

Company Registration Number: 08293776 (England & Wales)

SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)

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



**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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**SOUTH DEVON UTC
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	University of Exeter South Devon College Galliford Try PLC Centrax Limited South West Water Limited Environmental Agency Devon County Council
Trustees (Directors)	D Goldsmith, Director ^{1,2,3} J Trout, Chair of Trustees, Director ^{1,2,3} T Wiltshire, Director (resigned 31 December 2019) ^{1,2,3} P Reynolds, Director ^{1,2,3}
Governors	S Niles (resigned 28 April 2020) ³ M Harbour (resigned 1 March 2020) ³ M Shanks ³ L Strickland (resigned 16 November 2020) ² C Cory (resigned 5 November 2020) ² H Moss (resigned 16 March 2020) ² C Howard (resigned 15 October 2019) ² N Blaney ² A Postlethwaite ² K Seimond (appointed 20 January 2020) ² A Cory (appointed 5 November 2020) ¹ Directors Committee ² Finance and General Purpose Committee ³ Curriculum Committee
Company registered number	08293776
Company name	South Devon UTC
Principal and registered office	TQ12 2QA
Accounting officer	C Plumb
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS
Bankers	Barclays Bank PLC Fleet Street Torquay TQ2 5EB

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

Solicitors	Browne Jacobson 1 Manor Court Dix's Field Exeter EX1 1UP
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**SOUTH DEVON UTC
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**TRUSTEES REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2020. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

By 1 March 2021 it is expected that all of the assets, liabilities and activities of the Trust will be transferred to Education South West, a Multi-Academy Trust. From that date, this Academy Trust will cease all activities. The following report should be considered in this context.

The Trust operates an academy for pupils aged 14 to 19 in South Devon. It has a pupil capacity of 600 and had a roll of 90 in the school census on 4 May 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of South Devon UTC are also the directors of the charitable company for the purposes of company law. The charitable company is known as South Devon UTC.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

Trade union facility time

There were no employees who were relevant union officials in the year ended 31 August 2020.

Trustees' indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is unlimited.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

As per the Articles of Association, the number of Governors shall not be less than 3 but shall not be subject to any maximum.

Up to 11 Governors can be appointed by the Members provided that in making such appointments the Members shall ensure the nominees of the employer sponsor(s) and University sponsor together form a majority of the total number of Governors. The Members may appoint Staff

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

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Governors through such processes as they may determine, provided that the total number of Governors (including the Principal) who are employees of the Academy Trust shall not exceed one third of the total number of Governors.

In addition, a minimum of 2 Parent Governors shall be appointed by election of parents of registered pupils at the academy. A Parent Governor must be a parent of a pupil at the academy at the time when they are elected.

It is expected that the Principal will be a Governor except where the Principal elects not to be. The Governors may also appoint a maximum of 3 co-opted Governors.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Governors will depend on their existing experience. Their induction would always include a tour of the Academy and a chance to meet staff and pupils and where necessary, they will be provided training on charity and educational legal and financial matters. All Governors are provided with the means by which to obtain copies of policies from the Academy website and/or Governors OneNote, also procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. In addition, Governors will have access to specific training courses to assist them in fulfilling their roles and responsibilities.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 2 committees as follows;

Finance and General Purpose Committee - this meets at least once each term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, budgets and staffing as well as ensuring compliance with reporting and regulatory requirements for other aspects of school governance.

Curriculum Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

Governors have a responsibility for determining, monitoring and reviewing the policies, plans and procedures within which the academy operates. The Governing Body as Directors/Trustees are responsible for ensuring that the relevant statutory documents are delivered to Companies House in a timely manner, administering the academy's finances and applying the income and property only for the purposes set out in the governing documents and participating in Governing Body meetings. The Trustees of the academy ensuring it is solvent, well-run and delivering the charitable outcomes for the benefit of the public for which it has been set up.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or

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

remove the Chairman and/or Vice Chairman, to appoint the Principal and Clerk to Governors, to approve the Annual Development Plan and budget.

The Governors delegate such powers and functions as they consider are required by the Principal for the internal organisation, management and control of the academy (including the implementation of all policies approved by the Governors and for the direction of the teaching and curriculum at the academy).

The Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings, in line with the National Teachers' pay scales and National Joint Council Support Staff pay scales, with approval of the Trustees

Connected Organisations, including Related Party Relationships

The academy is connected to the Principal Sponsor of the academy, University of Exeter, and the Co-Sponsors, South Devon College, Teignbridge District Council, Environment Agency, South West Water, MB Aerospace and Galliford Try. These sponsorships are to assist the academy to meet its objectives through representatives of these organisations forming the Board of Trustees and by providing activities for the academy's pupils.

