

FB Copy
(Please sign
a return)

**Report of the Trustees and
Financial Statements for the Year Ended 31 August 2020
for
Engineering UTC Northern Lincolnshire**

Forrester Boyd
Statutory Auditors
Chartered Accountants
66-68 Oswald Road
Scunthorpe
North Lincolnshire
DN15 7PG

**Contents of the Financial Statements
for the Year Ended 31 August 2020**

| | Page |
|--|-----------------|
| Reference and Administrative Details | 1 |
| Report of the Trustees | 2 to 5 |
| Governance Statement | 6 to 8 |
| Statement on Regularity, Propriety and Compliance | 9 |
| Statement of Trustees' Responsibilities | 10 |
| Report of the Independent Auditors | 11 to 12 |
| Independent Accountant's Report on Regularity | 13 |
| Statement of Financial Activities | 14 |
| Balance Sheet | 15 |
| Cash Flow Statement | 16 |
| Notes to the Cash Flow Statement | 17 |
| Notes to the Financial Statements | 18 to 34 |
| Detailed Statement of Financial Activities | 35 to 36 |

Engineering UTC Northern Lincolnshire

**Reference and Administrative Details
for the Year Ended 31 August 2020**

| | |
|----------------------------------|--|
| MEMBERS: | N L Stobart M Gavin J Murray B P Conlan |
| TRUSTEES | K E Arundel G Binns (resigned 24.4.20) M J Doyle principal and accounting officer (resigned 31.12.19) R Hannigan (resigned 22.9.20) M R Heatlie (resigned 2.7.20) G P Jones (resigned 27.5.20) D J Kemshall N A Kissagliss (resigned 13.5.20) L A Potts (resigned 2.12.19) G Thornton (chairman) A Burnham (resigned 10.10.19) S M Kelly A McCullagh (principal and accounting officer) (appointed 1.1.20) M Setterfield (appointed 6.10.20) N Whittle (appointed 15.9.20) M Hancock (appointed 15.9.20) K Mc Tieron-Marsh (appointed 14.7.20) |
| SENIOR MANAGEMENT TEAM | A McCullagh, Principal J Vincent, Business Engagement Lead N Bradford, Assistant Principal N Oxborough, Assistant Principal |
| REGISTERED OFFICE | Carlton Street Scunthorpe North Lincolnshire DN15 6TA |
| REGISTERED COMPANY NUMBER | 08351953 (England and Wales) |
| AUDITORS | Forrester Boyd Statutory Auditors Chartered Accountants 66-68 Oswald Road Scunthorpe North Lincolnshire DN15 7PG |

**Report of the Trustees
for the Year Ended 31 August 2020**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Engineering UTC Northern Lincolnshire has a clear vision to be the centre of excellence for Engineering. There is a need for skilled young people in the Humber region to support the growing industry. Major employers and leading education providers will equip Engineering UTC Northern Lincolnshire students with the skills, knowledge and experience they need to progress into employment or further study.

The main objectives of the Academy during the period ended 31 August 2020 are summarised below:

- To recruit sufficient student numbers to ensure the viability of the UTC.
- To engage with employers within the region to secure support for the Board and project work and outcomes for the students.
- To maintain the academic results at the highest possible level.
- To ensure the learning takes place in a safe, positive, supportive and encouraging environment
- To conduct the UTC's business in accordance with the highest standards of integrity, probity and openness.
- To provide value for money of funds expended.

ACTIVITIES FOR ACHIEVING OBJECTIVES

- A full time recruitment team continue to support high quality engagement with the many potential partners and to support student recruitment. Employers and Board members are invited to support the marketing activity. The Board has engaged a Marketing/PR company, Engaging Education, to support this activity.
- Employer engagement is seen as a critical activity for a UTC. The engagement strategy is led by the Employer Engagement and Curriculum Committee along with support from the wider Board Members.
- The Principal, staff and Board continue to implement and deliver the standards including the new Positive Discipline system. This includes maintaining the learning environment in a positive and supporting manner.
- The Committees, overseen by the Board of Trustees, will ensure that business is conducted to the highest standards through implementation and monitoring of governance.
- All purchases are authorised through the Principal in order to ensure cost control and value for money. There is preferred supplier list in place.

Public benefit

In exercising its powers and duties the Academy has complied with its duty to have due regard to the Charity Commission's guidance on public benefit. The main public benefit delivered by the Academy is the free provision of education to its students.

STRATEGIC REPORT

Achievement and performance

Review of activities

The UTC successfully opened in September 2015, with the building works being completed on time. Policies and procedures of the organisation have been set up and further events organised for the UTC.

An Ofsted in February 2018 deemed the school to be Good in all areas of inspection.

A number of employer projects have been run for the students. The engagement of the employers is critical to the UTC and, through the Employer Engagement and Curriculum group and through the opening up of the building on a more regular basis for events and activities, will continue to increase for the next academic year.

At the end of the academic year there were 196 students at the UTC. Punctuality and behaviour are excellent, which indicate good engagement from the students.

Covid had a significant impact on student recruitment for September 2020. All planned visits to other schools and events were cancelled. We were however, able to retain all of the students that had already applied. Regular contact was made with the students, and their families, throughout the lockdown period. Online events were also held to promote the UTC.

The use of virtual open events, promotion via social media and additional advertising is being utilised in 2020/21, to mitigate the ongoing Covid restrictions.

Initial discussions have taken place regarding the UTC joining a MAT; in line with ESFA guidance.

**Report of the Trustees
for the Year Ended 31 August 2020**

STRATEGIC REPORT

Achievement and performance

Investment performance

The UTC aims to manage its cash balances to provide for the day to day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances.

The general policy is to invest any surplus funds prudently. The investment priorities are:

- o Security of the invested capital.
- o Liquidity of the invested capital.
- o And commensurate with security and liquidity, an optimal return on those investments.

Financial review

Financial position

This has been the fourth year of operating for the UTC and the year end accounts for FY 2019/20 show an in year deficit of £28,055 (not including fixed assets and pension adjustment). Pupil numbers have increased, although not at the desired level. The budget position moving forward shows a £107,656 deficit as at 31 August 2021 based on planned recruitment forecasts. Through this deficit period there will be a policy of tight cost control to support the financial position.

Reserves policy

The trustees review the reserve levels of the UTC annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. At the year end the UTC held £5,696,587 of total reserves, made up of fixed asset reserves of £6,219,764, unrestricted reserves of £11,935, restricted reserves of deficit £150,112 and restricted pension reserves of deficit £385,000. Reserves are held to ensure that the UTC has sufficient resources to continue to advance the education of pupils, including incurring the necessary capital expenditure. The trustees would like to maintain reserves of restricted and unrestricted funds (not including fixed assets and pension reserve) of the equivalent of 2 months staffing costs for the UTC. Of the total restricted fixed asset fund, £6,219,765 can only be realised by disposing of tangible fixed assets.

