

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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

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SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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SCARBOROUGH UTC LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Simon Bull (appointed 3 November 2020)
Simon Cook (appointed 3 November 2020)
Alan Pickering (resigned 19 November 2020)
Colin Sirett
Peter Wilkinson

Trustees

Christopher White, Chairman
Tony Arnold (resigned 5 October 2020)
Karen Arundel (appointed 23 October 2019, resigned 6 November 2019)
James Boston (appointed 9 December 2019, resigned 1 October 2020)
John Clark
Christopher Cooke (appointed 23 October 2019)
Kevin Deadman
Stephen Kelly
Julian Kidger (resigned 23 October 2019)
Lee Kilgour, Principal and Accounting Officer
Michael Lawson
Julie Macey-Hewitt
Daniel Metters (resigned 31 August 2020)
Alan Pickering (resigned 7 November 2019)
Robert Shephard, Staff Governor
Fiona West (resigned 13 March 2020)
Peter Wilkinson

Company registered number

08902599

Company name

Scarborough UTC Limited

Principal and registered office

1 Ashburn Road
Scarborough
North Yorkshire
YO11 2JW

Senior Leadership Team

Lee Kilgour, Principal
John Connell, Vice Principal
Rachel Fearnough, Vice Principal
Natalie Griffiths, Assistant Principal
Vanessa Smallwood, Business Manager

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

Independent auditors

Clive Owen LLP
Chartered Accountants and Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Bankers

Lloyds Bank
1 St Nicholas Street
Scarborough
Y011 2YY

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

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

The academy trust operates a University Technical College for pupils aged 14 to 19 serving a catchment area covering Scarborough, Whitby and Ryedale in North Yorkshire and Bridlington and Driffield areas of the East Riding of Yorkshire. It has a pupil capacity of 600 and had a roll of 153 in the school census in January 2020.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The Trustees of Scarborough UTC Academy Trust are also the Directors of the charitable company for the purposes of company law. The charitable company operates as Scarborough UTC Limited.

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

Members' Liability

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

Trustees' indemnities

The academy trust has insurance under the DFE's RPA scheme to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business. Further details are provided in note 11.

Method of recruitment and appointment or election of Trustees

The Members appoint a minimum of 8 Trustees provided that in making such appointments nominees of the Employer Sponsors and University Sponsor together form a majority of the total number of Trustees. The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Trustees (including the Principal) who are employees of the academy trust shall not exceed one third of the total number of Trustees. A minimum of 2 Parent Trustees shall be elected by parents of registered students at the academy trust. A Parent Trustee must be a parent at the academy trust at the time when they are elected. The Trustees may appoint a maximum of 3 Co-Opted Trustees and these can be appointed by existing member appointed Trustees. The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to the Principal or any post held ex-officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

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

Structure, Governance and Management (continued)

Policies adopted for the induction and training of Trustees

The training and induction provided for new Trustees depends on their existing experience. All new Trustees have to complete safeguarding training. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Trustees are given a full induction to the role tailored specifically to the individual including a tour of the UTC and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

Organisational Structure

During the year the academy trust continued to operate a unified management structure. The structure consists of 3 levels: The Trustees, the Senior Leadership Team and the Middle Leadership Team. The aim of the management structure is to devolve responsibility and distribute leadership and encourage involvement in decision making at all levels.

The Trustees meet at least 4 times per year as a Full Governing Board, with delegated decision making, as detailed in the Scheme of Delegation and relevant Terms of Reference, provided by 2 committees – Curriculum and Standards Committee and Resources Management Committee who meet at least 4 times per year respectively.

The Senior Leadership Team includes the Principal, 2 Vice Principals, Assistant Principal and the Business Manager and provides strategic and operational direction for the academy trust. The Middle Leadership of the academy trust is centered on leading and managing curriculum teams to provide high quality teaching and learning.

Arrangements for setting pay and remuneration of key management personnel

The academy trust has a Staff Pay Policy in place which deals with how all teaching staff including senior leaders are paid. The policy states that for new appointments the Board of Trustees will delegate the pay range for a vacancy prior to advertising to the Principal who will determine the starting salary within that range to be offered to the successful candidate. Pay will be determined in line with the academy trust's pay scales. To determine the salary, the Principal will take into account a range of factors including the nature of the post, the level of qualifications, skills and experience required, market conditions and the wider school context. The academy trust also operates an appraisal system supported by relevant policy, whereby all staff including the Principal are subject to an annual performance review against previously set targets to determine whether performance pay progression should be awarded. The Principal's appraisal is conducted by a panel made up of 3 Trustees plus an external advisor, typically from the Local Authority.

Trade union facility time

The academy trust did not employ any trade union officials during the period.

Related Parties and other Connected Charities and Organisations

As required under the model for a University Technical College, the academy trust has Employer Sponsors and a University Sponsor who are members of the academy trust and whose role it is to support the academy trust through the pre-opening stage and to support the direction of the academy trust. The sponsors each have at least one representative among the Trustees.

Further details are stated in note 24 to the Financial Statements

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

Objectives and activities

The following sections set out the main objects of the academy trust and the activities undertaken in the past financial year.

Objects and aims

The principal object and activity of the charitable company is the operation of Scarborough UTC which aims to provide technical education for students of different abilities between the ages of 14 and 19 with emphasis on engineering and computer science.

In accordance with the Articles of Association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specified, amongst other things, the basis for admitting students to the academy trust, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with emphasis on engineering and computer science.

The main objectives of the academy trust during the year ended 31 August 2020 are as summarised below:

- To achieve positive perceptions of the UTC in the community and so enhance student recruitment;
- To improve the overall quality of education provided by the UTC;
- To ensure the quality of education at the UTC is at least good.