As a University Technical College developed by the Baker Dearing Trust we are also connected to a larger network of education providers. We operate independently but do cooperate with the Trust's ethos and objectives.

OBJECTIVES AND ACTIVITIES

Objects and Aims

1. The vision of South Devon UTC is to create an inspirational and outstanding learning environment where students will be challenged, motivated and passionately committed to developing skills and knowledge needed for a career in Engineering, Water and Environmental sectors. The UTC has a shared ambition with its regional stakeholders to maximise the potential of youngsters, retain talent locally and develop a skilled workforce that meets the needs of employers both locally and nationally.
2. This vision is driven by a desire to empower young people of all abilities, background and gender in South Devon, unlocking their potential and ambition in the specialist areas of Engineering and Science, Water and the Environment. The UTC has a shared ambition with its regional stakeholders to maximise potential and develop a skilled workforce that meets the need regionally and nationally.
3. South Devon UTC will support this vision by providing an innovative and integrated curriculum embedding Engineering and Science related technical subjects into the core delivery of the national curriculum, raising the standards and achievement of all students. This will provide young people in South Devon with the knowledge and skills to progress into employment,

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

apprenticeships, training and Higher Education according to their individual abilities, aptitudes and ambitions.

3.1 The South Devon UTC culture and curriculum will help instill the following student ethos:

- To develop a 'Want to Do' attitude
- To strive for technical and academic excellence achieved through positive actions To be innovative and develop an enterprising attitude
- Show a passion for the subject and the environment
- Encourage the use of own initiative to problem solve and make judgements Demonstrate social responsibility and a sense of community
- Develop a work ethic and knowledge of industry to meet the needs of business
- Be part of a team and learn together
- Reach their full potential and become confident in own ability
- Prepare for a life of work through Apprenticeships and/or Higher Education

3.2 We offer:

- A customised curriculum package for each individual student
- High success rates (attendance/retention/achievement)
- High employment/apprenticeship/Higher Education progression and success
- Outstanding student/employer/parent satisfaction rates High aspirations for South Devon UTC students Encourage ambition and development

Objectives, Strategies and Activities

In accordance with the articles of association the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education.

The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the area from which students are drawn, and the curriculum should comply with the national agenda with an emphasis on technical education.

University Technical Colleges are an educational concept developed by the Baker Dearing Trust (www.utcolleges.org) in response to the continued demands from industry for an increase in the number of well- educated and highly-skilled technicians.

Throughout the country there is demand for highly skilled, work ready employees. The aim of the academy is to educate and train the most technically minded students to meet this demand.

The academy offers students the chance to become experts and leaders in technical engineering and manufacturing, to improve their academic, practical and personal abilities and to embark on successful and specialist careers. Each and every student at the academy is encouraged to seek their own sense of adventure, secure their ambitions and endeavour to achieve excellence. Students will learn, lead and innovate so that they are truly prepared to embrace the whole world of opportunity.

The academy is based on an investment in, and an absolute commitment to, establishing an innovative form of education that will offer a realistic, relevant an integrated learning environment to 14 to 19 year olds. The academy's aim is to establish progression pathways to meet the aspirations of the students, their future employers and to the community as a whole.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

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

STRATEGIC REPORT

Achievements and Performance

The Academy is in its sixth year of operation. The total number of students in the year ending 31 August 2020 was 87.

The DfE visited us on 6th March 2020 and summarised:

Action Point 1: Provide further development for governors, leaders and staff to ensure that they can clearly articulate the scope, ambition and structure of the curriculum. How is it a model for progression?

Action Point 2: Maintain the unrelenting focus upon improving attendance and reducing persistent absence

Action Point 3: The EE will consider the UTC's effectiveness of its safeguarding at the next visit, reviewing the single central record, the safeguarding policy and the culture of the school.

Action Point 4: Continue to develop the closer working practices with Exeter University that support students' learning and personal development within and beyond the UTC

Action Point 5: Maintain the focus upon promoting the UTC and recruiting students for the next year and beyond.