Total income for this reporting period is £1,757,679. The money held by the UTC is first and foremost for the benefit of the students and all decisions taken are done so with this in mind. The majority of the capital income has already been spent on capital items, mainly IT equipment and other equipment for the UTC.

Going concern

The Finance and Audit Committee and the full Board have discussed the budget situation and have put in place a strategy to turn around the deficit that will include maintaining the cost controls in place, producing a marketing strategy to increase student recruitment and looking to rent space currently not being utilised.

As identified in the financial review above there is a planned cumulative budget deficit for the next 2 financial years. This deficit will be mitigated through a strong Marketing Strategy coupled with a robust Business Plan endorsed by the Board. The financial position that the UTC is anticipating for the next 2 years is not unusual for UTCs after their first few years of operation and with the introduction of a Year 9 cohort in 2019, there is a strong belief that the recruitment will continue to grow. The UTC has recognised that recruitment is difficult and is working to mitigate it through increased employer engagement activity. The Board has identified that industry engagement is critical to the success of the UTC and has set up an Engagement and Curriculum committee to lead this work. It is envisaged that improved industry engagement will improve recruitment. Coupled with the recruitment and industry engagement campaigns, the management will also maintain the tight cost control measures that are already in place.

After making appropriate enquiries, the board of trustees has a reasonable expectation that the UTC has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

**Report of the Trustees
for the Year Ended 31 August 2020**

STRATEGIC REPORT

Principal risks and uncertainties

The major risks to which the UTC trust is exposed, as identified by the trustees, have been reviewed and procedures have been established to manage those risks. The risks identified are:-

- Insufficient student numbers to ensure the viability of the UTC;
- Insufficient cash to manage day to day finances; and
- Insufficient funds put aside for replacement of fixed assets.

Trustees feel that they have put steps in place to mitigate against these factors. The risks are reviewed on a regular basis.

Future plans

The UTC will continue to improve employer engagement at Board level and within the curriculum. The Board and staff will work to continue to raise the profile of the UTC to support the recruitment process and the Board will be reorganised and refocussed to support the Principal and staff in terms of strategic direction and governance.

The UTC will continue to prioritise student recruitment, industry engagement and governance. The Employer Engagement group will focus on new sponsor organisations and developing the support provided by employers to the curriculum through projects. There will also be discussions with the Hull, Scunthorpe and possibly Lincoln UTCs about closer relationships and the possibility of sharing of resources.

An experienced Business Manager has been appointed to join the UTC from 1st September 2020. As a member of the Senior Leadership Team they will lead and manage the school's business functions including Finance and HR; working closely with the Principal and Board.

The UTC will continue to work towards joining a MAT before the end of the next financial year

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charity constitution

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

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Engineering UTC Northern Lincolnshire are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Engineering UTC Northern Lincolnshire.

Details of the Trustees who served during the year are included in the Reference and administrative details on page

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.

Recruitment and appointment of new trustees

The management of the UTC is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. It is the Members of the Company who appoint and release Trustees from the Board and there must be an agreement of not less than 75% of the Members for a resolution to be binding.

**Report of the Trustees
for the Year Ended 31 August 2020**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The UTC opened its doors to students in September 2015. A governance structure has been determined, which includes 4 members and a maximum of 16 members of the board of Trustees. There are 2 positions for Parent Trustees and 2 for staff Trustees.

The senior leadership team comprises the Principal, Vice Principal, Assistant Principals and Business Engagement Lead.

The Trustees are responsible for setting policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the UTC, capital expenditure and senior staff appointments.

The UTC Principal is also the Accounting Officer.

The UTC Finance Officer is the designated Chief Financial Officer.

Induction and training of new trustees

All Trustees are provided with copies of procedures, minutes, accounts, budgets plans and other documents that they will need to undertake their role as trustees and governors.

All Trustees are supported with training programmes provided by North Lincolnshire Council.

Key management remuneration

Teaching staff remuneration policy is in line with the School Teachers' Pay and Conditions Guidelines 2019. Any performance uplifts would be directed through line management and presented to the Board for approval. Similarly, non-teaching staffs' remuneration falls within the National Joint Council Guidelines.

Related parties

Engineering UTC Northern Lincolnshire is proud to have developed a significant number of partners who are closely involved in the development and future delivery of the curriculum. Building connections with industry will ensure local young people have the skills, knowledge and attitude that companies in Humberside are looking for.

The partners of the UTC are: Tronox, Phillips 66, Jacobs, ABP Ports, University of Hull, ECITB, North Lincs Council, British Steel, Airco and Pepperell's Solicitors


North Lincolnshire Council charged £90,520 during the year for business rates, clerking services, training services and school catering.

Other partners give time resources to support learning for the young people of the academy. They do not give any financial support or donations.

AUDITORS

The auditors, Forrester Boyd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a directors' report and strategic report, approved by order of the board of trustees, as the company directors, on 25 November 2020 and signed on its behalf by:



G Thornton - Trustee

Engineering UTC Northern Lincolnshire

Governance Statement for the Year Ended 31 August 2020

Scope of Responsibility

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

As Trustees, we have reviewed and taken account of the guidance in DFE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day to day responsibility to Anesta McCullagh, 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 Engineering UTC Northern Lincolnshire and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------|-------------------|-------------------|
| K Arundel | 4 | 5 |
| G Binns | 1 | 3 |
| A Burnham | 0 | 1 |
| K Cornforth | 1 | 5 |
| M Doyle | 1 | 2 |
| R Hanningan | 4 | 5 |
| M Heatlie | 2 | 4 |
| G Jones | 3 | 4 |
| S Kelly | 3 | 4 |
| D Kemshell | 2 | 5 |
| N Kissagliss | 1 | 3 |
| A McCullagh | 5 | 5 |
| L Potts | 0 | 2 |
| G Thornton | 5 | 5 |

Monthly management accounts information has been provided to all trustees who are then given the opportunity to raise any queries.

The Finance, Audit and Risk Committee is a sub-committee of the main governing body. Its purpose and key areas of focus are:

- Finance & Resources, to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity in line with the EFSA guidelines in the Academies Financial handbook and Accounts Direction documents

- Audit, one member of this committee (not including the Chair or the Headteacher) must review the risks to internal financial control at the trust and must agree a programme of work that will address these risks, to inform the governance statement that accompanies the trust's annual accounts and, so far as is possible, provide assurance to the external auditors and the Governing Body regarding the sound management and control of the school finances and resources.