Objectives, strategies and activities

Our vision statement is 'Technical Excellence, Employable Graduates'. The aims of our curriculum are to develop the knowledge, skills and understanding needed by good engineers and computer scientists to be able to progress in to the best career opportunities in the engineering and computer science fields both locally, regional, and nationally. The intention is that a significant element of the curriculum focuses on the core skills needed to succeed in these areas; these are literacy, numeracy, engineering and computer science technical skills and professional values and employability skills.

The academy trust's main objectives are encompassed in its mission statement which is to provide:

- Technical progression routes in to careers in the engineering and computer science industries.
- Technical excellence and frequent real employer experiences.
- The highest standards of teaching and learning every day.
- High quality student outcomes at age 16 and age 18.

To this end the objectives and the strategies used to achieve them include:

- To explicitly teach students mathematical thinking.
- A focus on improving staff literacy, and the importance of them promoting and modelling communication skills across the curriculum.
- Raising the profile of numeracy across the curriculum to ensure that students are using key formulae.
- Increase the number of conversations focused on teaching and learning.
- Explicitly teach students metacognitive strategies, including how to plan, monitor, and evaluate (PME) their learning knowledge.
- Effective use of data to focus and drive action to accelerate the progress of underachieving pupils (and in particular those entitled to FSM).
- A focus on improving the level of academic mentoring, tracking, monitoring and feedback.
- Improving the Quality of Communication with parents.
- Project Based Learning is a celebrated feature of the curriculum.
- Employer engagement with Project Based Learning ensures that project scenarios are realistic and engaging.

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

Objectives and activities (continued)

- Tutor time is a significant driver for UTC ethos.
- Improve attendance in KS4 and in the sixth form.
- A focus on improving attitudes to learning in the sixth form.

The activities undertaken to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between 14 and 19.

Public benefit

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the academy trust should undertake.

Strategic report

Achievements and performance

During the year the academy trust has successfully completed timely achievement of key indicators, milestones and benchmarks.

GCSE and A level Results 2019/20

Introduction

The results presented in this paper reflect the robust and thorough process delivered by the teaching and leadership team at Scarborough UTC in ensuring the Centre Assessed Grades submitted to each examination board were entirely in line with the guidance provided by OfQUAL. The grades were identified and submitted with absolute integrity, honesty and reflecting the excellent knowledge the teaching and leadership team had of this cohort of students.

Centre Assessed Grades:

This should be a holistic professional judgement, balancing the different sources of evidence. Teachers and heads of department will have a good understanding of their students' performance and how they compare to other students within the department/subject this year, and in previous years. We want heads of department and teachers to consider each student's performance over the course of study and make a realistic judgement of the grade each student would have been most likely to get if they had taken their exam(s) in a subject and completed any non-exam assessment this summer. This could include U (ungraded).

It is clear from these results, that were these grades achieved through the usual examinations process (although not certain, our view is that these were the likely outcomes) then Scarborough UTC would have presented significant improvements in outcomes. These grades would, in our view, confirm quality of education as 'good' in line with our judgement in the SEF.

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

Strategic report (continued)

Achievements and performance (continued)

Summary of achievement and progress

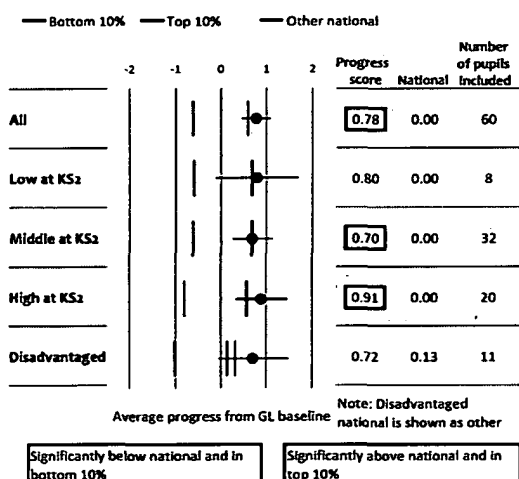
Measure	Total	Measure	Total
Average Total Attainment 8	48.74 ↑	Students Achieving 9-5 in English and Maths	22
Average Attainment 8 Grade	4.87 ↑	Students Achieving 9-5 in English	44
Average KS2 Prior Attainment	4.76 ↓	Students Achieving 9-5 in Maths	34
Average Estimated A8	45.76 ↓	Students NOT Achieving 9-5 in English or Maths	12
Average Total Progress 8	0.30 ↑	Students Achieving 9-5 in English but NOT Maths	12
P8 Upper Confidence Interval	0.63	Students Achieving 9-5 in Maths but NOT English	2
P8 Lower Confidence Interval	-0.02		
Pupils Included (Progress 8 Coverage)	63		
Pupils with Adjusted Progress 8 Scores	1		
Average Total Progress 8 (Unadjusted) ↑	0.30 ↑		

Measure	Total
Students Achieving 9-4 in English and Maths	22
Students Achieving 9-4 in English	56
Students Achieving 9-4 in Maths	22
Students NOT Achieving 9-4 in English or Maths	2
Students Achieving 9-4 in English but NOT Maths	4
Students Achieving 9-4 in Maths but NOT English	0

The continued strong improvement of English is a key point here. Mathematics has also improved strongly and at 4+ is close to English hence the high 4+ including English and Maths. At 5+ Mathematics (54%) still needs improvement so that the English (69.8%) and Maths 5+ percentage improves.