Key Performance Indicators

The following KPI's were set for the year commencing September 1st 2019:

	Target	Actual for 2019/20
GAG carry forward %	>5%	0.00%
Pupil to teacher ratio	1:12	1:8
Student attendance%	97%	94.1%
Student Destinations <u>NEET</u> (Students leaving us and ending up as Not Employed, in Education or Training)	<3%	0%

Going Concern

It is expected that all of the assets, liabilities and activities of the Trust will be transferred to Education South West, a Multi-Academy Trust, by 1 March 2021. From that date, this Academy Trust will cease all activities. Accordingly, the accounts are prepared on a basis other than going concern as noted in the going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2020, the Academy received total income of £1,094,580 and incurred total expenditure of £1,690,898. The deficit of income over expenditure for the year was £596,318. As noted above the Academy finished the year in an overall deficit position and is expected to join ESW MAT by March 2021.

At 31 August 2020 the net book value of fixed assets was £9,422,759 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Key financial policies reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Principal, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Lettings.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be >5% GAG income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Total reserves of the academy amount to a £(65,221) deficit (excluding the defined benefit pension liability), although £5,000 of this represents non GAG restricted funds. The remaining £(70,221) (representing GAG deficit) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

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

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 99% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The Academy entered a deficit reserve position this year and all assets, liabilities and activities are expected transfer to Education South West, a multi-academy Trust, by 1st March.

Covid 19 – the college has implemented the government guidance for being Covid secure and all guidance was followed to ensure the safeguarding of the young people. This is under constant review from all stakeholders. Learning was well managed through the additional lockdown.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy will be conducting internal audits to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has a risk register which is maintained and reviewed and updated on a regular basis.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The trustees are aware of the going concern and envisage ESWs business plan to be accepted.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 24 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

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

Fundraising

We have many calendared events of fundraising throughout the year which are closely linked with our employers and national campaigns.

PLANS FOR THE FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to actively recruit new students for September 2021 to achieve a further increase in the number of students on roll, to help ensure we meet our development plan and achieve financial viability beyond the initial start-up funding. The Principal has made this a strategic post on the leadership team.

The Academy will continue to work with its sponsors and stakeholders to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Clerk to the Trustees.

The trust is committed to progress in the academy plans to join ESW and the board is committed to engage all stakeholders with this process.

AUDITOR

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 29/01/21 and signed on the board's behalf by:



J Trout.
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that South Devon 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 Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South Devon 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.

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GOVERNANCE STATEMENT (CONTINUED)

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 3 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
D Goldsmith, Director	0	0
J Trout, Chair of Trustees, Director	3	3
T Wiltshire, Director	2	3
P Reynolds, Director	3	3
S Niles	3	3
M Harbour	0	0
M Shanks	1	3
L Strickland	2	3
C Cory	1	3
H Moss	0	3
C Howard	1	3
N Blaney	3	3
A Postlethwaite	3	3
K Seimond	2	3
A Cory	0	0

The Finance and General Purposes Committee is a sub-committee of the main board of Trustees. Its purpose is to review and lead on financial matters pertaining to the governance of South Devon UTC, including audit and internal controls, and other matters not directly linked to the curriculum and learning standards.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
J Trout, Chair of Trustees, Director	3	3
T Wiltshire, Director	1	3
Kairun Seimond	1	3
L Strickland	3	3
H Moss	0	3
C Howard	1	3
N Blaney	0	3

The Curriculum Committee is a sub-committee of the main board of Trustees. Its purpose is to review and lead on curriculum matters pertaining to the governance of South Devon UTC, including audit and internal controls, and other matters not directly linked to finance.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
J Trout, Chair of Trustees, Director	3	3
A Postlewaite	3	3
M Shanks	1	3
S Niles	2	3
M Harbour	1	3
D Goldsmith	3	3
P Reynolds	1	1
C Plumb	3	3

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Effective oversight has been achieved through the governing body because, although Bishop Fleming were unable to sight minutes of meetings, they did in fact happen in a more informal nature reflecting the contexts SDUTC were in. This being without a Clerk to Governors and the global pandemic resulting in a national lockdown.

Review of value for money

As accounting officer, the Principal has responsibility for ensuring that the Academy 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 Academy'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 Academy has delivered improved value for money during the year by:

- Robust financial governance and budget management.
- Value for money purchasing.
- Not allocating time/resources to areas where few improvements can be achieved.
- Challenging proposals and examining their effectiveness and efficiency.
- Deploying staff effectively.
- Reviewing quality of curriculum provision and quality of teaching.
- Reviewing quality of children's learning to enable children to achieve nationally expected progress.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 South Devon 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 Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy'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.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

Bishop Fleming completed additional checks during the year 2020, with scope of the work and the work programme agreed before the new standards came into force. Advantage was therefore taken advantage of the transitional arrangements to complete the assignment.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- sample tests on income, expenditure and payroll.
- additional checks to give assurances over compliance with the Academies Financial Handbook

On a semi-annual basis, the external auditors report to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

Review of effectiveness

As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee 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
their behalf by:

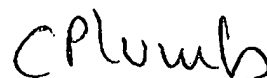
27/11/21

and signed on

J Trout
Chair of Trustees



C Plumb
Accounting Officer



**SOUTH DEVON UTC
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of South Devon UTC I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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.



