
Other taxation and social security	29,955	35,162
EFA creditors	1,528,190	1,387,828
Other creditors	44,687	30,918
Accruals and deferred income	72,757	50,222
	<u>1,678,471</u>	<u>1,561,745</u>

16 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	<u>38,755</u>	<u>22,898</u>
Deferred income at 1 September 2019	22,898	46,844
Released from previous years	(22,898)	(46,844)
Resources deferred in the year	<u>38,755</u>	<u>22,898</u>
Deferred income at 31 August 2020	<u>38,755</u>	<u>22,898</u>

Deferred income represents amounts received in advanced in relation to rates relief of £14,634 (2019: £14,406), Erasmus project of £17,873 (2019: £nil), sixth form bursary of £nil (2019: £8,175), catering of £nil (2019: £317) and SEND income of £6,248 (2019: £nil).

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	(889,702)	1,337,438	(1,566,185)	23,576	(1,094,873)
Other DfE / ESFA grants	-	417,010	(417,010)	-	-
Other government grants	-	16,590	(16,590)	-	-
Pension reserve	(204,000)	-	(60,000)	39,000	(225,000)
	<u>(1,093,702)</u>	<u>1,771,038</u>	<u>(2,059,785)</u>	<u>62,576</u>	<u>(1,319,873)</u>
Restricted fixed asset funds					
DfE group capital grants	<u>9,559,402</u>	<u>22,845</u>	<u>(457,550)</u>	<u>-</u>	<u>9,124,697</u>
Total restricted funds	<u>8,465,700</u>	<u>1,793,883</u>	<u>(2,517,335)</u>	<u>62,576</u>	<u>7,804,824</u>
Unrestricted funds					
General funds	<u>-</u>	<u>218,888</u>	<u>(195,312)</u>	<u>(23,576)</u>	<u>-</u>
Total funds	<u>8,465,700</u>	<u>2,012,771</u>	<u>(2,712,647)</u>	<u>39,000</u>	<u>7,804,824</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State for Education, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Other DfE/ ESFA grants relate to Teachers pay grant and pupil premium, funding received to assist pupils within the school.

Other government grants relate to local authority SEN funding.

The pension reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.

The teaching school is a restricted fund used to provide teacher training to a specific member of staff.

The trust is carrying a net deficit of £1,099,873 on restricted general funds (excluding pension reserve).

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

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

	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)	1,511,894	(1,964,717)	(22,662)	(889,702)
Other DfE / ESFA grants	-	421,034	(421,034)	-	-
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	<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	<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>

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	9,115,232	9,115,232
Current assets	-	583,598	9,465	593,063
Creditors falling due within one year	-	(1,678,471)	-	(1,678,471)
Defined benefit pension liability	-	(225,000)	-	(225,000)
Total net assets	<u>-</u>	<u>(1,319,873)</u>	<u>9,124,697</u>	<u>7,804,824</u>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Analysis of net assets between funds

(Continued)

	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)
Total net assets	-	(1,093,702)	9,559,402	8,465,700

19 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 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £9,961 (2019: £9,961) were payable to the schemes at 31 August 2020 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 teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

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

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £245,272 (2019: £185,084).

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 pension 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 21% for employers and 6% 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	2020 £	2019 £
Employer's contributions	36,000	53,000
Employees' contributions	12,000	16,000
	<hr/>	<hr/>
Total contributions	48,000	69,000
	<hr/>	<hr/>
Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	2.9	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.9
	<hr/>	<hr/>

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 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:

	2020 Years	2019 Years
Retiring today		
- Males	21.2	21.2
- Females	23.6	23.5
Retiring in 20 years		
- Males	21.9	22.1
- Females	25.0	25.0

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

The academy trust's share of the assets in the scheme	2020 Fair value £	2019 Fair value £
Equities	129,150	84,710
Bonds	117,670	92,590
Cash	11,480	3,940
Property	28,700	15,760
Total market value of assets	287,000	197,000

The actual return on scheme assets was £43,000 (2019: £14,000).

Amount recognised in the Statement of Financial Activities	2020 £	2019 £
Current service cost	91,000	85,000
Past service cost	-	1,000
Interest cost	5,000	2,000
Total operating charge	96,000	88,000

Changes in the present value of defined benefit obligations	2020 £
At 1 September 2019	401,000
Current service cost	91,000
Interest cost	9,000
Employee contributions	12,000
Benefits paid	(1,000)
At 31 August 2020	512,000

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

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

	2020 £
At 1 September 2019	197,000
Interest income	4,000
Actuarial gain	39,000
Employer contributions	36,000
Employee contributions	12,000
Benefits paid	(1,000)
At 31 August 2020	287,000

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

	2020 £	2019 £
Net expenditure for the reporting period (as per the statement of financial activities)	(699,876)	(848,202)
Adjusted for:		
Capital grants from DfE and other capital income	(22,845)	(150,769)
Investment income receivable	(253)	(2,737)
Defined benefit pension costs less contributions payable	55,000	33,000
Defined benefit pension scheme finance cost	5,000	2,000
Depreciation of tangible fixed assets	457,550	495,508
Decrease/(increase) in stocks	870	(1,647)
(Increase)/decrease in debtors	(19,657)	446,930
Increase/(decrease) in creditors	116,726	(1,151,143)
Net cash used in operating activities	(107,485)	(1,177,060)

21 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	576,013	(97,767)	478,246

UNIVERSITY TECHNICAL COLLEGE WARRINGTON

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

22 Related party transactions

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

23 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.