



**Company Registration Number:
07912940 (England and Wales)**

**Energy Coast UTC
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements
Year ended 31 August 2020**

Energy Coast UTC

Contents

| Item | Page |
|--|-------------|
| Reference and Administrative Details | 1 |
| Trustees' Report | 2 |
| Governance Statement | 10 |
| Statement on Regularity, Propriety and Compliance | 14 |
| Statement of Trustees' Responsibilities | 15 |
| Independent Auditor's Report on the Financial Statements | 16 |
| Independent Reporting Accountant's Report on Regularity | 19 |
| Statement of Financial Activities incorporating Income & Expenditure Account | 21 |
| Balance Sheet | 22 |
| Statement of Cash Flows | 23 |
| Notes to the Financial Statements, incorporating: | |
| Statement of Accounting Policies | 24 |
| Other Notes to the Financial Statements | 31 |

Energy Coast UTC

Trustees' Report

Reference and Administrative Details

Members

Morgan Sindall Infrastructure
Nuclear Decommissioning Authority
University of Cumbria

Trustees

Mr N Bailey (Chair of Finance)
Mrs H Barker (resigned 17 July 2020)
Mr A Bulloch
Dr D Connor (Vice Chair)
Mr R Farrow
Mr M Fox
Mr P Freeman
Mrs E Gooch (appointed 16 March 2020)
Mrs C Hadfield (resigned 31 December 2019)
Mr A Heron
Mr A Hughes (resigned 2 November 2020)
Mr J McCurrie (resigned 9 December 2019)
Mrs M Mills
Ms B Stephens OBE (Chair)
Mrs L Thornton (appointed 16 March 2020)
Ms C Tingle (Principal)
Mr G Walker (resigned 23 September 2019)

Senior Management Team:

- Principal Ms C Tingle
- Deputy principal Mr I Russell (resigned 31 August 2020)
- Deputy principal Mr B Stevenson (resigned as Deputy 31 December 2019)
- Deputy principal Ms K Wilson (appointed 1 September 2020)
- Business Director Mr M Redding (resigned 15 March 2020)
- Business Director Mrs K Lee (appointed 16 March 2020)

Company Name
Principal and Registered Office

Energy Coast UTC
Blackwood Road
Lillyhall, Workington
Cumbria, CA14 4JW

Company Registration Number

07912940

Independent Auditor

Saint & Co
The Old Police Station, Church Street
Ambleside, Cumbria
LA22 0BT

Bankers

National Westminster
31 Pow Street
Workington, Cumbria
CA14 3AW

Solicitors

Burnetts
6 Victoria Place
Carlisle, Cumbria
CA1 1ES

Energy Coast UTC

Trustees' Report (continued)

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

The UTC operates an academy specialising in Engineering for pupils aged 14 to 19 serving a catchment area of Allerdale and Copeland in West Cumbria. It has a pupil capacity of 480 and had a roll of 310 in the school in October 2019

Since the UTC qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, Governance and Management

CONSTITUTION

The academy is constituted under a Memorandum of Association dated 16 January 2012.

The principal object of the UTC is to advance, for the public benefit, education in the United Kingdom. This is done by establishing, maintaining, carrying on, managing and developing the school offering a broad and balanced curriculum, which includes provision for technical education.

Details of the trustees who served during the year are included in the Reference and administrative details on page 1.

MEMBERS' LIABILITY

Each member of the charitable company contributes 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.

The Members of the Charitable Company are:

Morgan Sindall Infrastructure
Nuclear Decommissioning Authority
University of Cumbria

TRUSTEES' INDEMNITIES

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

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the UTC is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association.

New trustees are approached to join the Board due to changes in representation of members, due to constitutional requirements or a skill set missing from the board of trustees

ENERGY COAST UTC

Trustees' Report (continued)

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Trustees receive training covering their legal responsibilities, equality and diversity, safeguarding (including the Prevent Duty), health and safety and teaching and learning.

ORGANISATIONAL STRUCTURE

The Governing Body established three sub committees which are for Finance, Resources and Premises (incorporating the audit committee), Curriculum and Standards and Employer Engagement. The UTC Chair of Trustees is Ms Barbara Stephens OBE and on the executive side the Principal is Cherry Tingle.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

When taking pay decisions, The Energy Coast UTC has regard to the Pay Policy and to the member of staff's particular post within the staffing structure. All procedures for determining pay are consistent with the principles of public life - objectivity, openness and accountability. It is assured that there will be equal treatment for all members of staff in regard to protected characteristics.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The UTC College has a connected party relationship with The University of Cumbria. They are a founding member of the UTC and have representation on the UTC Governing Body. The University of Cumbria provided the services of their Internal Auditor which has been incorporated into the accounts as a donation and expense. Morgan Sindall, a member of the academy with representation on the UTC Governing Body, has previously provided sponsorship/funding to the academy within the academic year but has missed our 2019/20 year end and has been received in 2021/22.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The UTC carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the trustees.

The UTC has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the UTC's Equal opportunities policy, the UTC has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the UTC's offices.

Objectives and Activities

OBJECTS AND AIMS

The trustees have adopted the following mission statement to encapsulate the aims and objects of Energy Coast UTC: 'Empowering our young people and Britain's Energy Coast through innovative, technically – focused education and training, to achieve high standards and excellence'.