C Plumb
Accounting Officer

Date: 29/1/21

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**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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 and signed on its behalf by:

J Trout
Chair of Trustees



Date: 29/11/21

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH DEVON UTC

Opinion

We have audited the financial statements of South Devon UTC (the 'academy') 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 Academy'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 Academy 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.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Academy Trust's activities are expected to be transferred to Education South West, a Multi-Academy Trust, by 1st March 2021. Upon this transfer, the Academy Trust will cease to operate. Accordingly, the accounts have been prepared on a basis other than going concern. No adjustments to the financial statements have been made as it is expected that the assets and liabilities of the Trust will be transferred to Education South West at their book value. Our opinion is not modified in respect of this matter.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH DEVON 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has 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 Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy 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'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 Academy or to cease operations, or have no realistic alternative but to do so.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH DEVON UTC (CONTINUED)

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 Academy'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'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 Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Bishop Fleming LLP

Mark Munro FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: 29/1/21

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

In accordance with the terms of our engagement letter dated 20 September 2019 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 South Devon 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 South Devon UTC and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Devon 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 South Devon UTC and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of South Devon UTC's accounting officer and the reporting
accountant**

The accounting officer is responsible, under the requirements of South Devon UTC's funding agreement with the Secretary of State for Education dated 21 May 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 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 Academy's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

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.

Bishop Fleming LLP

Mark Munro FCA (Reporting accountant)
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date: 29//1/21

**SOUTH DEVON 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	15	-	7,111	7,126	20,670
Charitable activities	4	16,224	1,066,438	-	1,082,662	1,548,725
Other trading activities	5	3,608	-	-	3,608	90
Investments	6	1,184	-	-	1,184	1,429
Total income		21,031	1,066,438	7,111	1,094,580	1,570,914
Expenditure on:						
Raising funds		-	389	-	389	781
Charitable activities		16,419	1,300,437	415,653	1,732,509	2,198,043
Total expenditure		16,419	1,300,826	415,653	1,732,898	2,198,824
Net income/ (expenditure)		4,612	(234,388)	(408,542)	(638,318)	(627,910)
Transfers between funds	17	(29,271)	29,271	-	-	-
Net movement in funds before other recognised gains/(losses)		(24,659)	(205,117)	(408,542)	(638,318)	(627,910)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(43,000)	-	(43,000)	(53,000)
Net movement in funds		(24,659)	(248,117)	(408,542)	(681,318)	(680,910)
Reconciliation of funds:						
Total funds brought forward		24,659	(154,104)	9,867,636	9,738,191	10,419,101
Net movement in funds		(24,659)	(248,117)	(408,542)	(681,318)	(680,910)
Total funds carried forward		-	(402,221)	9,459,094	9,056,873	9,738,191

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

The notes on pages 26 to 49 form part of these financial statements.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08293776**

**BALANCE SHEET
AS AT 31 AUGUST 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	9,422,759	9,837,702
		<u>9,422,759</u>	<u>9,837,702</u>
Current assets			
Debtors	14	53,775	44,653
Cash at bank and in hand		328,252	405,103
		<u>382,027</u>	<u>449,756</u>
Creditors: amounts falling due within one year	15	(410,913)	(191,898)
Net current liabilities / assets		<u>(28,886)</u>	<u>257,858</u>
Total assets less current liabilities		<u>9,393,873</u>	<u>10,095,560</u>
Creditors: amounts falling due after more than one year	16	-	(105,369)
Net assets excluding pension liability		<u>9,393,873</u>	<u>9,990,191</u>
Defined benefit pension scheme liability	23	(337,000)	(252,000)
Total net assets		<u><u>9,056,873</u></u>	<u><u>9,738,191</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	17	9,459,094	9,867,636
Restricted income funds	17	(65,221)	97,896
		<u>9,393,873</u>	<u>9,965,532</u>
Restricted funds excluding pension asset	17	9,393,873	9,965,532
Pension reserve	17	(337,000)	(252,000)
Total restricted funds	17	<u>9,056,873</u>	<u>9,713,532</u>
Unrestricted income funds	17	-	24,659
Total funds		<u><u>9,056,873</u></u>	<u><u>9,738,191</u></u>

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08293776**

**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 22 to 49 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

James Trout
Chair of Trustees
Date: 29/1/21



The notes on pages 26 to 49 form part of these financial statements.