Engineering UTC Northern Lincolnshire

Governance Statement for the Year Ended 31 August 2020

Finance and Audit Committee

| Trustee | Meetings attended | Out of a possible |
|--------------|-------------------|-------------------|
| R Hannigan | 2 | 2 |
| S Kelly | 2 | 2 |
| N Kissagliss | 2 | 2 |
| A McCullagh | 2 | 2 |
| G Binns | 2 | 2 |
| K Conforth | 1 | 1 |
| G Thornton | 2 | 2 |

Curriculum and Standards Committee

| Trustee | Meetings attended | Out of a possible |
|--------------|-------------------|-------------------|
| K Arundel | 0 | 1 |
| R Hannigan | 1 | 1 |
| S Kelly | 1 | 1 |
| N Kissagliss | 1 | 1 |
| A McCullagh | 1 | 1 |
| G Thornton | 1 | 1 |

A review of the governance of the UTC has recently been undertaken by the Board. This has been led by the Chair of the Board and supported by the Chairs of the subcommittees and staff from the University of Hull.

Review of Value for Money

As Accounting Officer, Anesta McCullagh has responsibility for ensuring that the UTC 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 UTC's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the UTC has delivered improved value for money during the year by:

- arranging to lease part of the building that is currently unused to North Lincolnshire Council
- maintaining tight cost control measures in place while turnover is low due to low student recruitment
- engaging partners, including Rodillian Multi-Academy Trust for a number of back office services.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of UTC 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 Engineering UTC Northern Lincolnshire for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

**Governance Statement
for the Year Ended 31 August 2020**

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance group of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has enlisted an auditor. All policies were signed off by the Board prior to opening and processes and procedures have been reviewed by the Principal, Chief Financial Officer and the Finance, Audit and Risk Committee. The results of checks are reported to the main Board through the Finance and Audit Committee.

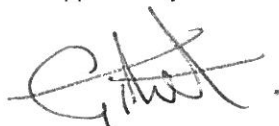
Review of Effectiveness

As Accounting Officer, Anesta McCullagh 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 external auditors;
- the work of the executive managers within the UTC who have responsibility for the development and maintenance of the internal control framework
- a peer review, conducted by an experienced UTC Finance Manager.

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

Approved by order of the members of the board of trustees on 25 November 2020 and signed on its behalf by:



G Thornton - Trustee



A McCullagh - Accounting Officer

Engineering UTC Northern Lincolnshire

**Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2020**

As accounting officer of Engineering UTC Northern Lincolnshire I have considered my responsibility to notify the charitable company 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 charitable company, 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 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.

A McCullagh - Accounting Officer


25 November 2020

**Statement of Trustees' Responsibilities
for the Year Ended 31 August 2020**

The trustees (who act as governors of Engineering UTC Northern Lincolnshire and are also the directors of the academy trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the academy trust and of the incoming resources and application of resources, including the income and expenditure, of the academy trust for that period. In preparing those financial statements, the trustees are required to

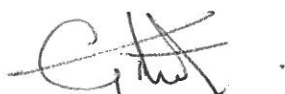
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the academy trust 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 academy trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 academy trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 25 November 2020 and signed on its behalf by:



G Thornton - Trustee

Report of the Independent Auditors to the Members of Engineering UTC Northern Lincolnshire

Opinion

We have audited the financial statements of Engineering UTC Northern Lincolnshire (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, incorporating income and expenditure accounts, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' , the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the charities SORP 2019 and Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to the Statement of Financial Activities in the financial statements, which indicates that the academy trust incurred a net loss of £321,472 during the year ended 31 August 2020 and, as of that date, the academy trust's current liabilities exceeded its total assets by £138,178. We also draw attention to the going concern accounting policy note. This disclosure states that the Trustees of the UTC are aware that there are significant risks and uncertainties in relation to the financial forecasts and future cash position of the UTC and of the dependency of the successful outcome of ongoing discussions with the ESFA around future funding and its support of the UTC's future strategy. These events or conditions 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. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon. Other information includes the trustees report (incorporating the Strategic Report and Directors' Report), the governance statement and the Accounting Officer's Statement.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Report of the Trustees (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Engineering UTC Northern Lincolnshire

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 Report of the Trustees.

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

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

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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



Carrie Anne Jensen ACA (Senior Statutory Auditor)
for and on behalf of Forrester Boyd
Statutory Auditors
Chartered Accountants
66-68 Oswald Road
Scunthorpe
North Lincolnshire
DN15 7PG

25 November 2020

**Independent Reporting Accountant's Assurance Report on Regularity to
Engineering UTC Northern Lincolnshire and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 7 October 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 Engineering UTC Northern Lincolnshire 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 Engineering UTC Northern Lincolnshire and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Engineering UTC Northern Lincolnshire and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Engineering UTC Northern Lincolnshire and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Engineering UTC Northern Lincolnshire's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Engineering UTC Northern Lincolnshire's funding agreement with the Secretary of State for Education dated 1 August 2014 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 our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Ensuring that all activities of the academy trust are in keeping with the academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and Key Management Personnel

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.

C Jensen

Carrie Anne Jensen, ACA, Reporting Accountant
Forrester Boyd
Chartered Accountants
66-68 Oswald Road
Scunthorpe
North Lincolnshire
DN15 7PG

25 November 2020

Engineering UTC Northern Lincolnshire

Statement of Financial Activities
for the Year Ended 31 August 2020

| | | | | 2020 | 2019 |
|---|-------|-------------------|------------------|-----------------------------|--------------------|
| | | Unrestricted fund | Restricted funds | Restricted Fixed Asset Fund | |
| | Notes | £ | £ | £ | |
| INCOME AND ENDOWMENTS FROM | | | | Total funds | Total funds |
| | | | | £ | £ |
| Donations and capital grants | 2 | 1,995 | - | 6,385 | 8,380 |
| Charitable activities | | | | | |
| Funding for the academy's educational operations | 3 | - | 1,687,857 | - | 1,687,857 |
| Other trading activities | 4 | 61,412 | - | - | 61,412 |
| Investment income | 5 | 30 | - | - | 30 |
| Total | | 63,437 | 1,687,857 | 6,385 | 1,757,679 |
| EXPENDITURE ON Charitable activities | | | | | |
| Academy's educational operations | | 48,042 | 1,812,847 | 218,262 | 2,079,151 |
| Total | 6 | 48,042 | 1,812,847 | 218,262 | 2,079,151 |
| NET INCOME/(EXPENDITURE) | | 15,395 | (124,990) | (211,877) | (321,472) |
| Transfers between funds | 20 | (3,460) | - | 3,460 | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial gains/(losses) on defined benefit schemes | | - | (93,000) | - | (93,000) |
| Net movement in funds | | 11,935 | (217,990) | (208,417) | (414,472) |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | - | (317,122) | 6,428,181 | 6,111,059 |
| TOTAL FUNDS CARRIED FORWARD | | 11,935 | (535,112) | 6,219,764 | 5,696,587 |

