

**Norfolk UTC**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2019**

## Norfolk UTC

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## Norfolk UTC

### Reference and Administrative Details

#### Governors (Trustees)

B Milner (Chairman)  
N Finch (Lead Employer Representative)  
A Hayes (Principal/Accounting Officer)  
R Hill (Vice-Chair) (resigned 06.03.2019)  
C Kerrison  
G Cook (appointed 11.12.2017) (resigned 13.09.2018)  
C Porter (left UTCN 31.08.2019)  
J Schofield (re-appointed 26.09.2018)  
C Smithson  
P van der Horst  
J White (re-appointed 26.09.2018, resigned 06.03.2019)  
R Bennington  
K de Ferrer (appointed 01.04.2019)  
S Love (appointed 01.04.2019)  
L Rees (appointed 01.04.2019)

#### Members

Transforming Education in Norfolk (sponsor)  
University of East Anglia (sponsor)  
Future Marine Services Ltd (sponsor)  
S Guest  
B Milner (Chairman)  
C Maw  
J McAtear (appointed 11.12.2017) (ceased 29.10.2018)  
R Proctor (appointed 29.10.2018)

#### Senior Management Team:

- Principal A Hayes
- Assistant Principal Z Hill-Smith
- Assistant Principal S Rice
- Assistant Principal S Edwards

#### Company Name

Norfolk UTC

#### Company Registration Number

7911472 (England & Wales)

#### Registered Office

Old Hall Road  
Norwich  
NR4 6FF

#### Auditor

KPMG LLP  
Dragonfly House  
2 Gilders Way  
Norwich  
NR3 1UB

#### Bankers

Lloyds  
16 Gentleman's Walk  
Norwich  
Norfolk  
NR2 1LZ

#### Solicitors

Hansells  
3 The Close  
Norwich  
Norfolk  
NR1 4DS

## Norfolk UTC

### Trustees' Report

Norfolk UTC (UTCN) opened in September 2014 and offers a unique type of learning for students aged 14 to 19, combining practical and academic study with industry awareness.

This year has seen UTCN graded 'Good' across all areas in the OFSTED inspection of May 2019. The inspection praised both the academic successes and the personal development aspects of UTCN's work. In particular, the inspectors highlighted the employability aspects of its work: *'The careers education, information, advice and guidance provided to pupils is of a very high quality.'* Academic achievements were also praised: *'Pupils now make strong progress across a wide range of subjects.'* Senior staff, led by the Principal, have devised a clear development plan based on the inspection report that will further strengthen UTCN.

Over the year 2018/2019, the number of students attending open events increased significantly. This culminated in the school roll increasing to 339 students after the September 2019 intake, which is a substantial increase from the 262 students on roll earlier in the year. We attribute this to the 'Good' OFSTED grade and the growing awareness in the region of UTCN through the successes of its students.

2018/2019 has also seen the completion of an Options Appraisal process. As a result of this process, UTCN left Transforming Education in Norfolk from 01/09/19 and will join a multi-academy trust selected by governors. Progress towards joining this new trust is proceeding and it is anticipated that UTCN will join Bohunt Education Trust (BET) on 01/09/20. Consequently, a great deal of work has been expended this year on extricating UTCN from Norfolk Educational Services (NES), the TEN shared services provider. New services agreements have been let across virtually all areas to commence on 01/09/19.

GCSE and A Level results fell slightly this summer but Engineering results remained strong. The destinations achieved by Year 13 students remains excellent with the vast majority going on to Apprenticeships or University and no students leaving not in education, employment or training.

Given the changes above, governors took the opportunity to review the vision and mission of UTCN by considering the interests and destinations of our students and the views of our employer partners. We consequently broadened slightly our vision to *'To be the best in developing tomorrow's engineering, computing and science professionals.'* Similarly, our mission has also been extended to prepare students for employment, university and now specifically for apprenticeships.

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

## **Norfolk UTC**

### **Structure, Governance and Management**

The Governors (who are also Trustees and Directors for the charitable activities of the company) present their annual report together with the audited financial statements of Norfolk UTC (“the company”), business name University Technical College Norfolk (UTCN), for the year ended 31 August 2019. The Governors confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Charities SORP (FRS 102).

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

### **Constitution**

The charitable company is known as Norfolk UTC and was incorporated on 16 January 2012.

Norfolk UTC is a company limited by guarantee and an exempt charity regulated by the Department for Education. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The Governors act as the Trustees for the charitable activities of Norfolk UTC for the purposes of company and charities law.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 3.

### **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.

### **Governors' Indemnities**

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

### **Method of Recruitment and Appointment or Election of Governors**

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

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

## **Norfolk UTC**

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

All prospective appointed Governors are interviewed by the Chairman.

### **Policies and Procedures Adopted for the Induction and Training of Governors**

All Governors are offered induction training with the Governance Office.

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

A copy of the DfE's Governors Handbook is provided to all Governors. In addition, for 2018-19 Governors were provided with a copy of the TEN Group governance statement. Going forward, Governors will be provided with the latest governance statement.

A programme of training covering relevant topics has been agreed for the academic year and comprises not less than one training session per term and includes training events organised by Transforming Education in Norfolk.

### **Organisational Structure**

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

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

The Board has agreed that the Principal is the Accounting Officer of the Academy.

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

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

### **Connected Organisations, including Related Party Relationships**

On 1 September 2012 Norfolk UTC joined in partnership with City College Norwich, City Academy Norwich and Norfolk Academies to become part of Transforming Education in Norfolk (the TEN Group), a registered charity no. 1148753 with the objects: to advance for the public benefit education and training in Norfolk and elsewhere; and to provide for the public benefit the best possible learning opportunities for students.

A shared services company, Norfolk Educational Services Limited (NES), has been established by the TEN Group to provide services, including IT, HR and Finance, to partner institutions of the TEN Group, including Norfolk UTC. NES became operational from 1 September 2012.

## **Norfolk UTC**

Norfolk UTC was part of the TEN Group until 1 September 2019, when it left the TEN Group in preparation for joining a multi-academy trust. During 2018-19, through the TEN Group, Norfolk UTC worked with its partner institutions in the TEN Group to achieve a shared vision of widening opportunities, enhancing learning through innovation and personalisation of the curriculum, and developing progression pathways for Norfolk's students. From 1 September 2019, although no longer part of the TEN Group, Norfolk UTC continues to hold this vision for its students.

### **Arrangements for Setting Pay and Remuneration of Key Management Personnel**

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

### **Trade Union (Facility Time Publication Requirements) Regulation 2017**

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

## **Objectives and Activities**

### **Objects and Aims**

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

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

### **Objectives, Strategies and Activities**

Norfolk UTC is determined to create learning opportunities which stretch students, drive up standards and offer the right preparation for progression either into further education or work. Not simply a target, this has become the binding vision of the partnership and means more than raising aspirations and gaining appropriate qualifications, although these remain key outcomes.