**SOUTH DEVON 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 (used in)/provided by operating activities	19	(84,434)	88,735
Cash flows from investing activities	20	7,583	15,043
Change in cash and cash equivalents in the year		(76,851)	103,778
Cash and cash equivalents at the beginning of the year		405,103	301,325
Cash and cash equivalents at the end of the year	21, 22	328,252	405,103

The notes on pages 26 to 49 form part of these financial statements

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy, 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.

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

1.2 GOING CONCERN

By 1 March 2021 all of the assets, liabilities and activities of the Trust are expected to be transferred to Education South West, a Multi-Academy Trust. From that date, this Academy Trust will cease all activities. Accordingly, these accounts are prepared on a basis other than going concern. However, given that the academy will be carried on by Education South West, no adjustments to, or reclassifications of, the amounts included in these accounts have been required.

1.3 INCOME

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

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 grant 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 provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

1. Accounting policies (continued)

1.4 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.5 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.

Expenditure on raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All resources expended are inclusive of irrecoverable VAT.

1.6 TANGIBLE FIXED ASSETS

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding 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 all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

1. Accounting policies (continued)

1.6 TANGIBLE FIXED ASSETS (continued)

Freehold property	- 2% straight-line
Furniture and fixtures	- 20% straight-line
Computer equipment	- 33% straight-line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.8 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 and cash on deposit that has a notice period of less than 30 days.

1.9 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 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.

1.10 FINANCIAL INSTRUMENTS

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

1. Accounting policies (continued)

1.11 TAXATION

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

Accordingly, the Academy 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.

1.12 PENSIONS

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

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

1.13 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

1. Accounting policies (continued)

1.14 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.15 AGENCY ARRANGEMENTS

The Academy 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 Academy does not have control over the charitable application of the funds. The Academy 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, paid and any balances held at period end are disclosed in Note 29.

2. 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.

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 23, 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.

Critical areas of judgement:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	15	-	15	1,127
Capital Grants	-	7,111	7,111	19,543
Total 2020	15	7,111	7,126	20,670
Total 2019	1,127	19,543	20,670	

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4. Funding for the Academy's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General Annual Grant	-	688,190	688,190	1,152,795
Start up Grants	-	46,000	46,000	59,000
Other DfE/EFSA grants	-	272,066	272,066	275,819
	-	1,006,256	1,006,256	1,487,614
Other Government grants				
High Needs	-	18,960	18,960	5,934
Teacher's pension grant	-	36,094	36,094	-
	-	55,054	55,054	5,934
Exceptional Government funding				
Coronavirus funding	-	5,128	5,128	-
	-	5,128	5,128	-
Other funding				
Internal catering income	11,023	-	11,023	32,090
Sales to students	4,790	-	4,790	17,788
Other	411	-	411	5,299
Total 2020	16,224	1,066,438	1,082,662	1,548,725
Total 2019	55,177	1,493,548	1,548,725	

The Academy Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "Exceptional government funding".

The funding received for coronavirus exceptional support covers £5,128 of free school meals over the school holidays and cleaning products. These costs are included in notes 7 and 9 below as appropriate.

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5. Other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Hire of facilities	3,608	3,608	90
Total 2019	90	90	

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	1,184	1,184	1,429
Total 2019	1,429	1,429	

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Expenditure on fundraising trading activities:					
Direct costs	-	-	389	389	781
Education:					
Direct costs	848,428	282,856	61,128	1,192,412	1,438,306
Support costs	96,408	277,231	166,458	540,097	759,737
Total 2020	944,836	560,087	227,975	1,732,898	2,198,824
Total 2019	1,200,305	692,566	305,953	2,198,824	

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

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Education	1,192,412	540,097	1,732,509	2,198,043
Total 2019	1,438,306	759,737	2,198,043	

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Staff costs	96,408	174,834
Depreciation	132,797	169,878
Staff development	21,077	21,134
Other costs	25,080	27,911
Recruitment and support	113	104
Maintenance of premises and equipment	70,524	73,848
Cleaning	17,818	33,794
Rent and rates	31,631	32,966
Energy costs	21,905	51,227
Insurance	2,556	4,488
Security and transport	13,355	25,295
Catering	22,998	38,513
Technology costs	28,224	40,775
Office overheads	19,163	18,784
Legal and professional	24,276	29,400
Bank interest and charges	902	1,014
Governance costs	11,270	15,772
Total 2020	540,097	759,737