The notes form part of these financial statements

Engineering UTC Northern Lincolnshire

Balance Sheet
31 August 2020

| | Notes | 2020 £ | 2019 £ |
|--|-------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Intangible assets | 12 | - | 55 |
| Tangible assets | 13 | <u>6,219,765</u> | <u>6,412,829</u> |
| | | 6,219,765 | 6,412,884 |
| CURRENT ASSETS | | | |
| Debtors | 14 | 83,568 | 105,882 |
| Cash at bank | | <u>33,068</u> | <u>37,305</u> |
| | | 116,636 | 143,187 |
| CREDITORS | | | |
| Amounts falling due within one year | 15 | <u>(252,814)</u> | <u>(238,012)</u> |
| NET CURRENT ASSETS | | <u>(136,178)</u> | <u>(94,825)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 6,083,587 | 6,318,059 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 16 | (2,000) | - |
| PENSION LIABILITY | 21 | (385,000) | (207,000) |
| NET ASSETS | | <u>5,696,587</u> | <u>6,111,059</u> |
| FUNDS | 20 | | |
| Unrestricted funds: | | | |
| Unrestricted General fund | | 11,935 | - |
| Restricted funds: | | | |
| Pension reserve | | (385,000) | (207,000) |
| General Annual Grant (GAG) | | (150,112) | (110,122) |
| Restricted Fixed Asset Fund | | <u>6,219,764</u> | <u>6,428,181</u> |
| | | 5,684,652 | 6,111,059 |
| TOTAL FUNDS | | <u>5,696,587</u> | <u>6,111,059</u> |

The financial statements were approved by the Board of Trustees and authorised for issue on 25 November 2020 and were signed on its behalf by:



G Thornton - Trustee

Engineering UTC Northern Lincolnshire

Cash Flow Statement
for the Year Ended 31 August 2020

| | Notes | 2020 £ | 2019 £ |
|---|-------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | <u>14,491</u> | <u>(241,013)</u> |
| Net cash provided by/(used in) operating activities | | <u>14,491</u> | <u>(241,013)</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (25,143) | (51,254) |
| Capital grants from DfE/EFA | | 6,385 | 15,905 |
| Sale of tangible fixed assets | | - | 19,000 |
| Interest received | | <u>30</u> | <u>32</u> |
| Net cash used in investing activities | | <u>(18,728)</u> | <u>(16,317)</u> |
| Change in cash and cash equivalents in the reporting period | | <u>(4,237)</u> | <u>(257,330)</u> |
| Cash and cash equivalents at the beginning of the reporting period | | <u>37,305</u> | <u>294,635</u> |
| Cash and cash equivalents at the end of the reporting period | | <u><u>33,068</u></u> | <u><u>37,305</u></u> |

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2020

1. 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) | (321,472) | (617,363) |
| Adjustments for: | | |
| Depreciation charges | 218,262 | 322,808 |
| Capital grants from DfE/ESFA | (6,385) | (15,905) |
| Loss on disposal of fixed assets | - | 91,736 |
| Interest received | (30) | (32) |
| Decrease in debtors | 22,314 | 16,197 |
| Increase/(decrease) in creditors | 16,802 | (86,454) |
| Difference between pension charge and cash contributions | 85,000 | 48,000 |
| Net cash provided by/(used in) operations | <u>14,491</u> | <u>(241,013)</u> |

2. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.9.19 £ | Cash flow £ | At 31.8.20 £ |
|--------------------------|----------------------|-----------------------|----------------------|
| Net cash | | | |
| Cash at bank and in hand | 37,305 | (4,237) | 33,068 |
| Total | <u>37,305</u> | <u>(4,237)</u> | <u>33,068</u> |

**Notes to the Financial Statements
for the Year Ended 31 August 2020**

1. ACCOUNTING POLICIES

General information

The academy trust is a private company limited by guarantee and incorporated in the United Kingdom.

The address of its registered office is:
Engineering UTC Northern Lincolnshire
Carlton Street
Scunthorpe
DN15 6TA

These financial statements were authorised for issue by the Board on 25 November 2020.

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company and have been rounded to the nearest pound.

Engineering UTC Northern Lincolnshire meets the definition of a public benefit entity under FRS 102.

The financial statements cover the individual entity, Engineering UTC Northern Lincolnshire.

Going concern

Low student recruitment during the academic year has impacted the budget and created a deficit in-year. The Finance and Audit Committee and the full Board have discussed the budget situation and have put in place a strategy to turn around the deficit that will include maintaining the cost control in place, enhancing the marketing strategy to increase student recruitment and have begun to rent out space that was previously not being utilised.

As identified in the Trustees' report, there is a planned budget deficit for the next 2 financial years. This deficit will be mitigated through a strong Marketing Strategy coupled with a robust Business Plan endorsed by the Board. The financial position that the UTC is anticipating for the next 2 years is not unusual for UTCs in their early years of operation. The UTC is slowly building a track record to attract pupils, but the costs are high in terms of staff capitation. The UTC has recognised that recruitment is difficult and is working to mitigate it through increased employer engagement activity. The Board has identified that industry engagement is critical to the success of the UTC and has set up an Engagement and curriculum committee to lead this work. It is envisaged that improved industry engagement will improve recruitment. Coupled with the recruitment and industry engagement campaigns, the management will also maintain the tight cost control measures that are already in place.

Nevertheless, the Board acknowledges the financial challenges of operating growing UTC from a standing start in a challenging financial environment. Having developed detailed forecasts and cashflow for the coming 4 years the Board is confident that the UTC is financially sustainable, but they also acknowledge that this is also dependent on:-

- Continued increasing pupil numbers
- The support of the ESFA in helping the UTC manage short term cash flow issues through cash advances
- The advance of the pupil number adjustment for the additional pupils recruited to support the UTC's cash flow

Without the successful resolution of some/all of the above the Board also acknowledges the possibility that the UTC could operate at a deficit in the short-medium term and that cash management will be difficult.

The Board and Management are in ongoing discussion with the Department for Education and the ESFA to ensure that the above areas and other opportunities for the future development of the UTC, are successfully negotiated.

The Board are confident that the UTC's progression over the last two years, its validation by Ofsted as 'good' and the opportunities that exist for the future will mean that the above risks are managed appropriately and that the positive financial outcome can be achieved.

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

1. ACCOUNTING POLICIES - continued

Going concern

For these reasons the Board continues to adopt the going concern basis of preparation in these financial statements.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are 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 it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 23.

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.