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

For 2018-19, Norfolk UTC was sponsored by the TEN Group, the University of East Anglia (UEA) and a group of employer sponsors. The sponsors have been developing the Norfolk UTC vision since 2010 and are committed to delivering outstanding learning opportunities in the fields of Engineering and Energy skills for 14-19 students from across the sub regional area of Norfolk, East Cambridgeshire and North Suffolk.

## Norfolk UTC

The sponsors are committed to:

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

The key objectives for the year were:

- Achieve a 'Good' OFSTED grading.
- Recruit the target number of students for Year 10 and Year 12 entry.
- Maintain first-rate destinations for students on the completion of their courses.
- Maximise examination results.
- Ensure positive cash reserves remain at the end of the financial year.

## Public Benefit

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

In carrying out their activities during 2018/2019 (further reported on below), the Governors have given careful consideration to the Charity Commission's general guidance on public benefit, and in particular to its supplementary guidance on advancing education.

## Strategic Report

### Achievements and Performance against Key Performance Indicators

- KPI: Achieve a 'Good' OFSTED grading
  - September 2018: UTCN was graded 'Requires Improvement'
  - 'Good' was achieved overall and across all areas in the May 2019 inspection
- KPI: Recruit the target number of students for Year 10 and Year 12 entry – financial target of 300 students was set
  - 252 students were shown on the October 2017 census
  - 272 students were shown in the October 2018 census
  - 340 students were shown in the October 2019 census
- KPI: Maintain first-rate destinations for students on the completion of their courses.
  - Destinations continued to be first rate with 100% of students in education, employment or training.
- KPI: Maximise examination results
  - See tables below
- KPI: • Ensure positive cash reserves remain at the end of the financial year
  - £8k cash reserves will be carried forward to the next financial year.



## Norfolk UTC

### Key Stage 4 Results 2019

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

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

\*The DfE Progress 8 measure looks at student progress from the end of Year 6 to the end of Year 11. As UTCs only have students for 20 out of the 60 months of this period, we calculate our own Progress 8 Score using nationally recognised GL Assessment Data. based on starting points, was positive at +0.03 and above the national average of 0.00.

## Norfolk UTC

### Key Stage 5 Results 2019

<b>LEVELS</b>			
	<b>2019</b>	<b>2018</b>	<b>2017</b>
AAB, 2 facilitating subjects	0	0	0
Best 3 A Levels Grade	D-	D	D
Best 3 A Levels Points	15.93	24.89	20.0
A*-E	67.2	91	75
A*-C	21.3	49	23
A*-B	9.8	25	6
Average Result Points	14.36	24.79	15.5
Average Grade	E+	D+	D-
COHORT NUMBERS	33	37	60

<b>ACADEMIC</b>			
	<b>2019</b>	<b>2018</b>	<b>2017</b>
A*-E	76.2	86	79.8
A*-C	32.1	44	36.1
A*-B	15.6	24	13.5
Average Result Points	16.2	23.6	16.99
Average Grade	D-	D+	D-
COHORT NUMBERS	48	54	63

## Norfolk UTC

<b>APPLIED</b>			
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Average Result Points	33.5	27.5	
Average Grade	D	M+	
COHORT NUMBERS	14	36	

<b>TECHNICAL</b>			
KPI	2019	2018	2017
D* - P	100		100
D* - M	79		80
D*D* - PP	100	100	100
D*D* - MM	35	27	82
Average Result Points	23.2	21.78	38.45
Average Grade	M-	M-	D+
COHORT NUMBERS	22	15	64

A-Level results were disappointing, however, Engineering results continued to improve. A-level A\*-C is the academic area that is the focal point for 2020 results.

### Going Concern

The Board has reviewed the financial outturn for 2018/2019, the budget for 2019/2020, the latest management accounts for 2019/2020 and a monthly cash flow forecast and have fully considered this information when considering the going concern assumption for these accounts.

The key challenge remains student recruitment. Whilst student enrolment numbers are increasing year on year the College is still in its infancy with a number of years not at capacity. Whilst management believe that sufficient student numbers will enrol in order to be able to have headroom in the cash flow forecast there are mitigating actions that could be implemented such as managing pay and non-payroll inflation pressures.

The Board have also discussed various strategies in light of the potential financial challenges, including making further savings, closely monitoring student application levels and discussing with the ESFA and the Baker Dearing Trust the status of national transition grants going forward.

Although 2020 student numbers will not be known until enrolment is complete the Board of Governors has a reasonable expectation that the Norfolk UTC will have adequate resources to continue to operate. The Board will continue to adopt the going concern basis in preparing the financial statements.

## Norfolk UTC

### Financial Review

This annual report reflects the twelve months of activity to 31 August 2019. During the period, the Norfolk UTC received total income of £2,116k and incurred total expenditure of £2,605k.

Total income includes:

- £2,061k of funding for the Academy's Educational Operations – this was primarily £1,681k ESFA funding via the General Annual Grant;
- £44k for donations and capital grants; and
- £11k of income for trading activities.

Total resources expended for the same period includes:

- £2,716k on Academy's educational operations, including teaching and support staff costs, depreciation of the site, educational materials, utilities etc; and
- £2k on expenditure on raising funds.

The net income/expenditure (before transfers and actuarial losses) for the year shown in the Statement of Financial Activities was a deficit of £602k which comprises:

- £283k deficit on the unrestricted funds and the restricted general funds. £113k of this deficit is as a result of the pension costs of staff that TUPE transferred from NES to UTC Norfolk during 2018/19; and
- £319k deficit on restricted fixed asset funds which is primarily driven by the depreciation charge on the estate and equipment.

In addition to the net income/expenditure for the year, the Academy is required to account for £174k of actuarial loss on the valuation of the Local Government Pension Scheme. This loss is notified by the actuary to the Norfolk Pension Fund and is outside of the control of Norfolk UTC.

Norfolk UTC had reserves brought forward of £6,746k, and carries forward reserves of £5,970k as at 31 August 2019. The reserves comprise:

- £8k surplus on unrestricted funds;
- £357k deficit on restricted funds – this is the LGPS pension liability for those staff employed by the Academy Trust. As noted above the valuation of the LGPS pension liability is notified to the Academy Trust by the actuary to the Norfolk Pension Fund. It is not directly within the control of the Academy Trust; and
- £6,319k surplus on fixed asset funds – this will be used to fund future depreciation of the Academy Trust leasehold, fixtures, fittings and IT equipment.

### Reserves Policy

Norfolk UTC is funded based on the estimated number of students expected to be admitted in September (the start of the autumn term). A detailed balanced budget for 2019-20 has been set which recognises a small operating surplus of £56k (excluding the impacts of FRS 102 pension costs). This is based on an estimate of 300 funded students - indications are that enrolments for 2019/20 are c13% greater than budgeted which will have a positive impact on income levels going forwards.

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

## **Norfolk UTC**

### **Investments Policy**

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

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

At 31 August 2019 the Norfolk UTC held £116k of cash at bank and in hand.

