



University Technical
College Norfolk

NORFOLK UTC

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020



NORFOLK UTC
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Chairman's Statement	3
Trustees' Report	4 - 11
Governance Statement	12 - 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditors' Report on the Financial Statements	18 - 20
Independent Reporting Accountant's Report on Regularity	21 - 22
Statement of Financial Activities Incorporating Income and Expenditure Account	23 - 24
Balance Sheet	25 - 26
Statement of Cash Flows	27
Notes to the Financial Statements	28 - 54

NORFOLK UTC
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	S Guest B Milner C Maw R Proctor J Fry Y Mason
Trustees	B Milner, Chairman N Finch, Lead Employer Representative A Hayes, Headteacher / Accounting Officer C Kerrison (resigned 30 October 2019) J Schofield C Smithson P van der Horst R Bennington K de Ferrer S Love L Rees-Murphy J Wilcox C Oliff (appointed 29 October 2019)
Company registered number	07911472
Company name	Norfolk UTC
Principal and registered office	Oldhall Road Norwich Norfolk NR4 6FF
Senior Management Team	A Hayes, Headteacher S Jarvis, Assistant Headteacher E Palik, Assistant Headteacher E Atkins, Behaviour and Attitudes Lead
Independent auditors	MA Partners Audit LLP Chartered Accountants 7 The Close Norwich Norfolk NR1 4DJ
Bankers	Lloyds Norwich Norfolk NR2 1LZ

NORFOLK UTC
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Solicitors	Hansells 3 The Close Norwich Norfolk NR1 4DS
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NORFOLK UTC
(A Company Limited by Guarantee)

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020


The chairman presents his statement for the year.

2019/2020 was a challenging year for many but we feel that this year has been a very successful year for Norfolk UTC (UTCN).

Our student numbers are rising strongly, we delivered exceptionally to our students during the disruption to education caused by the pandemic and, through careful financial management, we have been able to build two new classrooms which will further increase our student capacity.

Additionally, GCSE and A Levels results were very strong, albeit these were based on Centre Assessed Grades. More significantly, despite the pandemic, student destinations have held up strongly. In fact, this year, one of our students turned down a place at Cambridge University to take up a degree apprenticeship: a sure indication of the success of the work that we are doing at UTCN.

Given the above, we fill that we very much fulfilling our vision *'to be the best in developing tomorrow's engineering, computing and science professionals.'*



.....
Dr Ben Milner
Chairman of the Board of Norfolk UTC

Date: 13 January 2021

NORFOLK UTC
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditors' report of Norfolk UTC ('the Trust') for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The Trust is responsible for providing a University Technical College (UTC), which offers 14-19 year olds the opportunity to take a technically-oriented course of study. UTCs are equipped to the highest standard, sponsored by a university and offer clear progression routes into higher education or further learning in work. Norfolk UTC specialises in advanced engineering and energy skills as well as providing a sound educational foundation for any student who has an interest in engineering, science, maths or computing.

Structure, governance and management

a. Constitution

The Trust is a charitable company, incorporated on 16 January 2012, limited by guarantee and an exempt charity.

The charitable company's Memorandum and Articles of Association is the primary governing document of the Trust.

The Trustees of Norfolk UTC are also the Directors of the charitable company for the purposes of company law.

The charitable company is known as University Technical College Norfolk (UTCN).

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

b. Members' liability

Each Member of the charitable company undertakes to contribute to the assets of the Trust in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

c. Trustees' indemnities

Qualifying third party indemnity provision is in force for the benefit of all Trustees and Officers of the Trust.

NORFOLK UTC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The management of the Trust is the responsibility of the Trustees who are appointed under the terms of the Articles of Association. The Members may appoint up to 9 Trustees provided that in making such appointments the Members shall ensure that such Trustees comprise:

- 1 Trustee representing the Lead Employer Sponsor;
- 1 Trustee representing the University Sponsor;
- up to 2 Trustees representing Transforming Education in Norfolk; and
- up to 5 Trustees representing businesses that operate in fields relevant to the academic courses provided by the Trust.

Additionally, the Board of Trustees may co-opt up to three Trustees.

All prospective appointed Trustees are interviewed by the Chairman.

e. Policies adopted for the induction and training of Trustees

Trustees are given copies of, and have explained to them, the principal elements of the Articles of Association, the Academies Financial Handbook and the Funding Agreement with the Department for Education.

A programme of training covering relevant topics has been agreed for the academic year and comprises not less than one training session per term.

f. Organisational structure

The Board of Trustees is the main decision-making body of Norfolk UTC.

Two sub-committees - a Standards Committee and Finance, Audit and Risk Committee - have been established, with terms of reference for the committees determined and agreed by the Board of Trustees.

The Board of Trustees has agreed that the Headteacher is the Accounting Officer of the Trust.

The Board of Trustees can delegate decisions and, in this respect, has agreed:

- In certain circumstances, and acting within the Articles of Association, the Chairman or Vice Chairman have the appropriate authority to act in the Trust's best interests.
- In accordance with the Articles of Association, the Academies Financial Handbook and the Funding Agreement, the relevant authority is passed to the Headteacher of the Trust.

g. Arrangements for setting pay and remuneration of key management personnel

The Key Management Personnel are the Headteacher plus two Assistant Headteachers. Remuneration is set based on a comparison to local and national salary data, with reference to School Teacher Pay and Conditions rates and also local factors (size of school, key stages covered by the school etc). The Headteacher is eligible for performance related pay based on an assessment against ten individual targets. The Board of Trustees will set the remuneration and annually determine the performance related pay of the Key Management Personnel.