This was the first cohort where all students completed the full GL Assessment suite on joining the UTC at the start of Year 10 giving us clear data on each student's starting point. The table below shows progress from this starting point and clearly shows top 10% performance in some areas. Whilst low prior attainers and disadvantaged did not make the same progress as other groups their progress was still significantly positive and above national.

Overall progress from GL baseline



Key Stage 4 achievement for all subjects and groups

Outcomes for all three engineering subjects are well above last year's national average and significantly above the outcomes for last year's cohort. For the first time we have settled and skilled teaching in engineering systems and control and this is reflected in the outcomes achieved, much improved on the previous year. The difference in D*2 – P2 when compared to Design and Manufacture is due to the new teacher only having just short of two terms with this cohort.

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

Strategic report (continued)

Achievements and performance (continued)

Name	D*2 %	D*2 - *2 %	D*2 - D2 %	D*2 - M2 %	D*2 - P2 %
<u>Engineering Design C12</u>	0.0	0.0	<u>11.7</u>	<u>35.0</u>	<u>76.7</u>
<u>Engineering Manufacture C12</u>	0.0	<u>3.3</u>	<u>20.0</u>	<u>50.0</u>	<u>73.3</u>
<u>Engineering Systems Control C12</u>	0.0	<u>1.8</u>	<u>14.0</u>	<u>29.8</u>	<u>52.6</u>
Summary	0.0	1.7	15.3	38.4	67.8

In February we took a considered decision to move away from all students taking separate sciences. The new model entered the most able for separate sciences and the remaining students were entered for combined sciences. This decision is justified in these outcomes as 74.3% of combined science students achieved grade 4+ and all separate science students achieved at least a grade 4. A strong performance from science and ensures all students have the best chance of achieving successful outcomes in science.

Name	9 %	9 - 8 %	9 - 7 %	9 - 6 %	9 - 5 %	9 - 4 %	9 - 3 %	9 - 2 %	9 - 1 %
<u>Science Combined GCSE</u>	0.0	<u>1.4</u>	<u>2.9</u>	<u>5.7</u>	<u>17.1</u>	<u>74.3</u>	<u>85.7</u>	<u>100.0</u>	<u>100.0</u>

Name	9 %	9 - 8 %	9 - 7 %	9 - 6 %	9 - 5 %	9 - 4 %	9 - 3 %	9 - 2 %	9 - 1 %	9 - 0 %	9 - U %
<u>Biology GCSE</u>	7.4	22.2	48.1	81.5	96.3	100.0	100.0	100.0	100.0	100.0	100.0
<u>Chemistry GCSE</u>	0.0	18.5	18.5	37.0	85.2	100.0	100.0	100.0	100.0	100.0	100.0
<u>Computer Science GCSE</u>	8.3	11.1	19.4	36.1	61.1	77.8	86.1	97.2	97.2	97.2	100.0
<u>English Language GCSE</u>	1.6	8.1	16.1	29.0	62.9	83.9	91.9	95.2	98.4	98.4	100.0
<u>English Literature GCSE</u>	3.2	9.7	22.6	43.5	67.7	87.1	95.2	95.2	98.4	98.4	100.0
<u>Geography GCSE</u>	0.0	3.2	16.1	29.0	29.0	58.1	80.6	93.5	96.8	96.8	100.0
<u>Mathematics GCSE</u>	6.5	11.3	19.4	37.1	54.8	83.9	91.9	96.8	98.4	98.4	100.0
<u>Physics GCSE</u>	11.1	18.5	33.3	70.4	92.6	100.0	100.0	100.0	100.0	100.0	100.0

It is worth noting that both geography and computer science have again shown significant improvements on last year's outcomes.

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

Strategic report (continued)

Achievements and performance (continued)

Key Stage 5 attainment

The improvements in average A level grade, from C+ to B, is very pleasing and is a reflection in our much improved teaching of A level courses achieved over the last two years.

	Measure	Value	%
①	Students Included in A Level Cohort	13	54.2 %
①	A Level Average Points per Entry	39.63	-
①	A Level Average Grade	B=	-
①	A Level Total Entries	27.00	-
①	A Level Average Points per Pupil	82.31	-
①	Students Included in A Level Value Added	13	54.2 %
① ▲	A Level VA	1.33	-
①	A Level VA Upper Confidence Limit	1.75	-
①	A Level VA Lower Confidence Limit	0.91	-

In addition, the improvements in engineering grade achieved last year have been sustained with a weaker and more challenging cohort.

	Measure	Value	%
①	Students included in Tech Level Cohort	15	62.5 %
①	Tech Level Average Points per Entry	30.42	-
①	Tech Level Average Grade	Dist-	-
①	Tech Level Total Entries	36.00	-
①	Tech Level Average Points per Pupil	73.00	-

Alps is a measure of student performance against benchmarks for each subject. Alps is a value added tool. It considers the progress a student makes from the start of their course (measured via their GCSE scores) through to the completion of the course (their A/AS/vocational results).

ALP's benchmarks at KS5 are created using the full national dataset supplied by the Department for Education. Alps reports compare our performance against a benchmark which is based on every students' results nationally. Using these benchmarks each subject is given a score from 1 to 9 on the ALPs thermometer to grade performance. See diagram and tables overleaf:

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

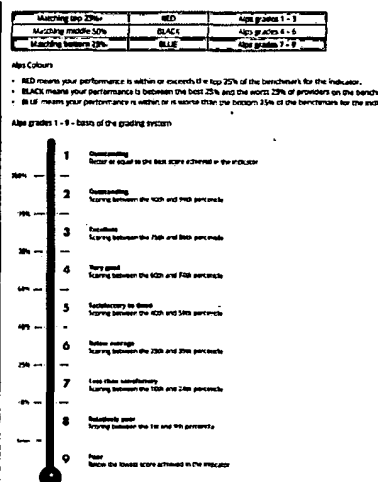
Strategic report (continued)

Achievements and performance (continued)

ALPS KS5 data analysis

ALPs 1-3 positions us in the top 25% nationally, when compared to all providers. A reminder that the red colour used for grades 1-3 are linked to the ALPs thermometer (see diagram).