Expenditure

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

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Intangible fixed assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

1. ACCOUNTING POLICIES - continued

Intangible fixed assets

Amortisation is provided on all intangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life, per the table below.

| Asset Class | Amortisation method and rate |
|--------------------|-------------------------------------|
| Software | 4 years straight lines basis |

Tangible fixed assets

Assets costing more than £1,000 capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Assets that are bought in bulk, particularly computers, tablets and their accessories, where individually they cost less than £1,000, are also capitalised.

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

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 carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| Asset Class | Depreciation method and rate |
|--------------------------|-------------------------------------|
| Long leasehold land | 125 years straight line basis |
| Long leasehold buildings | 50 years straight line basis |
| Fixtures and fittings | 10 years straight line basis |
| Office equipment | 10 years straight line basis |
| Specialist equipment | 10 years straight line basis |
| Computer equipment | 4 years straight line basis |

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 academy trust 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 part 11, chapter 3 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.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below;

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

1. ACCOUNTING POLICIES - continued**Critical accounting estimates and areas of judgement**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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.

Pension costs and other post-retirement benefits

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

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

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

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

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

Leased Assets

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

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 transaction price less any provision for impairments. 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 transaction price. 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.

Engineering UTC Northern Lincolnshire

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

2. DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds £ | Restricted funds £ | 2020 Total funds £ | 2019 Total funds £ |
|-----------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Donations | 1,995 | - | 1,995 | 2,000 |
| Grants | - | 6,385 | 6,385 | 45,561 |
| | <u>1,995</u> | <u>6,385</u> | <u>8,380</u> | <u>47,561</u> |

All Capital grants were received through the Restricted Fixed Asset Fund.

Grants received, included in the above, are as follows:

| | 2020 £ | 2019 £ |
|-----------------------|--------------|---------------|
| Other Income | - | 29,656 |
| Other DfE/ESFA Grants | 6,385 | 15,905 |
| | <u>6,385</u> | <u>45,561</u> |

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds £ | Restricted funds £ | 2020 Total funds £ | 2019 Total funds £ |
|-------------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| DfE/ESFA revenue grant | | | | |
| General Annual Grant(GAG) | - | 1,283,107 | 1,283,107 | 822,134 |
| Other DfE/ESFA Grants | - | 311,261 | 311,261 | 263,604 |
| Start-up Grants | - | 25,000 | 25,000 | 47,500 |
| Pupil Premium | - | 48,852 | 48,852 | 29,329 |
| | - | 1,668,220 | 1,668,220 | 1,162,567 |
| Other government grant | | | | |
| Other Income | - | 19,637 | 19,637 | - |
| | <u>-</u> | <u>1,687,857</u> | <u>1,687,857</u> | <u>1,162,567</u> |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds £ | Restricted funds £ | 2020 Total funds £ | 2019 Total funds £ |
|-----------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Hire of staff | 24,860 | - | 24,860 | 48,000 |
| Lettings income | 33,834 | - | 33,834 | 14,050 |
| Other | 2,718 | - | 2,718 | 14,223 |
| | <u>61,412</u> | <u>-</u> | <u>61,412</u> | <u>76,273</u> |

Engineering UTC Northern Lincolnshire

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

5. INVESTMENT INCOME

| | Unrestricted funds £ | Restricted funds £ | 2020 Total funds £ | 2019 Total funds £ |
|--------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Deposit account interest | <u>30</u> | <u>-</u> | <u>30</u> | <u>32</u> |

6. EXPENDITURE

| | Non-pay expenditure | | | 2020 | 2019 |
|---|---------------------|----------------|---------------------|------------------|------------------|
| | Staff costs £ | Premises £ | Other costs £ | Total £ | Total £ |
| Charitable activities | | | | | |
| Academy's educational operations | | | | | |
| Direct costs | 1,118,541 | - | 138,041 | 1,256,582 | 987,323 |
| Allocated support costs | <u>293,790</u> | <u>309,922</u> | <u>218,857</u> | <u>822,569</u> | <u>916,473</u> |
| | <u>1,412,331</u> | <u>309,922</u> | <u>356,898</u> | <u>2,079,151</u> | <u>1,903,796</u> |

Net income/(expenditure) is stated after charging/(crediting):

| | 2020 £ | 2019 £ |
|---|-----------|---------------|
| Auditors' remuneration | 6,750 | 6,750 |
| Auditors' remuneration for non audit work | 1,515 | 2,450 |
| Depreciation - owned assets | 218,207 | 263,171 |
| Deficit on disposal of fixed assets | - | 91,736 |
| Computer software amortisation | <u>55</u> | <u>59,637</u> |

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds £ | Restricted funds £ | 2020 Total funds £ | 2019 Total funds £ |
|---------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Direct costs | 25,808 | 1,230,774 | 1,256,582 | 987,323 |
| Support costs | <u>22,234</u> | <u>800,335</u> | <u>822,569</u> | <u>916,473</u> |
| | <u>48,042</u> | <u>2,031,109</u> | <u>2,079,151</u> | <u>1,903,796</u> |

| | 2020 Total £ | 2019 Total £ |
|----------------------------------|--------------------|--------------------|
| Analysis of support costs | | |
| Support staff costs | 293,790 | 207,380 |
| Depreciation | 100,375 | 296,657 |
| Technology costs | 45,038 | 37,978 |
| Premises costs | 309,922 | 297,271 |
| Legal costs - other | 11,372 | 5,728 |
| Other support costs | 52,435 | 59,477 |
| Governance costs | <u>9,637</u> | <u>11,982</u> |
| Total support costs | <u>822,569</u> | <u>916,473</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

8. TRUSTEES' REMUNERATION AND BENEFITS

One or more trustees has been paid remuneration or received other benefits from employment with the academy.

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their roles as Trustees. The value of Trustees remuneration and other benefits was as follows:

| | |
|-------------|--|
| M Doyle | (Headteacher, Accounting Officer and Governor): Remuneration £30,000 - £35,000 (2019: £95,000 - £100,000) Employer's pension contributions £nil (2019: £0 - 5,000) |
| A McCullagh | (Headteacher, Accounting Officer and Governor): Remuneration £35,000 - £40,000 (2019: £nil) Employer's pension contributions £5,000 - £10,000 (2019: £nil) |

Trustees' expenses

During the period ended 31 August 2020 travel and subsistence expenses totalling £1,395 were reimbursed directly to 1 trustee (2019: £920 to 1 trustees).

Related party transactions involving the trustees are set out in note 22.