NORFOLK UTC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

h. Trade Union (Facility Time Publication Requirements) Regulation 2017

There are no local Trade Union representatives operating at Norfolk UTC, therefore, Union Facility Time is zero.

Objectives and activities

a. Objects and aims

Norfolk UTC's charitable objects are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum, which includes provision for technical education ("the Academy").

The vision of Norfolk UTC is to be the best in developing tomorrow's engineering, computing and science professionals and its mission is to ensure that our students have the skills, qualifications and experience to progress to university, an apprenticeship or skilled employment.

b. Objectives, strategies and activities

Norfolk UTC focusses on advanced engineering and energy skills to help address a regional and sector shortfall in local young people with the skills and capacities to meet local employers' needs. Norfolk UTC has developed a programme of study combining academic, professional and technical education.

For 2019/20 Norfolk UTC was sponsored by the University of East Anglia (UEA) and a group of employer sponsors. The sponsors have been developing the Norfolk UTC vision since 2010 and are committed to delivering outstanding learning opportunities in the fields of Engineering and Energy skills for 14-19 students from across the sub regional area of Norfolk, East Cambridgeshire and North Suffolk.

The sponsors are committed to:

- Delivering an engaging, relevant, challenging curriculum that brings together academic and practical elements to generate technical solutions.
- Developing highly skilled, reflective learners; seeking inspiration from past and present; culturally and globally aware; resilient and ready for their futures.
- Developing purposeful, future focused progression opportunities and destinations for students. Ready for today, tomorrow and the future.
- Providing an authentic bridge between secondary education, higher education and employment.

The key objectives for the year were:

- Deliver a good standard of education during lockdown.
- Recruit the target number of students for Year 10 and Year 12 entry.
- Maintain first-rate destinations for students on the completion of their courses.
- Maximise examination results.
- Ensure positive cash reserves remain at the end of the financial year.

NORFOLK UTC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

c. Public benefit

The charitable object of Norfolk UTC is to establish, maintain, carry on, manage and develop a school offering a broad and balanced curriculum, which includes provision for technical education. The activities reported on above were significant steps in advancing this object.

In carrying out their activities during 2019/2020 (further reported on below), the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary guidance on advancing education.

Strategic report

Achievements and performance

a. Key performance indicators

- KPI: Deliver a good standard of education during lockdown.
- KPI: Recruit the target number of students for Year 10 and Year 12 entry – financial target of 354 students was set
 - 252 students were shown on the October 2017 census
 - 272 students were shown in the October 2018 census
 - 340 students were shown in the October 2019 census
 - 382 students were shown in the October 2020 census
- KPI: Maintain first-rate destinations for students on the completion of their courses.
 - Destinations continue to be excellent with most students moving on to good destinations
- KPI: Maximise examination results
 - See tables below
- KPI: Ensure positive cash reserves remain at the end of the financial year
 - £214,874 cash reserves will be carried forward to the next financial year.

Key Stage 4 Results 2020

GCSES					
KPI	2020	2019	2018	2017	2016
Student Numbers	72	68	53	85	80
KS2 APS	28.4 (4.74)	29.7	29.6	28.7	27.4
Progress 8 Score *	-0.01	-1.03	-0.63	-0.46	-0.27
Attainment 8 Score	44.77	40.1	45.61	42.32	46.53
9 to 5 in English and Maths	38%	38%	47%	40%	-
9 to 4 in English and Maths	65%	57%	62%	61%	59%
9 to 5 in English	49%	54%	53%	54%	-
9 to 4 in English	78%	65%	70%	65%	65%
9 to 5 in Maths	57%	53%	62%	51%	-
9 to 4 in Maths	71%	71%	79%	78%	66%
Ebacc Entered	1.39%	0%	4%	18%	13%

NORFOLK UTC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

At Key Stage 4, Basics (GCSE passes at grades 9-5 in both English and Mathematics) were slightly below the national average of 39%.

* The DfE Progress 8 measure looks at student progress from the end of Year 6 to the end of Year 11. As UTCs only have students for 20 out of the 60 months of this period, we calculate our own Progress 8 Score using nationally recognised GL Assessment Data. Based on starting points, this was positive at +0.27 and significantly above the national average.

A LEVELS

KPI	2020	2019	2018	2017
AAB, 2 facilitating subjects	6	0	0	0
Best 3 A Levels Grade	B	D-	D	D
Best 3 A Levels Points	41.33	15.93	24.89	20.00
A*-E	100	67.2	91	75
A*-C	71.7	21.3	49	23
A*-B	48.9	9.8	25	6
Average Result Points	34.58	14.36	24.79	15.50
Average Grade	C+	E+	D+	D-
COHORT NUMBERS	49	33	37	60

ACADEMIC

KPI	2020	2019	2018	2017
A*-E	100	76.2	86	79.8
A*-C	75.9	32.1	44	36.1
A*-B	54.6	15.6	24	13.5
Average Result Points	34.98	16.2	23.6	16.99
Average Grade	C+	D-	D+	D-
COHORT NUMBERS	50	48	54	63