Subject	2017/18			2018/19			2019/20		
	Entries	Score	Grade	Entries	Score	Grade	Entries	Score	Grade
A - Biology	-	-	-	-	-	-	2	1.20	1
A - Chemistry	-	-	-	-	-	-	3	1.17	1
A - Computer Science	6	0.37	8	3	0.98	3	8	1.20	1
A - English Literature	-	-	-	-	-	-	1	1.25	1
A - Mathematics	2	0.64	8	9	0.81	7	5	1.13	2
A - Maths (Further)	-	-	-	-	-	-	2	1.23	1
A - Physics	2	0.47	8	7	0.97	2	2	1.33	1
EPQ - Extended Project	-	-	-	-	-	-	8	1.08	4
L3 - Core Mathematics	-	-	-	-	-	-	10	1.06	5
AS - Mathematics	-	-	-	-	-	-	7	0.99	3
AS - Maths (Further)	1	1.14	2	-	-	-	1	1.40	1
16 CT Ext Cert - Engineering	7	0.30	-	2	1.28	1	3	0.72	7
16 CT Dip - Engineering	10	0.49	-	18	0.82	-	18	0.72	-
16 CT Ext Dip - Engineering	6	0.23	-	6	0.63	-	18	0.95	-



Overall these sixth form results show strong performance particularly at A level.

Overall examination results
Strengths

There has been strong improvement in all subject areas at both GCSE and Level 3. Improvements in GCSE outcomes in science, engineering, geography and computer science has impacted on our Attainment 8 score which has increased significantly from last year. Much improved A level teaching has ensured that A level outcomes are now top 10% in the country.

Our engineering specialism at GCSE has improved strongly and now demonstrates outcomes that are significantly above the national average.

Financial viability for year 3 was achieved through financial planning and a healthy reserve of funds carried forward.

Key performance indicators

Scarborough UTC received OfSTED 'Requires Improvement' judgement in its first inspection. It aims to be at least 'Good' within three years. In its current self-evaluation the Senior Leadership Team judges the college to be OfSTED 'good' in all areas.

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

Strategic report (continued)

Achievements and performance (continued)

Going concern

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

Financial review

Most of the academy trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown under 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 expected useful life of the assets concerned.

During the year ended 31 August 2020, total expenditure of £2,574,000 was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding pension reserve movements and restricted fixed asset funds) was £521,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy's objectives.

At 31 August 2020 net book value of fixed assets was £9,021,000 and movements in tangible fixed assets are shown in note 12 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £424,000 recognised on the Balance Sheet.

The academy trust held fund balances as at 31 August 2020 of £8,554,000 comprising £(43,000) of restricted general funds, £9,021,000 of restricted fixed asset funds, a pension deficit of £424,000 and £- of unrestricted funds.

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

Reserves policy

The academy trust holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as the improvement of educational attainment and achievement of our students
- To cover ongoing costs in relation to the running of the academy trust including catering provisions, school trips and uniform costs

The level of reserves is reviewed by Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy trust is reviewed by the Governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it is prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £120,000. This is considered sufficient to cover salaries and associated costs for one month.

The academy trust's current level of free reserves are in deficit by £44,000 and therefore are considered to be below the level of reserves required for the ongoing needs of the academy trust.

Pupil numbers are not in line with the projections prepared for when the UTC opened. As a result, income since opening has been lower than expected creating financial pressures on the academy trust. As the academy trust is funded based on expected pupil numbers, rather than lagged funding, the impact of pupil numbers being lower than expected is a clawback from future funding. The ESFA have agreed to defer the clawback due in respect of 2019/20 of £528,000 until 2021/22. In addition the ESFA have agreed in principle to providing a loan in April or May 2021 to help facilitate cashflow. In order to put the academy trust on a more viable financial footing it is seeking to offer a health pathway programme in conjunction with Coventry University and the NHS (York NHS trust) from September 2021. It is also in discussions about expanding its offer of places to those in year 9 from September 2022. Both should have a significant impact on the long term financial viability. The academy trust has also had initial discussions with a Multi Academy Trust which would seek to help the college take advantage of these opportunities.

Investment Policy

The academy trust has an investment policy but no funds have yet been invested.

Principal Risks and Uncertainties

The principle risks and uncertainties are centered on changes in the level of funding from DfE/ESFA and student recruitment and retention.

The Trustees have assessed the major risks, to which the academy trust is exposed and keeps those risks under review.

The Trustees have assessed risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. The academy trust has developed an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

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

Employee Consultation

Staff workload is an important consideration in ensuring the wellbeing of our staff. The quality assurance, CPL and assessment calendar, the 'wallplanner' is central to the organization of routines at the UTC. Staff are consulted on its composition and the sequencing and frequency of quality assurance, assessment and meetings.

This year we have also consulted on the systems that underpin the Conduct for Learning Policy to ensure that the teaching staff team were able to run an effective detention system which is failsafe and at the same time manages staff workload at key times such as lunch times and at the end of the college day.