9. STAFF COSTS

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Wages and salaries | 830,549 | 752,095 |
| Social security costs | 78,590 | 72,954 |
| Operating costs of defined benefit pension schemes | 289,457 | 150,894 |
| | <u>1,198,596</u> | <u>975,943</u> |
| Agency staff costs | 206,164 | 104,742 |
| Staff restructuring costs | 7,571 | - |
| | <u>1,412,331</u> | <u>1,080,685</u> |
| Staff restructuring costs comprise: | | |
| Redundancy payments | - | - |
| Severance payments | 7,571 | - |
| Other restructuring costs | - | - |
| | <u>7,571</u> | <u>-</u> |

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

| | 2020 | 2019 |
|----------------------------|-----------|-----------|
| Teachers | 8 | 10 |
| Administration and support | 12 | 14 |
| Management | 5 | 3 |
| | <u>25</u> | <u>27</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

9. STAFF COSTS - continued

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

| | 2020 | 2019 |
|--------------------|----------|----------|
| £60,001 - £70,000 | 1 | - |
| £90,001 - £100,000 | - | 1 |
| | <u>1</u> | <u>1</u> |

The key management personnel of the academy trust comprise the trustees and 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 £395,692 (2019: £378,450).

10. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors and or omissions occurring whilst on academy business, and provides unlimited cover. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted fund £ | Restricted funds £ | Restricted Fixed Asset Fund £ | Total funds £ |
|---|---------------------------|--------------------------|---|---------------------|
| INCOME AND ENDOWMENTS FROM | | | | |
| Donations and capital grants | 2,000 | - | 45,561 | 47,561 |
| Charitable activities | | | | |
| Funding for the academy's educational operations | - | 1,162,567 | - | 1,162,567 |
| Other trading activities | 76,273 | - | - | 76,273 |
| Investment income | <u>32</u> | <u>-</u> | <u>-</u> | <u>32</u> |
| Total | 78,305 | 1,162,567 | 45,561 | 1,286,433 |
| EXPENDITURE ON | | | | |
| Charitable activities | | | | |
| Academy's educational operations | <u>41,786</u> | <u>1,400,801</u> | <u>461,209</u> | <u>1,903,796</u> |
| Total | 41,786 | 1,400,801 | 461,209 | 1,903,796 |
| NET INCOME/(EXPENDITURE) | 36,519 | (238,234) | (415,648) | (617,363) |
| Transfers between funds | <u>(193,390)</u> | <u>193,390</u> | <u>-</u> | <u>-</u> |
| Other recognised gains/(losses) | | | | |
| Actuarial gains/(losses) on defined benefit schemes | <u>-</u> | <u>(110,000)</u> | <u>-</u> | <u>(110,000)</u> |
| Net movement in funds | (156,871) | (154,844) | (415,648) | (727,363) |
| RECONCILIATION OF FUNDS | | | | |
| Total funds brought forward | 156,871 | (162,278) | 6,843,829 | 6,838,422 |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

| | Unrestricted fund £ | Restricted funds £ | Restricted Fixed Asset Fund £ | Total funds £ |
|------------------------------------|---------------------------|--------------------------|---|---------------------|
| TOTAL FUNDS CARRIED FORWARD | <u>-</u> | <u>(317,122)</u> | <u>6,428,181</u> | <u>6,111,059</u> |

12. INTANGIBLE FIXED ASSETS

| | | | |
|--|--|--|---------------------------|
| | | | Computer software £ |
| COST | | | |
| At 1 September 2019 and 31 August 2020 | | | <u>238,549</u> |
| AMORTISATION | | | |
| At 1 September 2019 | | | 238,494 |
| Charge for year | | | <u>55</u> |
| At 31 August 2020 | | | <u>238,549</u> |
| NET BOOK VALUE | | | |
| At 31 August 2020 | | | <u>-</u> |
| At 31 August 2019 | | | <u>55</u> |

13. TANGIBLE FIXED ASSETS

| | Long leasehold £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|------------------------|----------------------------------|----------------------------|------------------|
| COST | | | | |
| At 1 September 2019 | 5,939,333 | 963,205 | 222,694 | 7,125,232 |
| Additions | <u>-</u> | <u>7,648</u> | <u>17,495</u> | <u>25,143</u> |
| At 31 August 2020 | <u>5,939,333</u> | <u>970,853</u> | <u>240,189</u> | <u>7,150,375</u> |
| DEPRECIATION | | | | |
| At 1 September 2019 | 294,609 | 211,035 | 206,759 | 712,403 |
| Charge for year | <u>117,886</u> | <u>96,894</u> | <u>3,427</u> | <u>218,207</u> |
| At 31 August 2020 | <u>412,495</u> | <u>307,929</u> | <u>210,186</u> | <u>930,610</u> |
| NET BOOK VALUE | | | | |
| At 31 August 2020 | <u>5,526,838</u> | <u>662,924</u> | <u>30,003</u> | <u>6,219,765</u> |
| At 31 August 2019 | <u>5,644,724</u> | <u>752,170</u> | <u>15,935</u> | <u>6,412,829</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|--------------------------------|---------------|----------------|
| | £ | £ |
| Trade debtors | 9,142 | 35,433 |
| Other debtors | 85 | 1,530 |
| VAT | 11,524 | 22,069 |
| Prepayments and accrued income | 62,817 | 46,850 |
| | <u>83,568</u> | <u>105,882</u> |

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 18,315 | 80,322 |
| Social security and other taxes | 33,056 | 28,271 |
| Other creditors | 145,000 | 47,365 |
| Accruals and deferred income | 56,443 | 82,054 |
| | <u>252,814</u> | <u>238,012</u> |

| | 2020 | 2019 |
|-------------------------------------|--------------|---------------|
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2019 | 19,250 | 19,700 |
| Released from previous years | (19,250) | (19,700) |
| Resources deferred in the year | 2,750 | 19,700 |
| Deferred income at 31 August 2020 | <u>2,750</u> | <u>19,700</u> |

At the balance sheet date the academy was holding funds received in advance for lettings income from North Lincolnshire LDC relating to the 20-21 financial year.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2020 | 2019 |
|-----------------|--------------|----------|
| | £ | £ |
| Other creditors | <u>2,000</u> | <u>-</u> |

17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2020 | 2019 |
|----------------------------|---------------|------------|
| | £ | £ |
| Within one year | 446 | 446 |
| Between one and five years | 31,324 | 446 |
| In more than five years | 1,825 | - |
| | <u>33,595</u> | <u>892</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

18. MEMBERS' LIABILITY

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | | | 2020 | |
|-----------------------|---------------------------|--------------------------|---|---------------------|
| | Unrestricted fund £ | Restricted funds £ | Restricted Fixed Asset Fund £ | Total funds £ |
| Fixed assets | - | - | 6,219,765 | 6,219,765 |
| Current assets | 11,935 | 104,702 | (1) | 116,636 |
| Current liabilities | - | (252,814) | - | (252,814) |
| Long term liabilities | - | (2,000) | - | (2,000) |
| Pension liability | - | (385,000) | - | (385,000) |
| | <u>11,935</u> | <u>(535,112)</u> | <u>6,219,764</u> | <u>5,696,587</u> |