APPLIED

KPI	2020	2019	2018	2017
Average Result Points	32.5	33.5	27.5	-
Average Grade	D-	D	M+	-
COHORT NUMBERS	18	14	36	-

TECHNICAL

KPI	2020	2019	2018	2017
D*-P	100	100	100	100
D*-M	78	79	88	80
D*D*-PP	100	100	100	100
D*D*-MM	71	35	27	82
D*D*D*-PPP	100	-	-	-
D*D*D*-MMM	56	-	-	-
Average Result Points	30.29	23.2	21.78	38.45
Average Grade	D-	M-	M-	D+
COHORT NUMBERS	47	22	15	64

NORFOLK UTC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

The Board of Trustees has reviewed the financial outturn for 2019/2020, the budget for 2020/2021, the latest management accounts for 2020/2021, a summary budget for 2021/2022 and a monthly cash flow forecast and have fully considered this information when considering the going concern assumption for these accounts.

The key challenge for the Trust, as always, remains student recruitment. This shows an increase in student numbers from 2018 to 2020 of 40% with numbers increasing from 272 to 382. Given this therefore the Board of Trustees will continue to adopt the going concern basis in preparing the financial statements.

Financial review

a. Review of the year

This annual report reflects the twelve months of activity to 31 August 2020. During the period, the Norfolk UTC received total income of £2,506,608 and incurred total expenditure of £2,611,887.

Total income includes:

- £2,481,037 of funding for the Academy's Educational Operations – this was primarily £2,027,176 ESFA funding via the General Annual Grant.
- £9,896 for donations and capital grants.
- £15,675 of income for trading activities.

Total resources expended for the same period includes:

- £2,611,887 on Academy's educational operations, including teaching and support staff costs, depreciation of the site, educational materials, utilities etc.
- £Nil on expenditure on raising funds.

The net income/expenditure (before transfers and actuarial losses) for the year shown in the Statement of Financial Activities was a deficit of £105,279 which comprises:

- £110,575 surplus on the unrestricted funds and the restricted general funds; and
- £215,854 deficit on restricted fixed asset funds which is primarily driven by the depreciation charge on the estate and equipment.

In addition to the net income/expenditure for the year, the Trust is required to account for £125,000 of actuarial loss on the valuation of the Local Government Pension Scheme. This loss is notified by the actuary to the Norfolk Pension Fund and is outside of the control of Norfolk UTC.

Norfolk UTC had reserves brought forward of £5,970,102, and carries forward reserves of £5,739,823 as at 31 August 2020. The reserves comprise:

- £424 surplus on unrestricted funds.
- £567,000 deficit on restricted funds – this is the LGPS pension liability for those staff employed by the Trust. As noted above the valuation of the LGPS pension liability is notified to the Trust by the actuary to the Norfolk Pension Fund. It is not directly within the control of the Trust.
- £6,306,399 surplus on fixed asset funds – this will be used to fund future depreciation of the Trust

NORFOLK UTC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

leasehold land and buildings, fixtures, fittings and IT equipment.

b. Reserves policy

The Trustees continue to regularly review the reserve levels of the Trust and are working to ensure that they are sufficient for the Trust's requirements. The Trust will continue to target reserves of between 2-4% of income.

c. Investment policy

Under its Articles of Association, Norfolk UTC has the right to:

- Deposit or invest any funds of the Trust not immediately required for the furtherance of its objects (but to invest only after obtaining such advice from a financial expert, as the Trustees consider necessary, and having regard to the suitability of investments and the need for diversification);
- To delegate the management of investments to a financial expert, but only if certain terms are met; and
- To arrange for investments or other property of the Trust to be held in the name of a nominee company acting under the control of the Trustees or of a financial expert acting under their instructions, and to pay any reasonable fee required.

At 31 August 2020 the Norfolk UTC held £214,874 of cash at bank and in hand.

d. Principal risks and uncertainties

Trustees regularly monitored, reviewed and assessed risks during the year and these were regularly discussed at Board meetings. Control procedures and actions were identified, along with time-defined responsibility for those actions.

In the opinion of the Trustees, the continuing key risk facing the Norfolk UTC is that it will not be sufficiently subscribed to be able to generate a surplus. To mitigate this risk an extensive marketing and promotion campaign was undertaken in the prior year to highlight the Norfolk UTC's unique benefits to the region's students. This has resulted in an increase in student numbers for 2020 which the Trust hopes to build on for 2021 and beyond.

Given the increasingly competitive marketplace for young people – through the introduction of free schools and the conversion of some schools into academies – the recruitment of the targeted number of students will remain a key risk for the continuing future. The Trustees will continue to take mitigating actions to address this risk as the Norfolk UTC develops.

Trustees will continue to monitor the progress of students and the implementation of quality improvement processes in order to safeguard against all risks and maximise the opportunities which they also provide.

Fundraising

The Trust undertakes a range of fundraising activities both for internal purposes (raising School Funds) or for external charities (e.g. Save the Children). The various activities and events are all held with the permission of the Headteacher. Professional / commercial fundraisers are not involved, all events are held in a professional and organised manner and no complaints have been received. There is no intrusive or persistent behaviours used whilst raising funds. All events are in the normal course of Trust activity.