### **Principal Risks and Uncertainties**

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

In the opinion of the Governors, the continuing key risk facing the Norfolk UTC is that it will not be sufficiently subscribed to be able to generate a surplus. To mitigate this risk an extensive marketing and promotion campaign was undertaken in the prior year to highlight the Norfolk UTC's unique benefits to the region's students. This has resulted in an increase in student numbers for 2019-20 which the Academy hopes to build on for 2020 and beyond.

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

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

### **Fundraising**

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

## Norfolk UTC

### Plans for Future Periods

In-line with current government policy, UTCN wishes to secure its future sustainability by becoming part of a Multi-Academy Trust (MAT). Progress towards joining this new trust is proceeding and it is anticipated that UTCN will join Bohunt Education Trust (BET) on 01/09/20. This is a key strategic development for the Academy and the focus for the 2019/20 year will be on the successful transition of staff, system and processes into the new MAT.

As it is still only the fifth year of delivery at UTCN, it remains imperative that systems are in place to ensure that the delivery of services to the students are of the highest quality, meeting the exacting standards set by the Governors. This will be monitored by the Governing Body and regularly reported on by the senior leadership team.

### Funds Held as Custodian Trustee on Behalf of Others

The Academy Trust, nor its Trustees, act as a custodian trustee for another charity.

### Auditor

In so far as the Governors are aware:

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

Approved by order of the Board of Governors on 11 December 2019 and signed on its behalf by:



**Ben Milner**  
Chairman of the Board

## Norfolk UTC

### Governance Statement

#### Scope of Responsibility

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

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

#### Governance

The information on governance included here supplements that described in the Governors Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 4 times during the 2018-19 period. The Finance and Audit Committee has met on an additional 3 occasions meaning that finances have been scrutinised on 7 occasions during the year. Attendance during the period at meetings of the Board of Governors was as follows:

<b>Governor</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
Ben Milner (Chairman)	4	4
Alex Hayes (Principal)	4	4
Richard Hill	1	3
Julie Schofield	3	4
Jerry White	3	3
Nicola Finch	3	4
Peter van der Horst	3	4
Claire Smithson	4	4
Chris Porter	4	4
Claire Kerrison	1	4
Roger Bennington	2	4
Arthur (StJohn) Richardson	1	3

## Norfolk UTC

### Governance Statement (continued)

The **Finance Audit & Risk Committee** oversees the adequacy and effectiveness of the charitable company's system of internal control and its arrangements for risk management, control and governance processes, and to advise the Board. This year, the committee has overseen the staffing restructure that took place in May 2019. It met 3 times during the year, and attendance at meetings was as follows:

Member	Meetings Attended	Out of a Possible
Chris Porter	1	3
Peter van der Horst	3	3
Arthur (StJohn) Richardson	1	2
Ben Milner	1	1
Alex Hayes	3	3

The **Standards Committee** is a committee of the main Governing Body. Its purpose is to oversee general academic matters of the Academy. This year, the committee has spent considerable time working with the Principal to ensure that the school was ready for its OFSTED inspection. It met 3 times during the year, and attendance at meetings was as follows:

Member	Meetings Attended	Out of a Possible
Alex Hayes	3	3
Ben Milner	3	3
Richard Hill	0	2
Jerry White	2	2
Nicola Finch	3	3

The Board did not undertake a governance self-assessment for the year 2018-19. The self-assessment is a bi-annual process, and will be conducted again in 2019.



## Norfolk UTC

### Governance Statement (continued)

#### 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's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy trust has delivered improved value for money during the year by:

- Reviewing the staffing establishment: the 2019 staffing review has led to saving in the region of £90k per annum. This review reduced the size of the leadership team and rebalanced staffing and the curriculum to maximise curriculum efficiency and effectiveness.

Going into 2019-20 we have identified the following areas for further improvement in relation to value for money:

- With the ending of the NES contract we anticipate savings will be made through the tendering of individual support service contracts.
- Continuous review and challenge of costs, including all contracts that are due for renewal.

#### 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 Norfolk UTC for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

#### Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the Norfolk UTC is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy trust's significant risks that has been in place for the year ending 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

#### *Fraud*

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

## Norfolk UTC

### Governance Statement (continued)

#### *Bribery*

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

#### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the governing body 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.

Following the requirements of the Academies Financial Handbook, the Board of Governors decided not to appoint a Responsible Officer and instead relied on the Group internal auditor to act as a reviewer and perform additional checks.

The Group internal auditor is Scrutton Bland. In 2018-19 they performed a range of audits for the Group and of particular relevance to the academies included reviews of:

- Validation of the KPI Performance Dashboard;
- Key financial controls;
- Estates Management, including site safety and health & safety;
- Human Resources;
- Accident, Incident and Near Miss Reporting; and
- Follow-up of previous recommendations.

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

The Director of Finance of Norfolk Educational Services (shared services company) has also given advice on financial matters and performed a range of checks on the Academy trust's financial systems.

Lastly, for 2018-19, Norfolk UTC implemented the TEN Group Financial Regulations and Procedures, which were approved by the TEN Board of Trustees.

## Norfolk UTC

### 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 2018-19 period the review has been informed by:

- the work of the Group Internal Auditor;
- the work of the External Auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the maintenance and development of the internal control framework.

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

Approved by order of the Board of Governors on 11 December 2019 and signed on its behalf by:



**Ben Milner**  
Chairman of the Board



**Alex Hayes**  
Accounting Officer

## Norfolk UTC

### Statement on Regularity, Propriety and Compliance

As accounting officer of the Norfolk UTC I have considered my responsibility to notify the Board of Governors and the Department for Education of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the company and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2018).

I confirm that the Norfolk UTC Board of Governors are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement, and the Academies Financial Handbook (2018).

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Governors and ESFA.

A handwritten signature in black ink, appearing to read 'Alex Hayes', with a long, sweeping tail extending to the right.

**Alex Hayes**  
Accounting Officer

11 December 2019

## Norfolk UTC

### **Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements**

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's 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 in the Charities SORP (FRS 102) and the Academies Accounts Direction 2018 to 2019;
- make judgements and 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 the ESFA/Department for Education 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Norfolk UTC**

Approved by order of the members of the Board of Governors on 11 December 2019 and signed on its behalf by:

A handwritten signature in black ink that reads "Ben Milner". The signature is written in a cursive, slightly slanted style.

**Ben Milner**  
Chairman of the Board  
Registered Office  
C/O City College Norwich  
Ipswich Road  
Norwich NR2 2LJ

## **Independent Auditor's Report to the Members of Norfolk UTC**

### **Opinion**

We have audited the financial statements of Norfolk UTC ("the charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2018 to 2019* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the members, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the charitable company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the charitable company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the charitable company's business model, including the impact of Brexit, and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

### **Other information**

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Annual Report and Governance Statement which includes the Directors' report and Governance Report, the Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the Governance Report and the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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.

We have nothing to report in these respects.