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

| | | | 2019 | |
|---------------------|---------------------------|--------------------------|---|---------------------|
| | Unrestricted fund £ | Restricted funds £ | Restricted Fixed Asset Fund £ | Total funds £ |
| Fixed assets | - | - | 6,412,884 | 6,412,884 |
| Current assets | 2,365 | 125,525 | 15,297 | 143,187 |
| Current liabilities | (2,365) | (235,647) | - | (238,012) |
| Pension liability | - | (207,000) | - | (207,000) |
| | <u>-</u> | <u>(317,122)</u> | <u>6,428,181</u> | <u>6,111,059</u> |

20. MOVEMENT IN FUNDS

| | At 1.9.19 £ | Net movement in funds £ | Transfers between funds £ | At 31.8.20 £ |
|-----------------------------|------------------|----------------------------------|------------------------------------|--------------------|
| Unrestricted funds | | | | |
| Unrestricted General fund | - | 15,395 | (3,460) | 11,935 |
| Restricted funds | | | | |
| Pension reserve | (207,000) | (178,000) | - | (385,000) |
| General Annual Grant (GAG) | (110,122) | (39,990) | - | (150,112) |
| Restricted Fixed Asset Fund | <u>6,428,181</u> | <u>(211,877)</u> | <u>3,460</u> | <u>6,219,764</u> |
| | <u>6,111,059</u> | <u>(429,867)</u> | <u>3,460</u> | <u>5,684,652</u> |
| TOTAL FUNDS | <u>6,111,059</u> | <u>(414,472)</u> | <u>-</u> | <u>5,696,587</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

20. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|-----------------------------|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| Unrestricted General fund | 63,437 | (48,042) | - | 15,395 |
| Restricted funds | | | | |
| Pension reserve | - | (85,000) | (93,000) | (178,000) |
| General Annual Grant (GAG) | 1,283,107 | (1,323,097) | - | (39,990) |
| Restricted Fixed Asset Fund | 6,385 | (218,262) | - | (211,877) |
| Start Up Grant | 25,000 | (25,000) | - | - |
| Pupil Premium | 48,852 | (48,852) | - | - |
| Other grants | 330,898 | (330,898) | - | - |
| | <u>1,694,242</u> | <u>(2,031,109)</u> | <u>(93,000)</u> | <u>(429,867)</u> |
| TOTAL FUNDS | <u>1,757,679</u> | <u>(2,079,151)</u> | <u>(93,000)</u> | <u>(414,472)</u> |

Comparatives for movement in funds

| | At 1.9.18 £ | Net movement in funds £ | Transfers between funds £ | At 31.8.19 £ |
|-----------------------------|------------------|----------------------------------|------------------------------------|--------------------|
| Unrestricted funds | | | | |
| Unrestricted General fund | 156,871 | 36,519 | (193,390) | - |
| Restricted funds | | | | |
| Pension reserve | (49,000) | (158,000) | - | (207,000) |
| General Annual Grant (GAG) | (113,278) | (190,234) | 193,390 | (110,122) |
| Restricted Fixed Asset Fund | <u>6,843,829</u> | <u>(415,648)</u> | <u>-</u> | <u>6,428,181</u> |
| | <u>6,681,551</u> | <u>(763,882)</u> | <u>193,390</u> | <u>6,111,059</u> |
| TOTAL FUNDS | <u>6,838,422</u> | <u>(727,363)</u> | <u>-</u> | <u>6,111,059</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

20. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|-----------------------------|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| Unrestricted General fund | 78,305 | (41,786) | - | 36,519 |
| Restricted funds | | | | |
| Pension reserve | - | (48,000) | (110,000) | (158,000) |
| General Annual Grant (GAG) | 822,134 | (1,012,368) | - | (190,234) |
| Restricted Fixed Asset Fund | 45,561 | (461,209) | - | (415,648) |
| Start Up Grant | 47,500 | (47,500) | - | - |
| Pupil Premium | 29,329 | (29,329) | - | - |
| Other grants | 263,604 | (263,604) | - | - |
| | <u>1,208,128</u> | <u>(1,862,010)</u> | <u>(110,000)</u> | <u>(763,882)</u> |
| TOTAL FUNDS | <u>1,286,433</u> | <u>(1,903,796)</u> | <u>(110,000)</u> | <u>(727,363)</u> |

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

Restricted funds are comprised of income from the DfE/ESFA and from the Local Authority. These funds are used for the normal running costs of the UTC.

Unrestricted funds are comprised of donations from private companies, lettings income and hire of staff. These are also used for the normal running costs of the UTC.

Restricted fixed asset funds are comprised of income from the DfE/ESFA and are used to purchase fixed assets for the continued operations and use of the UTC.

The academy trust is carrying a net deficit of £138,177 on restricted general funds (excluding pension reserve) plus unrestricted funds because of low student recruitment during the academic year. The academy is taking actions to return these funds to surplus such as improving pupil intake through a series of open events, improving marketing through engagement of a marketing company and working with local businesses to enhance the curriculum offer.

21. 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 East Riding 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 of the LGPS 31 March 2019.

There were outstanding contributions at the end of the financial year of £14,473. There were not prepaid contributions at the beginning or ends of the financial year.

Teachers' Pension SchemeIntroduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

21. PENSION AND SIMILAR OBLIGATIONS - continued

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. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million

- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £126,757 (2019: £63,855)

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 contribution made for the year ended 31 August 2020 was £55,000 (2019: £57,000) of which employer's contributions totalled £40,000 (2019: £41,000) and employees' contributions totalled £15,000 (2019: £16,000). The agreed contribution rates for future years are 13.7 per cent for employers and 5.5-9.9 per cent for employees.