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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	-	5,028
Depreciation of tangible fixed assets	415,655	497,023
Fees paid to auditors for:		
- audit	7,240	7,100
- other services	4,030	3,570
	<u>415,655</u>	<u>497,023</u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	690,373	909,379
Social security costs	62,101	80,256
Pension costs	192,362	205,966
	<u>944,836</u>	<u>1,195,601</u>
Agency staff costs	-	1,856
Staff restructuring costs	-	2,848
	<u>944,836</u>	<u>1,200,305</u>

Staff restructuring costs comprise:

	2020 £	2019 £
Redundancy payments	-	2,848
	<u>-</u>	<u>2,848</u>

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10. Staff (continued)

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	13	22
Educational Support	6	12
Administration	23	20
Management	3	3
	<u>45</u>	<u>57</u>

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	11	18
Educational support	4	9
Administration	5	7
Management	3	3
	<u>23</u>	<u>37</u>

c. 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 £70,001 - £80,000	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £239,262 (2019 £230,801).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the Key Management Personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by Key Management Personnel above.

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11. Trustees' remuneration and expenses

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, 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 role as Trustees. The value of trustees' remuneration and other benefits was as follows: C Plumb: Remuneration £75,000 - £80,000 (2019: £75,000 - £80,000), Employer's pension contributions £15,000 - £20,000 (2019: £10,000 - £15,000), L Strickland: Remuneration £25,000 - £30,000 (2019: £30,000 - £35,000), Employer's pension contributions £Nil - £5,000 (2019: £Nil - £5,000).

During the year ended 31 August 2020, expenses totalling £633 were reimbursed or paid directly to 3 Trustees (2019 - £379 to 2 Trustees).

12. Trustees' and Officers' insurance

The Academy has opted into the Department of 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.

13. Tangible fixed assets

	Freehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2019	10,186,634	1,108,604	574,441	11,869,679
Additions	-	-	712	712
At 31 August 2020	10,186,634	1,108,604	575,153	11,870,391
Depreciation				
At 1 September 2019	699,661	763,434	568,882	2,031,977
Charge for the year	191,013	221,723	2,919	415,655
At 31 August 2020	890,674	985,157	571,801	2,447,632
Net book value				
At 31 August 2020	9,295,960	123,447	3,352	9,422,759
At 31 August 2019	9,486,973	345,170	5,559	9,837,702

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14. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	1,864	1,936
Other debtors	1,897	521
Prepayments and accrued income	45,490	37,741
VAT recoverable	4,524	4,455
	<u>53,775</u>	<u>44,653</u>

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	-	79
Trade creditors	327,972	103,818
Other taxation and social security	15,796	19,809
Other creditors	25,476	19,731
Accruals and deferred income	41,669	48,461
	<u>410,913</u>	<u>191,898</u>

	2020 £	2019 £
Deferred income at 1 September 2019	17,770	18,444
Resources deferred during the year	17,025	17,770
Amounts released from previous periods	(17,770)	(18,444)
	<u>17,025</u>	<u>17,770</u>

Included in trade creditors is £317,985 (2019: £194,527) relating to an abatement of GAG income due to the ESFA.

At the balance sheet date the Academy was holding funds received in advance for business rates.

16. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Trade creditors	-	105,369
	<u>-</u>	<u>105,369</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds - all funds	24,659	21,031	(16,419)	(29,271)	-	-
Restricted general funds						
General Annual Grant (GAG)	-	770,528	(840,749)	-	-	(70,221)
High Needs	-	18,960	(18,960)	-	-	-
Start Up Grant	-	46,000	(46,000)	-	-	-
Pupil Premium	-	30,950	(30,950)	-	-	-
Donations	5,000	-	-	-	-	5,000
Transitional Funding	92,896	200,000	(322,167)	29,271	-	-
Pension reserve	(252,000)	-	(42,000)	-	(43,000)	(337,000)
	<u>(154,104)</u>	<u>1,066,438</u>	<u>(1,300,826)</u>	<u>29,271</u>	<u>(43,000)</u>	<u>(402,221)</u>
Restricted fixed asset funds						
ESFA Capital Grant	9,131,366	-	(396,765)	-	-	8,734,601
Private sponsorship graphics	6,959	-	(150)	-	-	6,809
South West Water: Connecting Water	927	-	(20)	-	-	907
ESFA Land Donation	635,976	-	-	-	-	635,976
ESFA Transitional Funding	74,071	-	(16,522)	-	-	57,549
DfC Grants	18,337	7,111	(2,196)	-	-	23,252
	<u>9,867,636</u>	<u>7,111</u>	<u>(415,653)</u>	<u>-</u>	<u>-</u>	<u>9,459,094</u>
Total funds	<u>9,738,191</u>	<u>1,094,580</u>	<u>(1,732,898)</u>	<u>-</u>	<u>(43,000)</u>	<u>9,056,873</u>