### **Trustees' responsibilities**

As explained more fully in their statement set out on page 25, the trustees (who are the directors of the charitable company 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company'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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



**The purpose of our audit work and to whom we owe our responsibilities**

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

*S Beavis*

**Stephanie Beavis (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Dragonfly House  
2 Gilders Way  
Norwich  
NR3 1UB

Date: *20 December 2019*

## **Independent Reporting Accountant's Assurance Report on Regularity to Norfolk UTC and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Norfolk UTC (the Academy Trust) and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust 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 the Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education as amended by the Deed of Variation dated 27 September 2013 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2019
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2018 to 2019.

## Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*S Beavis*

Stephanie Beavis

## Reporting Accountant for and on behalf of KPMG LLP

Chartered Accountants

Dragonfly House

2 Gilders Way

Norwich

NR3 1UB

Date: *20 December 2019*

## Norfolk UTC

### Statement of Financial Activities for the year ended 31 August 2019

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
<b>Income and endowments from:</b>						
Donation and capital grants	2	-	13	31	44	37
Charitable activities:						
Funding for the Academy's educational operations	3	23	2,038	-	2,061	1,864
Other trading activities	4	11	-	-	11	3
Investments	5	-	-	-	-	-
<b>Total</b>		<b>34</b>	<b>2,051</b>	<b>31</b>	<b>2,116</b>	<b>1,904</b>
<b>Expenditure on:</b>						
Raising funds	6	2	-	-	2	1
Charitable activities:						
Academy's educational operations	6	23	2,343	350	2,716	2,497
<b>Total</b>		<b>25</b>	<b>2,343</b>	<b>350</b>	<b>2,718</b>	<b>2,498</b>
<b>Net income / (expenditure)</b>		<b>9</b>	<b>(292)</b>	<b>(319)</b>	<b>(602)</b>	<b>(594)</b>
<b>Transfers between funds</b>	15	<b>(6)</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension scheme		-	(174)	-	(174)	27
<b>Net movement in funds</b>		<b>3</b>	<b>(460)</b>	<b>(319)</b>	<b>(776)</b>	<b>(567)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		5	103	6,638	6,746	7,313
<b>Total funds carried forward</b>		<b>8</b>	<b>(357)</b>	<b>6,319</b>	<b>5,970</b>	<b>6,746</b>

All of the academy's activities derive from continuing operations during the above financial periods.

All gains and losses are included in the Statement of Financial Activities.

The notes on pages 31 to 57 form part of these financial statements.

## Norfolk UTC

### Balance Sheet as at 31 August 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
<b>Fixed Assets</b>					
Tangible Assets	11		6,309		6,638
<b>Current Assets</b>					
Stock	12	1		3	
Debtors	13	84		115	
Cash at bank and in hand		116		265	
		<u>201</u>		<u>383</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	<u>(183)</u>		<u>(239)</u>	
<b>Net current assets / (liabilities)</b>			<u>18</u>		<u>144</u>
Total assets less current liabilities			6,327		6,782
Provisions for liabilities			<u>-</u>		<u>-</u>
<b>Net assets excluding pension liability</b>			6,327		6,782
Pension scheme (liability)	25		(357)		(36)
<b>Net assets including pension liability</b>			<u>5,970</u>		<u>6,746</u>
<b>Funds of the academy:</b>					
<b>Restricted income funds</b>					
- Fixed asset fund(s)	15		6,319		6,638
- General fund(s)	15		0		139
- Pension reserve	15		(357)		(36)
<b>Total restricted funds</b>			<u>5,962</u>		<u>6,741</u>
<b>Unrestricted income funds</b>					
- General fund(s)	15		8		5
<b>Total unrestricted funds</b>			<u>8</u>		<u>5</u>
Total funds			<u>5,970</u>		<u>6,746</u>

The financial statements on pages 28 to 57 were approved by the governors and authorised for issue on 11 December 2019 and are signed on their behalf by:

Signed 

Name – Chair Ben Milner

Company registration number: 7911472 (England and Wales)

## Norfolk UTC

### Cash Flow Statement for the year ended 31 August 2019

	Notes	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	(157)	(708)
Cash flows from investing activities	21	8	(7)
Cash flows from financing activities	20	-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(149)</u>	<u>(715)</u>
<b>Cash and cash equivalents at the 1 September</b>		265	980
<b>Cash and cash equivalents at the 31 August</b>	22	<u>116</u>	<u>265</u>

The notes on pages 31 to 57 form part of these financial statements.

## Norfolk UTC

### Notes to the Financial Statements for the Year Ended 31 August 2019

#### 1. Statement of Accounting Policies

##### Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

##### Going Concern

The Board has reviewed the financial outturn for 2018-19, the budget for 2019-20, the latest management accounts for 2019-20, a summary budget for 2020-21 and a monthly cash flow forecast and have fully considered this information when considering the going concern assumption for these accounts.

The key challenge remains student recruitment. Whilst student enrolment numbers are increasing year on year the College is still in its infancy with a number of years not at capacity. 2019-20 has seen a significant increase in enrolments - an approximate 13% more than budgeted for and this will benefit future budgets with lagged funding. Management believe that enrolments will continue to grow in future years which will provide greater headroom in the cash flow forecast.

The Board have also discussed various strategies in light of the potential financial challenges, including making further savings, closely monitoring student application levels and discussing with the ESFA and the Baker Dearing Trust the status of national transition grants going forward.

After making appropriate enquiries and reviewing appropriate evidence, the Board 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.

##### 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. Further details of the types of grants are shown in note 15.

## Notes to the Financial Statements for the Year Ended 31 August 2019

### 1. Statement of Accounting Policies (continued)

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Unspent amounts are reflected as a balance in the restricted general fund.

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

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

### Expenditure

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

- **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.

### Tangible Fixed Assets

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



## Notes to the Financial Statements for the Year Ended 31 August 2019

### 1. Statement of Accounting Policies (continued)

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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold premises	50 years
Freehold roof	10 years
Specialist equipment	10 years
Fixtures, fittings and general equipment	5 years
ICT equipment	3 to 4 years

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.

### 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.

### 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.

### Stock

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

## Norfolk UTC

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 1. Statement of Accounting Policies (continued)

##### Taxation

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

##### 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. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 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.

## Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

### 1. Statement of Accounting Policies (continued)

#### 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 Governors.

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

Restricted general funds comprise of all other restricted funds received and include grants from the Education Funding Agency.

#### Critical accounting estimates and areas of judgement

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

##### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions' liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability

##### *Critical areas of judgement*

There are no critical areas of judgement, other than actuarial valuation of the pension scheme exercised in the preparation of these financial statements.

#### Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

2 - Donations and Capital Grants

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	£000	£000	£000	£000	£000
Capital Grants	-	-	31	31	24
Other Donations	-	13	-	13	13
	-	13	31	44	37

3 - Funding for Academy's Educational Operations

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	£000	£000	£000	£000	£000
<b><u>DfE / ESFA Revenue Grants</u></b>					
General Annual Grant (GAG)	-	1,681	-	1,681	1,528
Start-up Grants	-	-	-	-	20
Other DfE/ESFA Grants	-	233	-	233	236
	-	1,914	-	1,914	1,784
<b><u>Other Government Grants</u></b>					
Local Authority Grants	-	78	-	78	14
	-	78	-	78	14
Other income from the academy trust's educational operations	23	46	-	69	66
	23	2,038	-	2,061	1,864

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 4 - Other Trading Activities

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	£000	£000	£000	£000	£000
Miscellaneous Income	11	-	-	11	3
	11	-	-	11	3

#### 5 - Investment Income

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	£000	£000	£000	£000	£000
Interest Receivable	-	-	-	-	-
	-	-	-	-	-

#### 6 - Resources Expended

	Non-Pay Expenditure			Total 2019	Total 2018
	Staff Costs	Premises	Other Costs	£000	£000
	£000	£000	£000	£000	£000
Expenditure on raising funds					
- Direct costs	-	-	2	2	1
- Allocated support costs	-	-	-	-	-
Academy's educational operations					
- Direct costs	1,409	-	204	1,613	1,385
- Allocated support costs	275	343	485	1,103	1,112
	1,684	343	691	2,718	2,498

#### Net income/(expenditure) for the period includes:

	Total 2019	Total 2018
	£000	£000
Operating leases	-	-
Depreciation	344	439
(Gain) / loss on disposal of fixed assets	-	-
Fees payable to auditor:		
- external audit	11	11
- internal audit	2	2

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 7 - Charitable Activities - Academy's Educational Operations

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	£000	£000	£000	£000	£000
<b>Direct Costs</b>					
Teaching & Educational Support Staff Costs	-	1,409	-	1,409	1,177
Educational Supplies	-	38	-	38	50
Examination Fees	-	58	-	58	51
Staff Development	-	12	-	12	11
Educational Services & Support	-	42	-	42	41
Educational Visits	-	35	-	35	35
Student Costs	-	7	-	7	6
Other Direct Costs	-	12	-	12	14
	-	1,613	-	1,613	1,385
<b>Allocated Support Costs</b>					
Support Staff Costs	23	252	-	275	92
Recruitment & Support	-	7	-	7	5
Maintenance of Premises & Equipment	-	36	6	42	32
Utilities	-	61	-	61	74
Cleaning	-	35	-	35	31
Rent & Rates	-	37	-	37	35
Insurance	-	9	-	9	8
Bought-in Services	-	138	-	138	241
Catering	-	21	-	21	29
Bank Interest & Charges	-	1	-	1	1
Security & Transport	-	21	-	21	19
Pension Interest	-	3	-	3	1
Depreciation	-	-	344	344	439
Other Support Costs	-	93	-	93	90
Governance Costs	-	16	-	16	15
	23	730	350	1,103	1,112
<b>Total</b>	<b>23</b>	<b>2,343</b>	<b>350</b>	<b>2,716</b>	<b>2,497</b>

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 8 - Staff

##### a. Staff Costs

Staff Costs during the period were:

	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£000</b>	<b>£000</b>
Wages & Salaries	1,158	953
Social Security Costs	118	93
Pension Costs	328	165
	<hr/>	<hr/>
	1,604	1,211
Supply teacher costs	24	22
Supply non-teaching costs	2	13
Catering staff costs	26	23
Staff restructuring costs	28	-
	<hr/>	<hr/>
	1,684	1,269
Staff restructuring costs comprise:		
Redundancy payments	28	-
	<hr/>	<hr/>
	28	-
	<hr/>	<hr/>

##### b. Staff severance payments

Included in staff restructuring are non-statutory/non-contractual severance payments totalling £0 (2017: £0).

No. of the non-statutory/non-contractual severance payments totalling £0 (2017 £0) exceeded £5,000 individually and these were for 0 and 0.

##### c. Staff numbers

The average number of persons (including senior management team) employed by the academy during the year expressed as full-time equivalents was as follows:

<b>Charitable Activities</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
	<b>Headcount</b>	<b>FTE</b>	<b>Headcount</b>	<b>FTE</b>
Teachers	19	17	19	17
Administration & support *	15	12	9	7
Management	4	3	4	4
	<hr/>	<hr/>	<hr/>	<hr/>
	38	32	32	28

\* The increase in admin and support staff is mainly as a result of the TUPE of staff from Norfolk Educational Services to UTC Norfolk during the year.

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 8 – Staff (continued)

##### d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2019	2018
	No.	No.
£60,001 - £70,000	1	-
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
	<hr/>	<hr/>
	2	1

The increase in higher paid staff was due to 1 member of staff receiving additional statutory redundancy payments and payment in lieu of notice following the leadership team restructure.

The disclosure above excludes employer pension contributions.

The above employees participated in the Teachers Pension Scheme (TPS). During the year ended 31st August 2019, pension contributions for these staff amounted to £22k (2018 - £14k).

##### e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £359k (2018: £276k)

#### 9 - Related Party Transactions - Trustees' Remuneration and Expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as directors. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

##### A Hayes (Principal & Trustee)

Remuneration £85,001 - £90,000 (2018 £80,001 - £85,000)

Employers pension contributions £10,000 - £15,000 (2018 £10,000 - £15,000)

##### C Porter (Staff Trustee)

Remuneration £45,001 - £50,000 (2018 £40,001 - £45,000)

Employers pension contributions £5,000 - £10,000 (2018 £5,000 - £10,000)

During the year end 31 August 2019, travel and subsistence expenses totalling £392 (2018 £372) were reimbursed to 2 directors (2018 - 2 directors).

Other related party transactions involving the directors are set out in note 27.

#### 10 - Directors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim. The cost for the year is difficult to separate as it is included in a TEN group policy.



## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 11 - Tangible Fixed Assets

	Freehold land & buildings £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>			
At 1 September 2018	6,885	1,438	8,323
Additions	3	13	16
Disposals	-	(19)	(19)
At 31 August 2019	<u>6,888</u>	<u>1,432</u>	<u>8,320</u>
<b>Depreciation</b>			
At 1 September 2018	(628)	(1,057)	(1,685)
Charged in the year	(159)	(185)	(344)
On Disposals	-	18	18
At 31 August 2019	<u>(787)</u>	<u>(1,224)</u>	<u>(2,011)</u>
<b>Net Book Values</b>			
At 31 August 2019	<u>6,101</u>	<u>208</u>	<u>6,309</u>
At 31 August 2018	<u>6,257</u>	<u>381</u>	<u>6,638</u>

<b>12 - Stock</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Educational Supplies	1	3
	<u>1</u>	<u>3</u>

<b>13 - Debtors</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade Debtors	10	12
VAT Recoverable	21	28
Accrued income	9	23
Prepayments	33	45
Amounts owed by fellow subsidiary companies	11	7
	<u>84</u>	<u>115</u>

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

<b>14 - Creditors</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade Creditors	46	7
Taxation and social security	29	24
Other Creditors	36	41
Accruals and Deferred Income	72	51
Amounts owed to fellow subsidiary companies	-	7
Amounts due to funding body	-	109
	<hr/>	<hr/>
	183	239

#### Deferred Income

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Deferred Income as at 1 September 2017	1	36
Resources deferred in the year	29	1
Amounts released from previous years	(1)	(36)
Deferred Income as at 31 August 2018	<hr/>	<hr/>
	29	1

At the balance sheet date the academy trust was holding funds received in advance for 2019-20 for NAO income, rates income, energy grants and student bus pass income.