Fundraising

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

Plans for future periods

The academy trust is working on establishing the UTC as a high quality education provider. The academy trust's key objectives over the next 3 years are:

- The quality of Education including Student Outcomes
- Student Recruitment/retention alongside joining a MAT and so achieve long term financial stability
- Strengthening the UTC's work with employer partners thus ensuring excellent destinations for its students and ensuring there is a steady flow of UTC graduates to help fill our partners skills gaps
- Developing positive Community engagement and reputation
- To achieve at least Ofsted 'good'.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16 December 2020 and signed on its behalf by:



Christopher White
Chair

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Scarborough UTC Limited and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year.

In addition a total of a further 9 meetings were held by the curriculum and standards committee and the Resources committee, both of which have delegated authority from the trust board.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Christopher White, Chairman	4	4
Tony Arnold (resigned 5 October 2020)	2	4
James Boston (appointed 9 December 2019, resigned 1 October 2020)	1	3
John Clark (appointed 18 December 2018)	1	4
Christopher Cooke (appointed 23 October 2019))	2	3
Kevin Deadman	3	4
Stephen Kelly (appointed 18 December 2018)	2	4
Lee Kilgour, Principal and Accounting Officer	4	4
Michael Lawson	2	4
Julie Macey-Hewitt	1	4
Daniel Metters (resigned 31 August 2020)	2	4
Robert Shephard, Staff Governor	3	4
Fiona West (resigned 13 March 2020)	2	2

The DfE consider it good practice for Trustees to meet a minimum of six times per year. The Trustees are confident that they have met their obligations regarding effective scrutiny and governance within the four Full Governing Body meetings together with the additional nine subcommittee meetings held during the year. The Trustees are confident in the monitoring and reporting structures at the college and that the information the Trustees receive throughout the year and at its meetings deliver effective governance.

Governance reviews:

The Board of Governors has seen a number of changes to personnel over the financial year, with new appointments and some losses. The college continues to seek appropriate University Sponsor and Employer Sponsors as well as Parent Governors at appropriate levels.

The Finance and General Purposes Committee (Resources Management Committee) is a sub-committee of the main Board of Trustees. Its purpose is to advise the Board of Trustees on all financial and resource matters. The Committee met to establish the terms of reference and approve the budget forecast return outturn and the budget forecast return and to approve future staffing levels.

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Julie Macey-Hewitt, is the Chair of the committee and an asset to the college due to her knowledge and experience. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Christopher White	3	3
Tony Arnold (resigned 5 October 2020)	1	3
Stephen Kelly	3	3
Lee Kilgour	3	3
Julie Macey-Hewitt	3	3
Fiona West (resigned 13 March 2020)	0	2
Christopher Cooke (appointed 23 October 2020)	0	1

Review of value for money

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

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

- Evaluating roles and their necessity when opportunities arise to realign staffing in an ever-changing environment. Ensuring staff have the right skill sets to undertake the role appointed to do. This was evident in the appointment of the new Business Manager who is an experienced School Business Manager and senior leader within educational settings.
- Embedding the use of the budgeting system incorporating cost centres for key management areas thus combining devolution of decision making with distributed financial management. Middle and senior leaders are held accountable for budget planning and spend.

The Purpose of the System of Internal Control

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

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Resources Management Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has decided not to appoint an internal auditor. However, the Trustees have appointed Clive Owen LLP, the external auditors, to perform additional checks.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of income
- testing of accounting systems

On a termly basis, Clive Owen LLP the audit reports are submitted to the Board of Trustees, through the Resources Management Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- the work of the internal auditors
- the work of the external auditors
- the work of the managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 16 December 2020 and signed on their behalf by:



Christopher White
Chair



Lee Kilgour
Accounting Officer

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Scarborough UTC Limited I have considered my responsibility to notify the academy trust 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 trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

During the year the academy trust purchased services from an individual who is the son of a Trustee. The individual supplied graphic design services and costs of £700 were incurred by the academy trust prior to me becoming aware of the breaches of rule 5.35 of the Academies Financial Handbook 2019. The Trust have made a retrospective disclosure to the ESFA to advise them of the transactions.

I confirm that no further 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.



Lee Kilgour
Accounting Officer
Date: 16 December 2020

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 16 December 2020 and signed on its behalf by:



Christopher White
Chair

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty relating to going concern

We draw your attention to note 1.2 in the financial statements, which indicates that the Trust is dependent on the continued support of creditors and the ESFA to support the Trustees' opinion that the accounts should be prepared on a going concern basis. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Chris Beaumont BA(Hons) BFP FCA DChA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants and Statutory Auditors

140 Coniscliffe Road

Darlington

County Durham

DL3 7RT

16 December 2020

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 19 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 Scarborough UTC Limited 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 Scarborough UTC Limited and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Scarborough UTC Limited 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 Scarborough UTC Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Scarborough UTC Limited's funding agreement with the Secretary of State for Education dated 16 March 2016 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.

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Trustees and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Trustees;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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

Conclusion

In the course of our work, except for the matters listed below 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.

- During the year the academy trust purchased services from an individual who is the son of a Trustee. The individual supplied graphic design services and costs of £700 were incurred by the academy trust prior to the Accounting Officer becoming aware of the breaches of rule 5.35 of the Academies Financial Handbook 2019. The Trust have made a retrospective disclosure to the ESFA to advise them of the transactions.