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17. Statement of funds (continued)

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

RESTRICTED FUNDS

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Start up Grant - This represents one off funding received from the ESFA to contribute to the cost of converting from a school to an Academy.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Donations - This represents partnership contributions to be spent on specific activities.

Transitional Funding - This represents funding received from the Department for Education in recognition of the particular pupil recruitment challenges faced by UTCs in their early years. The grant is provided to help ensure the Academy has enough resources to carry out vital marketing and pupil recruitment activity, as well as implementing a fully integrated, broad and balanced technical and academic curriculum.

Pension reserve - This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

RESTRICTED FIXED ASSET FUNDS

ESFA Capital Grant - This represents funding received from the ESFA for the construction of the new school building.

ESFA Land Donation - This represents the value of the land donated to the Academy from the ESFA on which the new school building was constructed.

Other capital income - Funding received from other sources towards capital expenditure. Expenditure equal to the depreciation charged on the assets is charged to the fund. The fund balance represents the net book value of the fixed asset held on the balance sheet.

OTHER INFORMATION

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

The Academy is carrying a net deficit of £70,221 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason:

The deficit has arisen as a result of low pupil numbers.

The Academy is taking the following action to return these funds to surplus:

By 1 March 2021 all of the assets, liabilities and activities of the Trust are expected to be transferred to Education South West, a Multi-Academy Trust. From that date, this Academy Trust will cease all activities.

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17. Statement of funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds					
General Funds	37,641	57,823	(70,805)	-	24,659
Restricted general funds					
General Annual Grant (GAG)	-	1,161,557	(1,161,557)	-	-
High Needs	-	5,934	(5,934)	-	-
Start Up Grant	-	59,000	(59,000)	-	-
Pupil Premium	-	35,920	(35,920)	-	-
Rates	-	31,137	(31,137)	-	-
Donations	5,000	-	-	-	5,000
Transitional Funding	167,344	200,000	(274,448)	-	92,896
Pension reserve	(136,000)	-	(63,000)	(53,000)	(252,000)
	<u>36,344</u>	<u>1,493,548</u>	<u>(1,630,996)</u>	<u>(53,000)</u>	<u>(154,104)</u>
Restricted fixed asset funds					
ESFA Capital Grant	9,604,956	-	(473,590)	-	9,131,366
Private sponsorship graphics	7,109	-	(150)	-	6,959
South West Water: Connecting Water	947	-	(20)	-	927
GAIA Support	4,723	-	(4,723)	-	-
GAIA Training	812	-	(812)	-	-
ESFA Land Donation	635,976	-	-	-	635,976
ESFA Transitional Funding	90,593	-	(16,522)	-	74,071
DfC Grants	-	19,543	(1,206)	-	18,337
	<u>10,345,116</u>	<u>19,543</u>	<u>(497,023)</u>	<u>-</u>	<u>9,867,636</u>
Total Restricted funds	<u>10,381,460</u>	<u>1,513,091</u>	<u>(2,128,019)</u>	<u>(53,000)</u>	<u>9,713,532</u>
Total funds	<u><u>10,419,101</u></u>	<u><u>1,570,914</u></u>	<u><u>(2,198,824)</u></u>	<u><u>(53,000)</u></u>	<u><u>9,738,191</u></u>

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18. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	9,422,759	9,422,759
Current assets	345,692	36,335	382,027
Creditors due within one year	(410,913)	-	(410,913)
Provisions for liabilities and charges	(337,000)	-	(337,000)
Total	(402,221)	9,459,094	9,056,873

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	9,837,702	9,837,702
Current assets	24,659	395,163	29,934	449,756
Creditors due within one year	-	(191,898)	-	(191,898)
Creditors due in more than one year	-	(105,369)	-	(105,369)
Pension scheme liability	-	(252,000)	-	(252,000)
Total	24,659	(154,104)	9,867,636	9,738,191