Norfolk UTC

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

15 - Funds

	Balance at 1 September 2018	Incoming Resource s	Resources Expended	Gains, losses and transfers	Balance at 31 August 2019
	£000	£000	£000	£000	£000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	139	1,681	(1,826)	6	-
Pupil Premium Grant	-	32	(32)	-	-
Start Up Grants	-	-	-	-	-
Transition Grant	-	200	(200)	-	-
Donations	-	13	(13)	-	-
Cluster	-	-	-	-	-
Other	-	82	(82)	-	-
School funds & Educational visits	-	43	(43)	-	-
LGPS Pension Reserve	(36)	-	(147)	(174)	(357)
	103	2,051	(2,343)	(168)	(357)
<b>Restricted fixed asset funds</b>					
DfE Acquisition capital grants	2,024	-	(44)	-	1,980
DfE / ESFA Capital grants	4,596	31	(303)	-	4,324
Capital expenditure from GAG	15	-	(3)	-	12
Other capital grants	3	-	-	-	3
	6,638	31	(350)	-	6,319
<b>Total restricted funds</b>	<b>6,741</b>	<b>2,082</b>	<b>(2,693)</b>	<b>(168)</b>	<b>5,962</b>
<b>Unrestricted funds</b>					
Unrestricted funds	5	34	(25)	(6)	8
<b>Total unrestricted funds</b>	<b>5</b>	<b>34</b>	<b>(25)</b>	<b>(6)</b>	<b>8</b>
<b>Total funds</b>	<b>6,746</b>	<b>2,116</b>	<b>(2,718)</b>	<b>(174)</b>	<b>5,970</b>

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 15 – Funds (continued)

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

The **General Annual Grant (GAG)** has been provided by the EFA in order to fund the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the Academy is not limited on the amount of GAG that can be carried forward at 31 August 2019.

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

**Start Up Grants** relate to funding provided by the ESFA to cover the additional costs that incur after the Academy opens.

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

The **Project Development Fund** grant is provided by the DfE to cover eligible expenditure in relation to the development of detailed plans for, and the opening of, the UTCN project.

**Donation Income** relates to donations towards education support costs and the funding of expenditure on student competition participation.

**Cluster Income** The fund has been used to increase the activity level of support staff within the Cluster.

**School Funds and Educational Visits** Income related to funds derived from students and are used to fund student activities including educational visits.

**Local Government Pension Scheme (LGPS)** represents the Academy's share of the Local Government Pension Scheme.

The **DfE Capital Acquisition Grant** relates to the purchase of the UTC Norfolk site.

The **ESFA Capital Expenditure Grant** is provided by the ESFA to cover the redevelopment of the UTCN site, and the provision of ICT and Specialist Equipment.

The **Other Capital Grants** fund has been used in relation to emergency electrical works at the UTCN site, ahead of the Capital Expenditure project. Reimbursement of costs are to come from the project contractor.

The **Capital Expenditure from GAG** fund represents capital expenditure made out of GAG funding.

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 15 – Funds (continued)

Comparative information in respect of preceding period is as follows:

	Balance at 1 September 2017	Incoming Resources	Resources Expended	Gains, losses and transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	312	1,528	(1,701)	-	139
Pupil Premium Grant	1	35	(36)	-	-
Start Up Grants	-	20	(5)	(15)	-
Transition Grant	-	200	(200)	-	-
Donations	-	13	(13)	-	-
Cluster	-	9	(9)	-	-
Other	-	6	(6)	-	-
School funds & Educational visits	-	37	(37)	-	-
LGPS Pension Reserve	(41)	-	(22)	27	(36)
	272	1,848	(2,029)	12	103
<b>Restricted fixed asset funds</b>					
DfE Acquisition capital grants	2,068	-	(44)	-	2,024
DfE / ESFA Capital grants	4,948	24	(391)	15	4,596
Capital expenditure from GAG	19	-	(4)	-	15
Other capital grants	3	-	-	-	3
	7,038	24	(439)	15	6,638
<b>Total restricted funds</b>	<b>7,310</b>	<b>1,872</b>	<b>(2,468)</b>	<b>27</b>	<b>6,741</b>
<b>Unrestricted funds</b>					
Unrestricted funds	3	32	(30)	-	5
<b>Total unrestricted funds</b>	<b>3</b>	<b>32</b>	<b>(30)</b>	<b>-</b>	<b>5</b>
<b>Total funds</b>	<b>7,313</b>	<b>1,904</b>	<b>(2,498)</b>	<b>27</b>	<b>6,746</b>

## Notes to the Financial Statements for the year ended 31 August 2019 (continued)

## 15 – Funds (continued)

A current 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2017 £000	Incoming Resources £000	Resources Expended £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	312	3,209	(3,527)	6	-
Pupil Premium Grant	1	67	(68)	-	-
Start Up Grants	-	20	(5)	(15)	-
Transition Grant	-	400	(400)	-	-
Donations	-	26	(26)	-	-
Cluster	-	9	(9)	-	-
Other	-	88	(88)	-	-
School funds& Educational visits	-	80	(80)	-	-
LGPS Pension Reserve	(41)	-	(169)	(147)	(357)
	272	3,899	(4,372)	(156)	(357)
<b>Restricted fixed asset funds</b>					
DfE Acquisition capital grants	2,068	-	(88)	-	1,980
DfE/ESFA capital grants	4,948	55	(694)	15	4,324
Capital expenditure from GAG	19	-	(7)	-	12
Other capital grants	3	-	-	-	3
	7,038	55	(789)	15	6,319
<b>Total restricted funds</b>	<b>7,310</b>	<b>3,954</b>	<b>(5,161)</b>	<b>(141)</b>	<b>5,962</b>
<b>Unrestricted funds</b>					
Unrestricted funds	3	66	(55)	(6)	8
<b>Total unrestricted funds</b>	<b>3</b>	<b>66</b>	<b>(55)</b>	<b>(6)</b>	<b>8</b>
<b>Total funds</b>	<b>7,313</b>	<b>4,020</b>	<b>(5,216)</b>	<b>(147)</b>	<b>5,970</b>

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 16 - Analysis of Net Assets Between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2019	Total Funds 2018
Tangible Fixed Assets	-	-	6,309	6,309	6,638
Current Assets	8	183	10	201	383
Current Liabilities	-	(183)	-	(183)	(239)
Long Term Liabilities	-	-	-	-	-
Pension Scheme Liability	-	(357)	-	(357)	(36)
<b>Total net assets</b>	<b>8</b>	<b>(357)</b>	<b>6,319</b>	<b>5,970</b>	<b>6,476</b>