NORFOLK UTC
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods

In-line with current government policy, UTCN wishes to secure its future sustainability by becoming part of a multi-academy trust (MAT). Progress towards joining this new trust is proceeding and it is anticipated that UTCN will join a trust on 1 September 2021. This is a key strategic development for the Trust and the focus for the 2020/21 year will be on the successful transition of staff, system and processes into the new MAT.

As it is still only the seventh year of delivery at UTCN, it remains imperative that systems are in place to ensure that the delivery of services to the students are of the highest quality, meeting the exacting standards set by the Trustees. This will be monitored by the Board of Trustees and regularly reported on by the Senior Management Team.

Funds held as custodian on behalf of others


Neither the Trust, nor its Trustees, act as a custodian trustee for any other charity.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 13 January 2021 and signed on its behalf by:



B Milner
Chairman

NORFOLK UTC
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Norfolk UTC 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 the Headteacher, 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 Norfolk UTC and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 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
B Milner, Chairman	4	4
N Finch, Lead Employer Representative	4	4
A Hayes, Headteacher / Accounting Officer	4	4
J Schofield	3	4
C Smithson	2	4
P van der Horst	3	4
R Bennington	2	4
K de Ferrer	3	4
S Love	4	4
L Rees-Murphy	3	4
J Wilcox	3	3
C Oliff	2	4

Whilst the full Board of Trustees only meets 4 times per year, Trustees maintain effective oversight of funds by:

- Monthly meetings between the Accounting Officer and Chair of Trustees to review management accounts
- An additional three Finance, Audit & Risk Committee meetings where the Trust's finances are comprehensively scrutinised.

The Board of Trustees completed a skill audit in February 2020, the results of which have been actioned.

The Finance, Audit & Risk Committee oversees the adequacy and effectiveness of the Trust's system of internal control and its arrangements for risk management, control and governance processes, and to advise the Board of Trustees.

NORFOLK UTC
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Committee met twice during the year, and attendance at meetings was as follows:

Trustee	Meetings attended	Out of a possible
P van der Horst	2	2
A Hayes	2	2
B Milner	2	2
L Rees-Murphy	1	2

The Standards Committee is a sub-committee of the main Board of Trustees. Its purpose is to oversee general academic matters of the Trust. This year, the Committee has spent considerable time working with the Headteacher to ensure that the school was ready for its OFSTED inspection.

The Committee met 3 times during the year, and attendance at meetings was as follows:

Trustee	Meetings attended	Out of a possible
A Hayes	3	3
B Milner	3	3
N Finch	3	3
S Love	3	3
C Oliff	2	3

Review of value for money

As Accounting Officer, the Headteacher has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- continuing to review services formerly provided by NES and tender these to achieve best value.

Going into 2020/21 we have identified the following areas for further improvement in relation to value for money:

- Ending the cleaning contract and taking the cleaners in house
- Reviewing the IT service contract and staffing arrangements.

Norfolk UTC is a single academy trust and, from September 1 2019, we ceased to be part of the Transforming Education in Norfolk federation and this has meant that we have had to procure services from the market that were previously provided by Norfolk Educational Services (NES). This process has proceeded successfully and, in many cases, has yielded cost savings.

NORFOLK UTC
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Norfolk UTC 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's 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.

Fraud

Norfolk UTC has a zero-tolerance approach to fraud and action is taken to limit the risk of fraud through the system of internal control. A fraud policy and response plan is incorporated in the risk management framework.

Bribery

Norfolk UTC has a zero-tolerance approach to bribery and action is taken to limit the risk of bribery through the system of internal control with the maintenance and monitoring of a register of gifts and hospitality received. The Trust undertakes regular reviews of the anti-bribery measures in place, ensuring that they remain adequate.

The risk and control framework

The Trust'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 Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has decided to employ Scrutton Bland as internal auditor.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the Trust's financial systems.

in 2019-20 they performed a range of audits covering:

- The receipt of income and reporting
- Banking and reconciliations
- Petty cash and staff expenses
- Payroll procedures.

NORFOLK UTC
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

All internal audits received positive/green or reasonable/yellow assurance. Any recommendations arising are actively followed up by the UTCN management teams.

Review of effectiveness

As Accounting Officer, the Headteacher 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 Group internal auditors;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance and development of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees 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 13 January 2021 and signed on their behalf by:



B Milner
Chairman



A Hayes
Accounting Officer

NORFOLK UTC
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Norfolk UTC I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the 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 Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the 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 Hayes
Accounting Officer
Date: 13 January 2021

NORFOLK UTC
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 13 January 2021 and signed on its behalf by:



B Milner
Chairman

NORFOLK UTC
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORFOLK UTC**

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and 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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

NORFOLK UTC
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORFOLK UTC (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

NORFOLK UTC
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
NORFOLK UTC (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable 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 charitable Trust's 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 charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Frank Shippam BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of
MA Partners Audit LLP
Chartered Accountants
Statutory Auditor

Norwich
Norfolk
NR1 4DJ

21 January 2021

NORFOLK UTC
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NORFOLK
UTC AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 25 August 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 Norfolk UTC during the year 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 Norfolk UTC and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Norfolk UTC and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Norfolk UTC and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Norfolk UTC's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Norfolk UTC's funding agreement with the Secretary of State for Education as amended by the Deed of Variation dated 27 September 2013 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 year 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 Trust's income and expenditure.