Clive Owen LLP
Reporting Accountant
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 16 December 2020

SCARBOROUGH UTC LIMITED
(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 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:						
Donations and capital grants	3	29	-	8	37	28
Charitable activities:						
Funding for educational operations		26	1,543	-	1,569	2,009
Other trading activities		6	-	-	6	23
Total income		61	1,543	8	1,612	2,060
Expenditure on:						
Raising funds		47	-	-	47	80
Charitable activities		144	1,998	385	2,527	2,555
Total expenditure		191	1,998	385	2,574	2,635
Net income/ (expenditure)		(130)	(455)	(377)	(962)	(575)
Transfers between funds	15	-	(1)	1	-	-
Net movement in funds before other recognised gains/(losses)		(130)	(456)	(376)	(962)	(575)
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	22	-	(247)	-	(247)	(27)
Net movement in funds		(130)	(703)	(376)	(1,209)	(602)
Reconciliation of funds:						
Total funds brought forward		130	236	9,397	9,763	10,365
Net movement in funds		(130)	(703)	(376)	(1,209)	(602)
Total funds carried forward		-	(467)	9,021	8,554	9,763

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08902599

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	12		9,021		9,397
			<u>9,021</u>		<u>9,397</u>
Current assets					
Debtors	13	43		96	
Cash at bank and in hand		590		684	
		<u>633</u>		<u>780</u>	
Creditors: amounts falling due within one year	14	(676)		(303)	
Net current liabilities / assets			<u>(43)</u>		<u>477</u>
Total assets less current liabilities			<u>8,978</u>		<u>9,874</u>
Net assets excluding pension liability			<u>8,978</u>		<u>9,874</u>
Defined benefit pension scheme liability	22		(424)		(111)
Total net assets			<u><u>8,554</u></u>		<u><u>9,763</u></u>
Funds of the academy trust					
Restricted funds:					
Fixed asset funds	15	9,021		9,397	
Restricted income funds	15	(43)		347	
		<u>8,978</u>		<u>9,744</u>	
Restricted funds excluding pension asset	15				
Pension reserve	15	(424)		(111)	
		<u></u>		<u></u>	
Total restricted funds	15		<u>8,554</u>		<u>9,633</u>
Unrestricted income funds	15		-		130
			<u></u>		<u></u>
Total funds			<u><u>8,554</u></u>		<u><u>9,763</u></u>

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08902599

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 26 to 54 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Christopher White
Co Chairman
Date: 16 December 2020

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash used in operating activities	17	(93)	(105)
Cash flows from investing activities	18	(1)	(15)
Change in cash and cash equivalents in the year		(94)	(120)
Cash and cash equivalents at the beginning of the year		684	804
Cash and cash equivalents at the end of the year	19, 20	<u>590</u>	<u>684</u>

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Pupil numbers are not in line with the projections prepared for when the UTC opened. As a result income since opening has been lower than expected creating financial pressures on the academy trust. As the academy trust is funded based on expected pupil numbers, rather than lagged funding, the impact of pupil numbers being lower than expected is a clawback from future funding. The ESFA have agreed to defer the clawback due in respect of 2019/20 of £528,000 until 2021/22. In addition the ESFA have agreed in principle to providing a loan in April or May 2021 to help facilitate cashflow. In order to put the academy trust on a more viable financial footing, it is seeking to offer a health pathway programme in conjunction with Coventry University and the NHS (York NHS Trust) from September 2021. It is also in discussions about expanding its offer of places to those in year 9 from September 2022. Both should have a significant impact on the long term financial viability. The academy trust has also had initial discussions with a Multi Academy Trust which would seek to help the Academy take advantage of these opportunities.

SCARBOROUGH UTC LIMITED
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

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

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

- **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

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

SCARBOROUGH UTC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4 Expenditure

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

• **Expenditure on raising funds**

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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.

Depreciation is provided on the following basis:

Freehold land and buildings	-	2% per annum straight line
Plant and machinery	-	15% per annum straight line
ICT equipment	-	20% per annum straight line

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.

SCARBOROUGH UTC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.6 Liabilities

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

1.7 Provisions

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

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

1.8 Leased Assets

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

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Taxation

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

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

1. Accounting policies (continued)

1.11 Pensions Benefits

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to 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.

1.12 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursery funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 25.

1.13 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. In the current year the actuary has made assumptions to estimate the liability associated with McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £385,000.

3. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Donations	29	-	29	12
Capital Grants	-	8	8	16
Total 2020	29	8	37	28
Total 2019	12	16	28	

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

4. Funding for the academy trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,176	1,176	1,644
Pupil Premium	-	27	27	35
Rates	-	27	27	65
Teachers' pay grant	-	16	16	11
Other DfE Group grants	-	273	273	200
	<u>-</u>	<u>1,519</u>	<u>1,519</u>	<u>1,955</u>
Other Government Grants				
Other Government grants	-	24	24	17
	<u>-</u>	<u>24</u>	<u>24</u>	<u>17</u>
Other Income				
Student Trips	6	-	6	3
Student Catering	20	-	20	34
	<u>26</u>	<u>1,543</u>	<u>1,569</u>	<u>2,009</u>
Other Income				
	<u>37</u>	<u>1,972</u>	<u>2,009</u>	
Total 2019				
	<u>37</u>	<u>1,972</u>	<u>2,009</u>	

5. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from facilities and services	1	1	1
Receipts from supply insurance claims	-	-	1
Other	5	5	21
	<u>6</u>	<u>6</u>	<u>23</u>
Total 2019	<u>23</u>	<u>23</u>	

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

6. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000	Total 2019 £000
Expenditure on fundraising trading activities:					
Allocated support costs	-	-	47	47	80
Academy's educational operations:					
Direct costs	1,186	-	187	1,373	1,375
Allocated support costs	371	476	307	1,154	1,180
Total 2020	1,557	476	541	2,574	2,635
Total 2019	1,526	448	661	2,635	

In 2020 of the total expenditure £191,000 (2019 : £56,000) was to unrestricted funds, £1,998,000 (2019 : £2,199,000) was to restricted funds and £385,000 (2019 : £380,000) was to restricted fixed asset funds.