#### 17 - Capital Commitments

	2019 £000	2018 £000
Contracted for, but not provided for in the financial statements	-	-
Commitments authorised but not contracted for at 31 August	-	10

#### 18 - Financial Commitments

Operating Leases -

At 31 August the academy had annual commitment under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Land & Buildings	-	-
Other:		
Amounts due within one year	4	-
Amounts due between one and five years	13	-

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 19 - Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2019	2018
	£000	£000
Net income	(602)	(594)
Adjusted for:		
Depreciation (note 11)	344	439
Capital grants from DfE and other capital income (note 15)	(36)	(19)
Interest receivable (note 5)	-	-
Defined benefit pension scheme cost less contributions payable (note 25)	31	21
Defined benefit pension scheme finance (income) / cost (note 25)	3	1
Defined benefit pension scheme – costs of business combinations – TUPE staff (note 25)	113	-
(Increase) / decrease in stock	2	(2)
(Increase) / decrease in debtors	31	(34)
Increase / (decrease) in creditors	(43)	(520)
<b>Net cash inflow from operating activities</b>	<b>(157)</b>	<b>(708)</b>

#### 20 - Cash Flows from Financing Activities

	2019	2018
	£000	£000
Cash inflows from new borrowing	-	-
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>

#### 21 - Cash Flows from Investing Activities

	2019	2018
	£000	£000
Interest received	-	-
Proceeds from sale of tangible fixed assets	1	-
Purchase of tangible fixed assets	(29)	(26)
Capital grants from DfE / ESFA	36	19
<b>Net cash (used in) / provided by investing activities</b>	<b>8</b>	<b>(7)</b>

#### 22 - Analysis of Cash and Cash Equivalents

	At 31 August 2019	At 31 August 2018
	£000	£000
Cash in hand and at bank	116	265
	<b>116</b>	<b>265</b>



## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 23 - Contingent Liabilities

The company had no other contingent liabilities as at 31 August 2019 (none as at 31 August 2018).

#### 24 - 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.

#### 25 - Pension and Similar Obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016. The triennial valuation for the LGPS was performed as at 31 March 2019 however the results of this have yet to be issued. The pension costs below are therefore based upon the results of the triennial valuation performed on 31 March 2016.

Contributions amounting to £23k (2018: £19k) were payable to the schemes at 31 August 2019 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

## Notes to the Financial Statements for the year ended 31 August 2019 (continued)

### 25 - Pension and Similar Obligations (continued)

#### Valuation of the Teachers' Pension Scheme

Not less than every four years 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. 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 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education in April 2019. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates will increase from 1 September 2019 to 23.68% of pensionable pay (prior to this the rate is 16.48% of pensionable pay, which was set by the 2012 valuation). This rate will be payable until 31 March 2023, the date of the next valuation.
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218.1 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196.1 billion giving a notional past service deficit of £22 billion.
- An employer cost cap of 15.1% of pensionable pay will be applied to future valuations.
- The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The total pension contributions payable to the Teachers' Pension Scheme during the period is £226k (2018: £193k), £142k (2018: £122k) in relation to employers contributions and £84k (2018: £71k) employees contributions.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Notes to the Financial Statements for the year ended 31 August 2019 (continued)**

**25 - Pension and Similar Obligations (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2019 was £56k (2018 £29k) of which employer's contributions totalled £42k (2018 £22k) and employees contributions totalled £14k (2018 £7k). The agreed contribution rates for future years are yet to be confirmed for future years following the triennial valuation as at 31 March 2019.

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.

The Academy has used Norfolk Educational Services (NES) for the provision of a range of support services (NES employed five local support staff who work at the UTC Norfolk and a range of central support staff). The shared services include; finance, HR, governance, IT, marketing and Estates and Facilities. During 2018-19, in preparation for the Academy leaving the TEN group from 1 September 2019, staff employed by Norfolk Education Services Ltd (support services) TUPE transferred from NES into UTC Norfolk. As a result, ongoing pension contributions for these staff are being made by UTC Norfolk from the transfer date.

Under the shared service agreement in place with NES, UTC Norfolk has an ongoing contingent liability in relation to the pension costs for the staff that transferred under TUPE arrangements for period that they were employed by NES. Under the agreement, should NES incur additional pension liabilities in relation to these staff then these will be recharged to UTC Norfolk.

<b>Total Pension cost for the year</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Teachers Pensions Scheme: contributions paid		142		122
Local Government Pension Scheme:				
Contributions paid:	42		22	
FRS102 charge	31		21	
Costs of business combinations	113		-	
- TUPE staff				
Charge to the Income and Expenditure account (staff costs)		186		43
<b>Total Pension Cost for the Year</b>		<b>328</b>		<b>165</b>

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 25 - Pension and Similar Obligations (continued)

##### Teachers' Pension Scheme (continued)

##### Principal Actuarial Assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	2.6%	2.3%
Rate of increase for pensions in payment/inflation	2.3%	2.6%
Discount rate for liabilities	1.9%	2.8%
Inflation assumption (CPI)	2.3%	2.4%

Commutation of pensions to lump sums

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax free cash for post-April 2008 service.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	21.1	22.1
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.4	24.1
Females	25.0	26.4

The academy's share of the assets and liabilities in the scheme were:

	31 August 2019 £000	31 August 2018 £000
Equities	196	54
Bonds	144	36
Property	48	13
Cash	12	3
<b>Total fair value of assets</b>	<b>400</b>	<b>106</b>
Present value of scheme liabilities		
- Funded	(757)	(142)
<b>(Deficit) in the scheme</b>	<b>(357)</b>	<b>(36)</b>

The actual return on scheme assets was £5k (2018: £5k)

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 25 - Pension and similar obligations (continued)

##### Local Government Pension Scheme (continued)

##### Amount recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost (net of employee contributions)	70	43
Past Service Cost	3	-
Net Interest cost	3	1
Cost of business combination - TUPE staff	113	-
	<hr/>	<hr/>
Total operating charge	<b>189</b>	<b>44</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities.

The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 102 is a £174k loss (2018: £27k gain).

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

	2019 £000	2018 £000
<b>At 1 September</b>	142	113
Current Service Cost	70	43
Interest Cost	10	3
Employee contributions	14	7
Actuarial (gain)/loss	187	(24)
Past Service Cost	3	-
Effect of business combinations and disposals	331	-
	<hr/>	<hr/>
<b>At 31 August</b>	<b>757</b>	<b>142</b>

##### Movements in the fair value of academy's share of scheme assets:

	2019 £000	2018 £000
<b>At 1 September</b>	106	72
Interest Income	7	2
Actuarial gain/(loss)	13	3
Employer contributions	42	22
Employee contributions	14	7
Effect of business combinations and disposals	218	-
	<hr/>	<hr/>
<b>At 31 August</b>	<b>400</b>	<b>106</b>

The estimated value of employer contributions for the year ended 31 August 2020 is £42k.