NORFOLK UTC
(A Company Limited by Guarantee)

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

Our procedures included, but were not limited to, the following:

- Reviewing the processes for identifying and declaring business interests, related parties and transactions with connected parties;
- Reviewing minutes of meetings and making enquiries of the Trustees and management;
- Performing an evaluation of the general control environment;
- Sample testing of expenditure to ensure the Trust's lines of delegation and procurement policies have been adhered to, that employees have not personally benefited from any other transaction and that goods and services have been procured in an open and transparent manner;
- Sample testing restricted income to ensure it has been spent as the purpose intended;
- Reviewing transactions which may not fall within the delegated authority of the Trust and ensuring any such transactions have been authorised and disclosed as necessary;
- Reviewing compliance with Part 8: Schedule of requirements (the "musts") of the Academies Financial Handbook 2019.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 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.

MA Partners Audit LLP

MA Partners Audit LLP
Chartered Accountants
Statutory Auditor
7 The Close
Norwich
Norfolk
NR1 4DJ

Date: 21 January 2021

NORFOLK UTC
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	732	-	9,164	9,896	43,791
Charitable activities	4	8,759	2,472,278	-	2,481,037	2,060,658
Other trading activities	5	15,675	-	-	15,675	11,232
Total income		25,166	2,472,278	9,164	2,506,608	2,115,681
Expenditure on:						
Charitable activities		-	2,386,869	225,018	2,611,887	2,717,758
Total expenditure		-	2,386,869	225,018	2,611,887	2,717,758
Net income/(expenditure)		25,166	85,409	(215,854)	(105,279)	(602,077)
Transfers between funds	16	(32,907)	(170,409)	203,316	-	-
Net movement in funds before other recognised gains/(losses)		(7,741)	(85,000)	(12,538)	(105,279)	(602,077)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(125,000)	-	(125,000)	(174,000)
Net movement in funds		(7,741)	(210,000)	(12,538)	(230,279)	(776,077)

NORFOLK UTC
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Note					
Reconciliation of funds:					
Total funds brought forward	8,165	(357,000)	6,318,937	5,970,102	6,746,179
Net movement in funds	(7,741)	(210,000)	(12,538)	(230,279)	(776,077)
Total funds carried forward	424	(567,000)	6,306,399	5,739,823	5,970,102

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 28 to 54 form part of these financial statements.

NORFOLK UTC
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07911472

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	6,306,399	6,309,445
		<u>6,306,399</u>	<u>6,309,445</u>
Current assets			
Stocks	13	-	611
Debtors	14	112,847	83,825
Cash at bank and in hand		214,874	116,060
		<u>327,721</u>	<u>200,496</u>
Creditors: amounts falling due within one year	15	(327,297)	(182,839)
Net current assets		<u>424</u>	<u>17,657</u>
Total assets less current liabilities		<u>6,306,823</u>	<u>6,327,102</u>
Defined benefit pension scheme liability	22	(567,000)	(357,000)
Total net assets		<u><u>5,739,823</u></u>	<u><u>5,970,102</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	16	6,306,399	6,318,937
Restricted funds excluding pension asset	16	6,306,399	6,318,937
Pension reserve	16	(567,000)	(357,000)
Total restricted funds	16	<u>5,739,399</u>	<u>5,961,937</u>
Unrestricted income funds	16	<u>424</u>	<u>8,165</u>
Total funds		<u><u>5,739,823</u></u>	<u><u>5,970,102</u></u>

NORFOLK UTC
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07911472

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

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

The financial statements on pages 23 to 54 were approved by the Trustees, and authorised for issue on 13 January 2021 and are signed on their behalf, by:

Ben Milner

B Milner
Chairman

The notes on pages 28 to 54 form part of these financial statements.

NORFOLK UTC
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	157,722	(165,859)
Cash flows from investing activities	19	(58,908)	16,469
Change in cash and cash equivalents in the year		98,814	(149,390)
Cash and cash equivalents at the beginning of the year		116,060	265,450
Cash and cash equivalents at the end of the year	20, 21	<u>214,874</u>	<u>116,060</u>

The notes on pages 28 to 54 form part of these financial statements

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Norfolk UTC meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Board of Trustees has reviewed the financial outturn for 2019/2020, the budget for 2020/2021, the latest management accounts for 2020/2021, a summary budget for 2021/2022 and a monthly cash flow forecast and have fully considered this information when considering the going concern assumption for these accounts.

The key challenge for the Trust, as always, remains student recruitment. This shows an increase in student numbers from 2018 to 2020 of 40% with numbers increasing from 272 to 382. Given this therefore the Board of Trustees will continue to adopt the going concern basis in preparing the financial statements.

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year 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.

- **Donations**

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

- **Other income**

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.5 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the 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.

1.6 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on the following bases:

Freehold premises	- straight line over 50 years
Freehold roof	- straight line over 10 years
Specialist equipment	- straight line over 10 years
Fixtures, fittings and general equipment	- straight line over 5 years
Computer equipment	- straight line over 3 - 4 years
Other fixed assets	-

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

1.7 Stocks

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

1.8 Debtors

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

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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

1.11 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. 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.

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.12 Pensions

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

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

1.13 Agency arrangements

The 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 the 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 25.

1.14 Fund accounting

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

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

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

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2019 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.