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

21. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in the Balance Sheet are as follows:

| | Defined benefit pension plans | |
|---------------------------------------|-------------------------------|------------------|
| | 2020 | 2019 |
| | £ | £ |
| Present value of funded obligations | (866,000) | (421,000) |
| Fair value of plan assets | <u>481,000</u> | <u>214,000</u> |
| | (385,000) | (207,000) |
| Present value of unfunded obligations | - | - |
| Deficit | <u>(385,000)</u> | <u>(207,000)</u> |
| Net liability | <u>(385,000)</u> | <u>(207,000)</u> |

The amounts recognised in the Statement of Financial Activities are as follows:

| | Defined benefit pension plans | |
|---|-------------------------------|---------------|
| | 2020 | 2019 |
| | £ | £ |
| Current service cost | 121,000 | 86,000 |
| Net interest from net defined benefit asset/liability | 9,000 | 2,000 |
| Past service cost | - | 1,000 |
| | <u>130,000</u> | <u>89,000</u> |
| Actual return on plan assets | <u>212,000</u> | <u>8,000</u> |

Changes in the present value of the defined benefit obligation are as follows:

| | Defined benefit pension plans | |
|--------------------------------------|-------------------------------|----------------|
| | 2020 | 2019 |
| | £ | £ |
| Opening defined benefit obligation | 421,000 | 198,000 |
| Current service cost | 121,000 | 86,000 |
| Past service cost | - | 1,000 |
| Contributions by scheme participants | 15,000 | 16,000 |
| Interest cost | 9,000 | 7,000 |
| Oblig other remeasurement | <u>300,000</u> | <u>113,000</u> |
| | <u>866,000</u> | <u>421,000</u> |

Changes in the fair value of scheme assets are as follows:

| | Defined benefit pension plans | |
|--------------------------------------|-------------------------------|----------------|
| | 2020 | 2019 |
| | £ | £ |
| Opening fair value of scheme assets | 214,000 | 149,000 |
| Interest Income | 5,000 | 5,000 |
| Contributions by employer | 40,000 | 41,000 |
| Contributions by scheme participants | 15,000 | 16,000 |
| Assets other remeasurement | <u>207,000</u> | <u>3,000</u> |
| | <u>481,000</u> | <u>214,000</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

21. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in other recognised gains and losses are as follows:

| | Defined benefit pension plans | |
|----------------------------|-------------------------------|------------------|
| | 2020 | 2019 |
| | £ | £ |
| Oblig other remeasurement | (300,000) | (113,000) |
| Assets other remeasurement | <u>207,000</u> | <u>3,000</u> |
| | <u>(93,000)</u> | <u>(110,000)</u> |

The major categories of scheme assets as a percentage of total scheme assets are as follows:

| | Defined benefit pension plans | |
|----------|-------------------------------|-------------|
| | 2020 | 2019 |
| Equities | 66% | 71% |
| Bonds | 16% | 15% |
| Property | 12% | 11% |
| Cash | <u>6%</u> | <u>3%</u> |
| | <u>100%</u> | <u>100%</u> |

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

| | 2020 | 2019 |
|--------------------------|-------|-------|
| Discount rate | 1.70% | 1.90% |
| Future salary increases | 3.10% | 2.50% |
| Future pension increases | 2.20% | 2.30% |

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

| | 31 August 2020 | 31 August 2019 |
|-----------------------------|----------------|----------------|
| Retiring today | | |
| Males | 20.9 | 20.8 |
| Females | 23.3 | 23.3 |
| Retiring in 20 years | | |
| Males | 21.8 | 22.0 |
| Females | 24.8 | 24.9 |

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

| | | | |
|---|--------------|-------------|--------------|
| Adjustment to discount rate | +0.5% | 0.0% | -0.5% |
| | £ | £ | £ |
| Present value of total obligation | - | - | 139,000 |
| Adjustment to rate of pension increase | +0.5% | 0.0% | -0.5% |
| | £ | £ | £ |
| Present value of total obligation | 135,000 | - | - |
| Adjustment to rate of salary growth | +0.5% | 0.0% | -0.5% |
| | £ | £ | £ |
| Present value of total obligation | - | - | 3,000 |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

22. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2020.

23. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £4,291 and disbursed £4,291 from the fund. There is no balance relating to undistributed funds that is repayable to the ESFA at 31 August 2020.

Engineering UTC Northern Lincolnshire

Detailed Statement of Financial Activities
for the Year Ended 31 August 2020

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| INCOME AND ENDOWMENTS | | |
| Donations and capital grants | | |
| Donations | 1,995 | 2,000 |
| Grants | <u>6,385</u> | <u>45,561</u> |
| | 8,380 | 47,561 |
| Other trading activities | | |
| Hire of staff | 24,860 | 48,000 |
| Lettings income | 33,834 | 14,050 |
| Other | <u>2,718</u> | <u>14,223</u> |
| | 61,412 | 76,273 |
| Investment income | | |
| Deposit account interest | 30 | 32 |
| Charitable activities | | |
| Grants | <u>1,687,857</u> | <u>1,162,567</u> |
| Total incoming resources | 1,757,679 | 1,286,433 |
| EXPENDITURE | | |
| Charitable activities | | |
| Wages | 705,670 | 605,253 |
| Social security | 72,800 | 61,243 |
| Pensions | 168,278 | 103,768 |
| Supply teacher costs | 171,793 | 103,041 |
| Educational supplies | 37,792 | 30,958 |
| Examination fees | 33,376 | 31,027 |
| Staff development | 2,150 | 3,637 |
| Educational consultancy | 29,373 | 28,566 |
| Goods and services | 25,954 | 16,279 |
| Exclusion cost | <u>9,396</u> | <u>3,551</u> |
| | 1,256,582 | 987,323 |
| Support costs | | |
| Management | | |
| Wages | 124,879 | 146,842 |
| Social security | 5,790 | 11,711 |
| Pensions | 121,179 | 47,126 |
| Supply teacher costs | 34,371 | 1,701 |
| Compensation payments | 7,571 | - |
| Technology costs | 45,038 | 37,978 |
| Maintenance of premises and equipment | 65,551 | 46,665 |
| Cleaning | 27,840 | 21,574 |
| Rent and rates | 36,808 | 34,255 |
| Energy costs | 57,966 | 74,230 |
| Insurance | 3,870 | 2,660 |
| Catering | 20,855 | 21,231 |
| Interest on pension scheme liabilities | 4,000 | 2,000 |
| Other support costs | <u>27,580</u> | <u>36,246</u> |
| | 583,298 | 484,219 |

This page does not form part of the statutory financial statements

Engineering UTC Northern Lincolnshire

Detailed Statement of Financial Activities
for the Year Ended 31 August 2020

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Management | | |
| Legal costs - other | | |
| Legal costs - educational operations | 11,372 | 5,728 |
| Other | | |
| Computer software | 54 | 59,637 |
| Long leasehold | 117,887 | 117,887 |
| Fixtures and fittings | 96,894 | 94,262 |
| Computer equipment | 3,427 | 51,022 |
| Loss on sale of tangible fixed assets | - | 91,736 |
| | <u>218,262</u> | <u>414,544</u> |
| Governance costs | | |
| Other costs | 1,372 | 2,782 |
| Auditors' remuneration | 6,750 | 6,750 |
| Auditors' remuneration for non audit work | <u>1,515</u> | <u>2,450</u> |
| | <u>9,637</u> | <u>11,982</u> |
| Total resources expended | <u>2,079,151</u> | <u>1,903,796</u> |
| Net expenditure | <u>(321,472)</u> | <u>(617,363)</u> |