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

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(638,318)	(627,910)
Adjustments for:		
Depreciation	415,655	497,023
Capital grants from DfE and other capital income	(7,111)	(19,543)
Interest receivable	(1,184)	(1,429)
Defined benefit pension scheme cost less contributions payable	37,000	60,000
Defined benefit pension scheme finance cost	5,000	3,000
(Increase)/decrease in debtors	(9,122)	31,361
Increase in creditors	113,646	146,233
Net cash (used in)/provided by operating activities	(84,434)	88,735

20. Cash flows from Investing activities

	2020 £	2019 £
Interest received	1,184	1,429
Purchase of tangible fixed assets	(712)	(25,929)
Capital grants from DfE Group	7,111	39,543
Net cash provided by Investing activities	7,583	15,043

21. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	328,252	405,103
Total cash and cash equivalents	328,252	405,103

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	405,103	(76,851)	328,252
Bank overdrafts repayable on demand	(79)	79	-
	<u>405,024</u>	<u>(76,772)</u>	<u>328,252</u>

23. Pension commitments

The Academy'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 Devon 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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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.

**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

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 £129,812 (2019 - £109,138).

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 Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 £33,000 (2019 - £50,000), of which employer's contributions totalled £25,000 (2019 - £37,000) and employees' contributions totalled £ 8,000 (2019 - £13,000). The agreed contribution rates for future years are 15.8 per cent for employers and 5.5% - 12.5% per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.20	3.65
Rate of increase for pensions in payment/inflation	1.4	2.15
Discount rate for scheme liabilities	1.65	1.90

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

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	22.9	22.5
Females	24.1	24.4
<i>Retiring in 20 years</i>		
Males	24.3	24.2
Females	25.5	26.2

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(17)	(14)
Discount rate -0.1%	18	14
Mortality assumption - 1 year increase	18	16
Mortality assumption - 1 year decrease	(17)	(16)
CPI rate +0.1%	17	14
CPI rate -0.1%	(16)	(14)

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

	2020 £	2019 £
Equities	112,000	119,000
Gilts	5,000	6,000
Corporate bonds	9,000	4,000
Property	15,000	17,000
Cash and other liquid assets	2,000	3,000
Other	44,000	50,000
Total market value of assets	187,000	199,000

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23. Pension commitments (continued)

The actual return on scheme assets was £Nil (2019 - £8,000).

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

	2020 £	2019 £
Current service cost	(62,000)	(89,000)
Interest income	4,000	5,000
Interest cost	(9,000)	(8,000)
Total amount recognised in the Statement of Financial Activities	(67,000)	(92,000)

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

	2020 £	2019 £
At 1 September	451,000	280,000
Current service cost	62,000	89,000
Interest cost	9,000	8,000
Employee contributions	8,000	13,000
Actuarial (gains)/losses	(1,000)	56,000
Benefits paid	(5,000)	(3,000)
Past service costs	-	8,000
At 31 August	524,000	451,000

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

	2020 £	2019 £
At 1 September	199,000	144,000
Expected return on assets	-	5,000
Actuarial (losses)/gains	(44,000)	3,000
Employer contributions	25,000	37,000
Employee contributions	8,000	13,000
Benefits paid	(5,000)	(3,000)
At 31 August	183,000	199,000

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24. Operating lease commitments

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

	2020 £	2019 £
Within 1 year	-	5,028

25. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

26. General Information

South Devon UTC is a company limited by guarantee, incorporated in England and Wales. The registered office is South Devon UTC, Kingsteignton Road, Newton Abbot, Devon, TQ12 2QA.

27. Related party transactions

Owing to the nature of the Academy 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 Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the year:

South Devon College

(South Devon College is a sponsor of South Devon UTC)

During the year, South Devon College provided services (in the form of personnel) and incurred expenses on behalf of South Devon UTC. During the year, services provided and expenses incurred of £32,827 (2019: £47,899) were recharged to the Academy. At the Balance Sheet date the amount due to South Devon College was £1,841 (2019: £Nil),

28. Post balance sheet events

By 1 March all of the assets, liabilities and activities of the Trust are expected to be transferred to Education South West, a Multi-Academy Trust. From that date, this Academy Trust will cease all activities.

**SOUTH DEVON UTC
(A COMPANY LIMITED BY GUARANTEE)**

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

29. Agency arrangements

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2020 the Academy received £6,222 (2019: £6,222) and disbursed £740 (2019: £4,580) from the fund. An amount of £7,124 (2019: £1,642) is included in other creditors relating to undistributed funds that is repayable to ESFA.