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	732	-	-	732	12,500
Capital Grants	-	-	9,164	9,164	31,291
Total 2020	732	-	9,164	9,896	43,791
Total 2019	-	12,500	31,291	43,791	

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. Funding for the Trust's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General Annual Grant	-	2,027,176	2,027,176	1,634,912
Transition Grant Funding	-	200,000	200,000	200,000
Teachers Pension Grant	-	60,212	60,212	-
Pupil Premium Funding	-	35,910	35,910	31,915
Rates Relief	-	34,752	34,752	34,085
Teachers Pay Grant	-	20,733	20,733	11,702
	-	2,378,783	2,378,783	1,912,614
Other Government Grants				
Local Authority Grants	-	79,010	79,010	81,227
	-	79,010	79,010	81,227
Other income from the Trust's educational operations				
Other Grant Funding	-	2,500	2,500	640
Educational Visits	-	11,985	11,985	32,396
Catering	598	-	598	22,698
Other income from educational operations	8,161	-	8,161	11,083
Total 2020	8,759	2,472,278	2,481,037	2,060,658
Total 2019	22,698	2,037,960	2,060,658	

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Miscellaneous income	15,675	15,675	11,232
Total 2019	11,232	11,232	

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

5. Income from other trading activities (continued)

6. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Educational operations:					
Direct costs	1,481,821	-	146,141	1,627,962	1,625,710
Support costs	309,248	408,948	265,729	983,925	1,092,048
Total 2020	<u>1,791,069</u>	<u>408,948</u>	<u>411,870</u>	<u>2,611,887</u>	<u>2,717,758</u>
<i>Total 2019</i>	<u>1,683,786</u>	<u>519,422</u>	<u>514,550</u>	<u>2,717,758</u>	

7. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Educational operations	<u>1,627,962</u>	<u>983,925</u>	<u>2,611,887</u>	<u>2,717,758</u>
<i>Total 2019</i>	<u>1,625,710</u>	<u>1,092,048</u>	<u>2,717,758</u>	

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2020 £	Total funds 2019 £
Staff costs	1,451,680	1,394,629
Examination Fees	51,332	57,964
Educational Services & Support	42,103	41,046
Agency Staff Costs	30,141	26,288
Educational Supplies	27,816	37,456
Educational Visits	14,201	35,118
Staff Development	10,689	12,396
Student Costs	-	7,885
Other Direct Costs	-	12,928
Total 2020	1,627,962	1,625,710

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Staff costs	309,248	262,869
Depreciation	225,018	343,351
Other Support Costs	155,830	92,814
Utilities	57,667	60,806
Maintenance of Premises & Equipment	53,698	43,433
Governance costs	44,816	14,161
Cleaning	36,821	34,541
Rent & Rates	35,744	37,292
Catering Costs	21,697	20,878
Security & Transport	15,666	21,085
Recruitment & Support	10,580	7,072
Pension finance costs	8,000	3,000
Insurance	6,013	9,305
Legal fees	2,095	1,800
Bank Interest & Charges	1,032	1,334
Bought-In-Services	-	138,307
Total 2020	983,925	1,092,048

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	3,522	-
Depreciation of tangible fixed assets	225,018	343,351
Fees paid to auditors for:		
- audit	8,550	11,000
- other services	1,000	2,000

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	1,289,068	1,295,814
Social security costs	126,733	118,581
Pension costs	341,932	215,103
	<u>1,757,733</u>	<u>1,629,498</u>
Agency staff costs	30,141	26,288
Staff restructuring costs	3,195	28,000
	<u><u>1,791,069</u></u>	<u><u>1,683,786</u></u>

Staff restructuring costs comprise:

	2020 £	2019 £
Redundancy payments	247	28,000
Severance payments	2,948	-
	<u><u>3,195</u></u>	<u><u>28,000</u></u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory / non-contractual severance payment totalling £2,948 (2019: £nil).

c. Staff numbers

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

	2020 No.	2019 No.
Management	4	4
Teachers	21	19
Administration and support	20	15
	<u><u>45</u></u>	<u><u>38</u></u>

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Staff (continued)

c. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Management	4	3
Teachers	21	17
Administration and support	14	12
	<u>39</u>	<u>32</u>

d. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	-	1
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £341,232 (2019 £359,000).

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020	2019
		£	£
A Hayes, Headteacher and Trustee	Remuneration	90,000 -	85,000 -
		95,000	90,000
	Pension contributions paid	20,000 -	10,000 -
		25,000	15,000
C Porter, Staff Trustee to 31 August 2019	Remuneration		45,000 -
			50,000
	Pension contributions paid		5,000 -
			10,000
C Oliff (appointed 29 October 2019)	Remuneration	30,000 -	
		35,000	
	Pension contributions paid	5,000 -	
		10,000	

During the year ended 31 August 2020, travel and subsistence expenses totalling £129 were reimbursed or paid directly to 1 Trustee (2019 - £392 to 2 Trustees).