There were no individual transactions exceeding £5,000 for:

- Compensation
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratia payments made in the period.

7. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Academy's educational operations	1,373	1,154	2,527	2,555
Total 2019	1,375	1,180	2,555	

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

7. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Academy's educational operations 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Staff costs	1,183	1,183	1,126
Educational supplies	120	120	102
Examination fees	41	41	71
Staff development	5	5	19
Technology costs	4	4	10
Educational consultancy	-	-	1
Staff expenses	2	2	4
Other costs	18	18	42
	<u>1,373</u>	<u>1,373</u>	<u>1,375</u>
Total 2019	<u>1,375</u>	<u>1,375</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Academy's educational operations 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Pension finance costs	1	1	-
Staff costs	374	374	400
Depreciation	385	385	380
Technology costs	43	43	36
Transport	72	72	65
Maintenance of premises	47	47	40
Cleaning	39	39	32
Other premises costs	8	8	14
Energy	43	43	47
Rent and rates	47	47	25
Insurance	4	4	5
Catering	23	23	45
Legal costs - other	23	23	50
Security	1	1	1
Other support costs	30	30	25
Governance costs	14	14	15
Total 2020	1,154	1,154	1,180
Total 2019	1,180	1,180	

8. Net expenditure

Net expenditure for the year includes:

	2020 £000	2019 £000
Operating lease rentals	26	26
Depreciation of tangible fixed assets	385	380
Fees paid to auditors for:		
- Audit	6	7
- Other services	5	8

SCARBOROUGH UTC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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9. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	1,109	991
Social security costs	108	98
Pension costs	287	199
	<hr/> 1,504	<hr/> 1,288
Agency staff costs	53	238
	<hr/> 1,557	<hr/> 1,526
	<hr/> <hr/>	<hr/> <hr/>

Included in pension costs is a debit of £68,000 (2019: £61,000) relating to the pension deficit actuarial adjustment.

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	14	13
Administration and support	16	17
Management	4	4
	<hr/> 34	<hr/> 34
	<hr/> <hr/>	<hr/> <hr/>

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

9. Staff (continued)

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 £60,001 - £70,000	2	1
In the band £90,001 - £100,000	1	1
	<u> </u>	<u> </u>

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £396,000 (2019: £379,000).

10. Trustees' remuneration and expenses

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

		2020 £000	2019 £000
Lee Kilgour, Accounting Officer	Remuneration	90 - 95	95 - 100
	Pension contributions paid	20 - 25	10 - 15
Robert Shephard	Remuneration	45 - 50	40 - 45
	Pension contributions paid	10 - 15	5 - 10

During the year ended 31 August 2020, travel and subsistence expenses totalling £180 (2019: £1,479) were reimbursed or paid directly to 2 Trustees (2019: 3).

11. Trustees' and Officers' insurance

The academy trust 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.

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

12. Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	ICT equipment £000	Total £000
Cost or valuation				
At 1 September 2019	9,377	674	455	10,506
Additions	-	-	9	9
At 31 August 2020	9,377	674	464	10,515
Depreciation				
At 1 September 2019	563	296	250	1,109
Charge for the year	188	104	93	385
At 31 August 2020	751	400	343	1,494
Net book value				
At 31 August 2020	8,626	274	121	9,021
At 31 August 2019	8,814	378	205	9,397

13. Debtors

	2020 £000	2019 £000
Trade debtors	-	1
VAT recoverable	21	65
Prepayments and accrued income	22	30
	43	96

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

14. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	47	45
Other taxation and social security	27	25
Other creditors	25	26
Accruals and deferred income	49	27
Amount due to ESFA: abatement of GAG	528	180
	<u>676</u>	<u>303</u>

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

15. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
Unrestricted funds	130	61	(191)	-	-	-
Restricted general funds						
General Annual Grant (GAG)	-	1,176	(1,218)	(1)	-	(43)
Pupil Premium	53	27	(80)	-	-	-
Other DfE/ESFA grants	294	315	(609)	-	-	-
Other government grants	-	25	(25)	-	-	-
Pension reserve	(111)	-	(66)	-	(247)	(424)
	<u>236</u>	<u>1,543</u>	<u>(1,998)</u>	<u>(1)</u>	<u>(247)</u>	<u>(467)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	9,282	8	(353)	-	-	8,937
Capital expenditure from GAG	115	-	(32)	1	-	84
	<u>9,397</u>	<u>8</u>	<u>(385)</u>	<u>1</u>	<u>-</u>	<u>9,021</u>
Total Restricted funds	<u>9,633</u>	<u>1,551</u>	<u>(2,383)</u>	<u>-</u>	<u>(247)</u>	<u>8,554</u>
Total funds	<u><u>9,763</u></u>	<u><u>1,612</u></u>	<u><u>(2,574)</u></u>	<u><u>-</u></u>	<u><u>(247)</u></u>	<u><u>8,554</u></u>

SCARBOROUGH UTC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

15. Statement of funds (continued)

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

The General Annual Grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA grants includes rates relief, the teachers pay grant and the teachers pension grant, which must be spent on rates, teachers salaries, teachers pension contributions respectively. Also included in other DfE/ESFA grants is UTC transitional funding, which is funding supplied for help with the costs of conversion and improvement of University Technical Colleges.