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 25 - Pension and similar obligations (continued)

##### Local Government Pension Scheme (continued)

	At 31 August 2019 £000	At 31 August 2018 £000
<b>Sensitivity Analysis</b>		
Impact of below on net liability – increase/(decrease)		
Discount rate +0.1%	(31.6)	(6.2)
Discount rate -0.1%	31.6	6.2
Mortality assumption – 1 year increase	4-7	4-7
Mortality assumption – 1 year decrease	(4)-(7)	(4)-(7)
CPI rate +0.1%	24.2	6.2
CPI rate -0.1%	(24.2)	(6.2)

##### **McCloud Judgement (Public Service Pensions Age Discrimination Cases)**

When the LGPS Pension Scheme benefit structures were reformed, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an ‘underpin’ which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling (“McCloud/Sargeant”) that similar transitional protections in the Judges’ and Firefighters’ Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government’s application for leave to appeal to the Supreme Court was refused and with this decision it is understood that the Government’s right to appeal is now fully exhausted.

As a result, the actuary has included an estimate of the cost of the impact of this judgement in 2018/19 financial statements. This impact amounts to £3k and this has been recognised as a past service cost in Statement of Comprehensive Income for 2018/19.

##### **Guaranteed Minimum Pension (GMP)**

On 26 October, the High Court handed down a judgment involving the Lloyds Banking Group’s defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, “GMP”.

The Government is in the process of considering the action it will take following its recent consultation on GMP indexation in public sector schemes and has not yet concluded on any changes required to LGPS schemes. As a result of this uncertainty, and based on advice from the actuary, the impact of this judgement has not been taken into account by the actuary in its assessment of the pension costs.

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued) 26 – Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The company is controlled by Transforming Education in Norfolk (see note 28), the group entities and prior year comparatives have been disclosed below.

Name of Related Party	Relationship	Transaction Description	Amounts 2018/19			Balance outstanding at period end 2019	Amounts 2017/18	Balance outstanding at period end 2018
			Income	Expenditure	Net		Net	
			£000	£000	£000	£000	£000	£000
Yvonne Mason	Connected Business (1)	Donation	(10)	-	(10)	(10)	(10)	(10)
Sportspark, UEA	Connected Business (2)	Hire of Games Facilities / Staff recharge	-	2	2	-	2	-
City College Norwich	Group Entity (1)	NTTC income. Printing materials and services/ Minibus services / Staff training	-	3	3	-	1	1
Norfolk Educational Services	Group Entity (2)	Shared Service charge	-	132	132	11	238	(2)
City Academy Norwich	Group Entity (3)	Staff recharge	n/a	n/a	n/a	n/a	-	-
Norfolk Academies	Group Entity (4)	Staff recharge	-	-	-	-	24	1
Transforming Education in Norfolk	Group Entity (5)	Group license paid through TEN	-	-	-	-	-	1
Norfolk CC Pension Fund	Charity SORP standard related party - Provision of LGPS		See disclosures in note 25.					
Teachers' Pension Scheme	Charity SORP standard related party - Provision of TPS		See disclosures in note 25.					

\* includes Salary & LGPS Employers contribution

Amounts include accounting adjustments (accruals/prepayments) (Amounts shown in brackets are income/debtors)

## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 26 - Related Party Transactions (continued)

##### Connected Business

- 1 - Yvonne Mason is a Governor/Trustee of UTC Norfolk.
- 2 - Ben Milner is a lecturer at UEA, co-sponsor of UTC Norfolk, and Chairman of UTC Norfolk.

##### Group Entities

- 1 - Jerry White is a Governor/Trustee of UTC Norfolk and Deputy Principal of City College Norwich.
- 2 to 5 - UTC Norfolk was part of the TEN group for the 2018-19 year. City Academy Norwich left the TEN group in 2017-18.

##### Expenditure Related Party Transaction

###### Sportspark UEA

The academy has used the sports facilities at the University of East Anglia (UEA) during 2018-19. The UEA is a related party due to the relationship with Ben Milner (Chair of UTC and a lecturer at the UEA) The total expenditure between UTCN and the UEA was £2k and no amounts were owed at year end.. No amounts have been written off and no guarantees given or received. The total expenditure is not above £2.5k so no statement of assurance has been sought. The academy directly contracted these sporting facilities from the UEA and Ben Milner was not involved in this process.

###### City College Norwich

The academy has used City College Norwich (CCN) for mini-bus cover and also the print department of the College (for example; for printing banners and UTCN open day flyers) during 2018-19. CCN is a related party due to the relationship within the TEN Group Charitable Federation and also with Jerry White (UTCN Governor and CCN Deputy Principal). The total expenditure between the UTCN and CCN was £3k and no amounts were owed at year end. No amounts have been written off and no guarantees given or received. The total expenditure is above £2.5k and a statement of assurance has been provided.. The academy directly contracted these items from the CCN (the Estates Team for mini-bus cover and the Printroom for the printing jobs) and Jerry White was not involved in this process.

###### Norfolk Educational Services Ltd

The academy has used Norfolk Educational Services (NES) for the provision of a range of support services (NES employed five local support staff who work at the UTCN and a range of central support staff) during 2018-19. The shared services include; finance, HR, governance, IT, marketing and Estates and Facilities. For 2018-19, NES was a related party due to the relationship within the TEN Group Charitable Federation, (NES is a company whose shares are held by 51% City College Norwich and 49% TEN Charity, there is no private share ownership). NES primarily provides support services to just the TEN Group i.e. an internal shared service company for which UTC Norfolk was a member until 1 September 2019. The total expenditure between the UTCN and NES was £132k and £11k was owed at year end. No amounts have been written off and no guarantees given or received. The total expenditure is above £2.5k and a statement of assurance has been provided. All services are provided at cost and no profit is included in the charges. NES services are provided in line with a contract (NES Shared Services Agreement) and the contract is dated January 2015. NES meets the procurement exemption criteria established by Regulation 12 (1) of the Public Contracts Regulation 2015.



## Norfolk UTC

### Notes to the Financial Statements for the year ended 31 August 2019 (continued)

#### 27 - Comparatives

The comparatives are prepared for the twelve month period to 31 August 2019.

#### 28 - Controlling Party

The Academy is within the Transforming Education in Norfolk Charitable Group. The TEN Charity is a private company limited by guarantee and a registered charity, number 1148753. A majority of the Academy members are TEN nominees.

Copies of the Transforming Education in Norfolk consolidated accounts can be obtained from the Company Secretary c/o Norwich City College, Ipswich Road, Norfolk, NR2 2LJ.

#### 29 - Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2019 the trust received £13k (£16k to period ending 31 August 2018) and disbursed to students £13k (£10k to period ending 31 August 2018), recognising an admin fee of £1k from the fund (£1k to period ending 31 August 2018). An amount of £13k (£14k to period ending 31 August 2018) is included in the other creditors relating to undistributed funds that is repayable to EFA.