11. Trustees' and Officers' insurance

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

12. Tangible fixed assets

	Freehold property £	Fixtures, fittings and equipment £	Computer equipment £	Freehold improvements £	Total £
Cost or valuation					
At 1 September 2019	6,887,545	954,187	477,932	-	8,319,664
Additions	-	21,942	46,372	153,658	221,972
At 31 August 2020	6,887,545	976,129	524,304	153,658	8,541,636
Depreciation					
At 1 September 2019	785,773	773,404	451,042	-	2,010,219
Charge for the year	158,267	48,543	18,208	-	225,018
At 31 August 2020	944,040	821,947	469,250	-	2,235,237
Net book value					
At 31 August 2020	5,943,505	154,182	55,054	153,658	6,306,399
At 31 August 2019	6,101,772	180,783	26,890	-	6,309,445

13. Stocks

	2020 £	2019 £
Educational supplies	-	611

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

14. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	1,240	10,240
Amounts owed by group undertakings	-	10,967
Other debtors	34,029	21,467
Prepayments and accrued income	77,578	41,151
	<u>112,847</u>	<u>83,825</u>

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	183,249	45,635
Amounts owed to group undertakings	-	160
Other taxation and social security	32,008	28,603
Other creditors	53,898	36,480
Accruals and deferred income	58,142	71,961
	<u>327,297</u>	<u>182,839</u>

	2020 £	2019 £
Deferred income at 1 September 2019	29,494	1,000
Resources deferred during the year	22,604	29,494
Amounts released from previous periods	(29,494)	(1,000)
	<u>22,604</u>	<u>29,494</u>

At the Balance Sheet date, the Trust had received the following income relating to the period after the Balance Sheet date:

- Rates relief £20,459
- Sales of resources £2,145

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	8,165	25,166	-	(32,907)	-	424
Restricted general funds						
General Annual Grant (GAG)	-	2,027,176	(1,799,767)	(227,409)	-	-
Pupil Premium	-	35,910	(35,910)	-	-	-
Transition Grant	-	200,000	(200,000)	-	-	-
Teachers Pension Grant	-	60,212	(60,212)	-	-	-
Teachers Pay Grant	-	20,733	(20,733)	-	-	-
Rates Relief	-	34,752	(34,752)	-	-	-
School funds & Educational visits	-	11,985	(11,985)	-	-	-
Other restricted income	-	81,510	(81,510)	-	-	-
Pension reserve	(357,000)	-	(142,000)	57,000	(125,000)	(567,000)
	<u>(357,000)</u>	<u>2,472,278</u>	<u>(2,386,869)</u>	<u>(170,409)</u>	<u>(125,000)</u>	<u>(567,000)</u>

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Restricted fixed asset funds						
DfE/ESFA capital grants	6,294,509	-	(125,890)	-	-	6,168,619
Devolved Formula Capital	9,491	9,164	(4,664)	-	-	13,991
Capital expenditure from GAG	12,000	-	(93,730)	203,316	-	121,586
Other capital grants	2,937	-	(734)	-	-	2,203
	<u>6,318,937</u>	<u>9,164</u>	<u>(225,018)</u>	<u>203,316</u>	<u>-</u>	<u>6,306,399</u>
Total Restricted funds	<u>5,961,937</u>	<u>2,481,442</u>	<u>(2,611,887)</u>	<u>32,907</u>	<u>(125,000)</u>	<u>5,739,399</u>
Total funds	<u>5,970,102</u>	<u>2,506,608</u>	<u>(2,611,887)</u>	<u>-</u>	<u>(125,000)</u>	<u>5,739,823</u>

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

The **General Annual Grant (GAG)** is for the normal running costs of the academy within the Trust. The following transfers have been made from the GAG: £57,000 to restricted pension reserve representing the cost of employer contributions towards the Local Government Pension Scheme and £203,316 for capital expenditure from the GAG fund. A transfer of £32,907 has then been made from unrestricted funds to clear the deficit arising on the GAG fund.

Pupil Premium has been provided by the ESFA to help raise the attainment of disadvantaged pupils.

Transition Grant provided in recognition of the pupil recruitment challenges faced by UTCs in their early years, to maintain a sufficient leadership and staffing structure and ensure enough resource is available to carry out vital marketing.

Teachers Pension Grant was received from the ESFA to cover the additional costs of the increase in employer pension contributions. From 1 September 2019 the employer contribution rose from 16.48% to 23.68%.

Teachers Pay Grant was received from the ESFA to cover the additional costs of the agreed teachers' pay increases initiated in the prior year.

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Statement of funds (continued)

Rates Relief is received from the ESFA towards the cost of rates for the Trust.

School Funds & Educational Visits relates to funds derived from students and are used to fund student activities including educational visits.

The **Pension Reserve** deficit at the year end was £567,000 and represents the Trust's share of the deficit of the Local Government Pension Scheme.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
General Funds	5,242	33,930	(25,007)	(6,000)	-	8,165
Restricted general funds						
General Annual Grant (GAG)	139,000	1,634,912	(1,779,912)	6,000	-	-
Pupil Premium	-	31,915	(31,915)	-	-	-
Transition Grant	-	200,000	(200,000)	-	-	-
Teachers Pay Grant	-	11,702	(11,702)	-	-	-
Rates Relief	-	34,085	(34,085)	-	-	-
Donations	-	12,500	(12,500)	-	-	-
School funds & Educational visits	-	43,479	(43,479)	-	-	-
Other restricted income	-	81,867	(81,867)	-	-	-
Pension reserve	(36,000)	-	(147,000)	-	(174,000)	(357,000)
	<u>103,000</u>	<u>2,050,460</u>	<u>(2,342,460)</u>	<u>6,000</u>	<u>(174,000)</u>	<u>(357,000)</u>

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Statement of funds (continued)