Other government grants include Opportunity Area funding and Post 16 High Needs funding, to be spent on improving attainment and supporting students with special education needs.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

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

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

15. Statement of funds (continued)

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
Unrestricted funds	114	72	(56)	-	-	130
Restricted general funds						
General Annual Grant (GAG)	125	1,644	(1,754)	(15)	-	-
Pupil Premium	53	35	(35)	-	-	53
Other DfE/ESFA grants	350	276	(332)	-	-	294
Other government grants	-	17	(17)	-	-	-
Pension reserve	(23)	-	(61)	-	(27)	(111)
	505	1,972	(2,199)	(15)	(27)	236
Restricted fixed asset funds						
DfE/ESFA capital grants	9,576	16	(349)	39	-	9,282
Capital expenditure from GAG	170	-	(31)	(24)	-	115
	9,746	16	(380)	15	-	9,397
Total Restricted funds	10,251	1,988	(2,579)	-	(27)	9,633
Total funds	10,365	2,060	(2,635)	-	(27)	9,763

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	9,021	9,021
Current assets	20	613	-	633
Creditors due within one year	(20)	(656)	-	(676)
Provisions for liabilities and charges	-	(424)	-	(424)
Total	-	(467)	9,021	8,554

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	9,397	9,397
Current assets	130	650	-	780
Creditors due within one year	-	(303)	-	(303)
Provisions for liabilities and charges	-	(111)	-	(111)
Total	130	236	9,397	9,763

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £000	2019 £000
Net expenditure for the period (as per Statement of Financial Activities)	(962)	(575)
Adjustments for:		
Depreciation	385	380
Capital grants from DfE and other capital income	(8)	(16)
Defined benefit pension scheme cost less contributions payable	65	61
Defined benefit pension scheme finance cost	1	-
Decrease/(increase) in debtors	53	(35)
Increase in creditors	373	80
Net cash used in operating activities	(93)	(105)

18. Cash flows from investing activities

	2020 £000	2019 £000
Purchase of tangible fixed assets	(9)	(31)
Capital grants from DfE Group	8	16
Net cash used in investing activities	(1)	(15)

19. Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash in hand	590	684
Total cash and cash equivalents	590	684

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

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	684	(94)	590
	<u>684</u>	<u>(94)</u>	<u>590</u>

21. 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.

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NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments

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

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

Contributions amounting to £25,000 were payable to the schemes at 31 August 2020 (2019 - £18,000) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the year amounted to £171,000 (2019 - £97,000).

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £64,000 (2019 - £56,000), of which employer's contributions totalled £47,000 (2019 - £41,000) and employees' contributions totalled £ 17,000 (2019 - £15,000). The agreed contribution rates for future years are 16.2% for employers and 5.5% to 6.8% for employees.

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

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.45	3.25
Rate of increase for pensions in payment/inflation	2.30	2.00
Discount rate for scheme liabilities	1.70	1.90
Inflation assumption (CPI)	2.30	2.00
Commutation of pensions to lump sums	75.00	75.00

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

	2020 Years	2019 Years
Retiring today		
Males	21.8	21.9
Females	23.9	25.1
Retiring in 20 years		
Males	23.5	23.6
Females	25.7	26.9

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(27)	(9)
Discount rate -0.1%	27	9
Mortality assumption - 1 year increase	(34)	(9)
Mortality assumption - 1 year decrease	34	9
CPI rate +0.1%	23	6
CPI rate -0.1%	(23)	(5)

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22. Pension commitments (continued)

Share of scheme assets

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

	2020 £000	2019 £000
Equities	293	96
Government bonds	95	33
Corporate bonds	11	-
Property	34	13
Cash	19	8
Other	79	18
Total market value of assets	<u>531</u>	<u>168</u>

The actual return on scheme assets was £218,000 (2019 - £8,000).

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

	2020 £000	2019 £000
Current service cost	(115)	(75)
Past service cost	-	(27)
Interest income	5	3
Interest cost	(6)	(3)
Total amount recognised in the Statement of Financial Activities	<u>(116)</u>	<u>(102)</u>

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

	2020 £000	2019 £000
At 1 September	276	93
Current service cost	115	75
Interest cost	6	3
Employee contributions	17	15
Actuarial losses	460	32
Benefits paid	81	31
Past service costs	-	27
At 31 August	<u>955</u>	<u>276</u>

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22. Pension commitments (continued)

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

	2020 £000	2019 £000
At 1 September	168	73
Interest income	5	3
Actuarial gains	213	5
Employer contributions	47	41
Employee contributions	17	15
Benefits paid	81	31
At 31 August	<u>531</u>	<u>168</u>

23. Operating lease commitments

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

	2020 £000	2019 £000
Amounts due within one year	22	25
Amounts due between one and five years	22	2
	<u>44</u>	<u>27</u>

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24. Related party transactions

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

Expenditure Related Party Transactions

Scarborough Business Ambassadors - a company in which S Richings, a former Trustee, is a director:

- The academy trust made sponsorship purchases from the company totalling £Nil (2019: £500) during the period. There were no amounts outstanding at 31 August 2020 (2019:£Nil).
- The academy trust made the purchase at arms' length in accordance with its financial regulations, which S Richings neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

Harry Kilgour – son of L Kilgour, a Trustee:

- The academy trust made payments from the individual totalling £700 (2019: £Nil) during the period in respect of graphics work for posters. There were no amounts outstanding at 31 August 2020 (2019:£Nil).
- The academy trust made the purchase at arms' length in accordance with its financial regulations, which L Kilgour neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

Income Related Party Transactions

- During the year Rosti Automotive Ltd, a company in which J Pendleton, a former Trustee, is involved in donated £Nil (2019: £5,050) sponsorship income to the academy trust.

25. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2020 the academy trust received £9,000 (2019: £9,000) and disbursed £17,000 (2019: £1,000) from the fund. An amount of £Nil (2019: £8,000) is included in other creditors relating to undistributed funds that is repayable to ESFA.