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Restricted fixed asset funds						
DfE/ESFA capital grants	6,620,000	-	(325,491)	-	-	6,294,509
Devolved Formula Capital	-	31,291	(21,800)	-	-	9,491
Capital expenditure from GAG	15,000	-	(3,000)	-	-	12,000
Other capital grants	2,937	-	-	-	-	2,937
	<u>6,637,937</u>	<u>31,291</u>	<u>(350,291)</u>	<u>-</u>	<u>-</u>	<u>6,318,937</u>
Total Restricted funds	<u>6,740,937</u>	<u>2,081,751</u>	<u>(2,692,751)</u>	<u>6,000</u>	<u>(174,000)</u>	<u>5,961,937</u>
Total funds	<u>6,746,179</u>	<u>2,115,681</u>	<u>(2,717,758)</u>	<u>-</u>	<u>(174,000)</u>	<u>5,970,102</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	6,306,399	6,306,399
Current assets	2,569	325,152	-	327,721
Creditors due within one year	(2,145)	(325,152)	-	(327,297)
Provisions for liabilities and charges	-	(567,000)	-	(567,000)
Total	<u>424</u>	<u>(567,000)</u>	<u>6,306,399</u>	<u>5,739,823</u>

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	-	6,309,445	6,309,445
Current assets	8,165	182,839	9,492	200,496
Creditors due within one year	-	(182,839)	-	(182,839)
Provisions for liabilities and charges	-	(357,000)	-	(357,000)
Total	8,165	(357,000)	6,318,937	5,970,102

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

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(105,279)	(602,077)
Adjustments for:		
Depreciation	225,018	343,351
Capital grants from DfE and other capital income	(9,164)	(31,291)
Defined benefit pension scheme - business combination - TUPE staff	-	113,000
Defined benefit pension scheme cost less contributions payable	77,000	31,000
Defined benefit pension scheme finance cost	8,000	3,000
Decrease in stocks	611	2,158
(Increase)/decrease in debtors	(29,022)	31,000
Decrease in creditors	(9,442)	(56,000)
Net cash provided by/(used in) operating activities	157,722	(165,859)

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Cash flows from investing activities

	2020 £	2019 £
Purchase of tangible fixed assets	(68,072)	(15,822)
Proceeds from the sale of tangible fixed assets	-	1,000
Capital grants from DfE Group	9,164	31,291
Net cash (used in)/provided by investing activities	(58,908)	16,469

20. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	214,874	116,060
Total cash and cash equivalents	214,874	116,060

21. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	116,060	98,814	214,874
	116,060	98,814	214,874

22. Pension commitments

The 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 Norfolk County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £31,073 were payable to the schemes at 31 August 2020 (2019 - £23,055) and are included within creditors.

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

22. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. 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 year amounted to £208,386 (2019 - £142,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

22. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £75,000 (2019 - £56,000), of which employer's contributions totalled £57,000 (2019 - £42,000) and employees' contributions totalled £18,000 (2019 - £14,000). The agreed contribution rates for future years are 18.4 per cent for employers and 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.9	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.9
Inflation assumption (CPI)	2.2	2.3

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.7	21.1
Females	23.9	23.5
<i>Retiring in 20 years</i>		
Males	22.8	22.4
Females	25.5	25.0

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate -0.1%	32	32
CPI rate +0.1%	27	24

NORFOLK UTC
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

22. Pension commitments (continued)

Share of scheme assets

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

	2020 £	2019 £
Equities	239,500	196,000
Bonds	167,650	144,000
Property	52,690	48,000
Cash	19,160	12,000
Total market value of assets	479,000	400,000

The actual return on scheme assets was £4,000 (2019 - £20,000).

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

	2020 £	2019 £
Current service cost	(134,000)	(70,000)
Past service cost	-	(3,000)
Interest income	8,000	7,000
Interest cost	(16,000)	(10,000)
Cost of business combination - TUPE staff	-	(113,000)
Total amount recognised in the Statement of Financial Activities	(142,000)	(189,000)

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

	2020 £	2019 £
At 1 September	757,000	142,000
Current service cost	134,000	70,000
Interest cost	16,000	10,000
Employee contributions	18,000	14,000
Actuarial losses	121,000	187,000
Past service costs	-	3,000
Effects of business combinations and disposals	-	331,000
At 31 August	1,046,000	757,000

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

22. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	400,000	106,000
Interest income	8,000	7,000
Actuarial (losses)/gains	(4,000)	13,000
Employer contributions	57,000	42,000
Employee contributions	18,000	14,000
Effects of business combinations and disposals	-	218,000
At 31 August	479,000	400,000

23. Operating lease commitments

At 31 August 2020 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	3,522	3,522
Later than 1 year and not later than 5 years	9,979	13,501
	13,501	17,023

24. Members' liability

Each Member of the Trust undertakes to contribute to the assets of the Trust 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.

NORFOLK UTC
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

25. Related party transactions

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

Income Related Party Transaction

During the period, Norfolk University Technical College received donations totalling **£NIL** (2019: £10,000) from Y Mason, a Trustee.

26. Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the Trust received £16,521 and disbursed to students £7,605. A balance of £13,247 was brought forward from the prior year. Therefore, at 31 August 2020, an amount of £22,163 is included within other creditors relating to undistributed funds that are repayable to the ESFA.