ENERGY COAST UTC

Trustees' Report (continued)

OBJECTIVES, STRATEGIES AND ACTIVITIES

The development of the Energy Coast UTC is to provide a world-class education experience which is specifically designed to ensure young people are prepared for work and university. Providing education for 14-19 year olds in West Cumbria, the curriculum combines academic classroom based learning with practical skills and a strong emphasis on Science, Technology, Engineering and Maths (STEM).

The Energy Coast UTC delivers core academic provision at both GCSE and A Level, with students receiving vocational BTEC and industry standard qualification related training in our temporary workshop facilities in the Gen2 building, delivered by ECUTC staff.

The Energy Coast UTC has developed successful collaborations with employers including initiatives such as 14-week projects with a variety of employers, such as Morgan Sindall Infrastructure, Arup, Iggesund, Shepleys and the Rotary Club, Nuvia, Sellafeld Ltd, Direct Rail Services, Balfour Beattie and Wood. We are also partnered with Jacobs to deliver our national qualification in Digital Engineering (Design Engineer Construct) at Level 2 to all students in Key Stage 4 and as a level 3 option for 6th form. Additionally, we are now working with a variety of employer partners to source 50-day industrial placements for some of our 6th form students, which give students an invaluable experience of the workplace over a sustained period of time. Finally, we continue to work with Kaefer to provide all of our 6th form students with an accredited IOSH certificate.

PUBLIC BENEFIT

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Strategic Report

Achievements and performance

The UTC results at GCSE and post 16 have improved dramatically over the last four years. The UTC was inspected by Ofsted in June 2019 and judged to be outstanding in every single area and respect.

Of over 400 secondary schools inspected last year only 34 were judged outstanding, and of those judged RI at their last inspection (of which we are one), only 4 moved to outstanding.

Since then the ECUTC has won a number of national and local awards. Locally (Cumbria wide) we have won: Best Secondary School, Best Headteacher, Best Industry Engagement and Best Teacher awards. We have secured silver national awards for Best Secondary School, Best Headteacher and Best Teacher – and are now in the last 4 schools nationally in each of these categories.

We have also secured full DfE commitment to build a workshop block on site, plans for which are now advanced – which negates the need for the lease and use of the temporary facilities in the Gen2 building, we have also secured DfE commitment for a new sports pitch and changing pavilion.

ENERGY COAST UTC

Trustees' Report (continued)

Strategic Report (continued)

Student progress from baseline

Performance for the 2020 cohort is in line with the targeted journey of the school. The 2020 results were derived from Centre Assessed Grades (CAGs) due to the country being in lockdown and no exams taking place. Most students make more than expected progress from their starting point across all subjects. Progress in English and Engineering is outstanding and progress in Maths and Science has improved quickly and is now at least good.

Key areas to monitor going forward are:

Disadvantaged Students

Disadvantaged students make slightly less progress than non, however this gap is closing and disadvantaged students make more progress than non PP students nationally.

High Prior Attainers

HPA students now make excellent progress.

Low Prior Attainers

Although this is a small cohort it is important to ensure that none of these students are overlooked and focus is maintained on this group.

Student Destinations

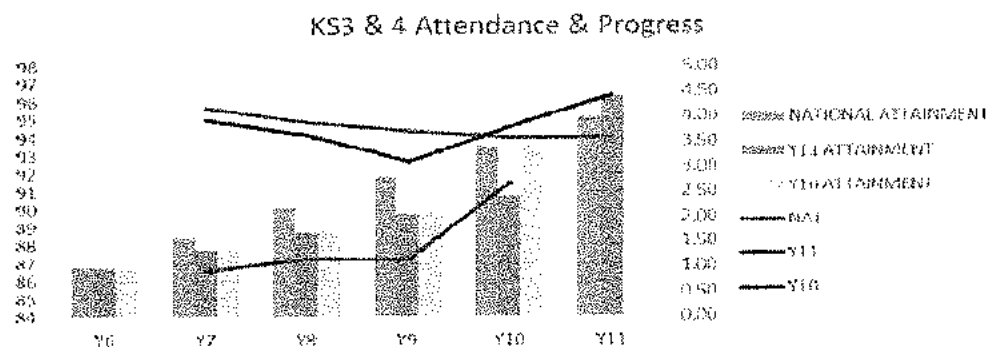
Until 2020 the UTC has had 0 NEETS and an average of between 85-90% of students going in to apprenticeships. This is against a national figure of 5%. There are a very small number of NEETs in 2020, due to the current pandemic, however all these students have interviews or roles lined up and we are hoping they will be successful in obtaining work, apprenticeships or a university place.

Student behaviour, personal development and welfare

Student behaviour in and around the UTC continues to be outstanding.

Attendance

Attendance is still a concern in some areas, notably year 10 (new year 11) and disadvantaged. However attendance, even for these groups, is still improving and is significantly improved from students previous schools. Our Ofsted report recognised this and our only area for improvement was to continue to work on improving attendance.



ENERGY COAST UTC

Trustees' Report (continued)

Strategic Report (continued)

Teaching and Learning

Teaching and learning is now outstanding. A personalised CPD programme is in place this year, with additional sessions for all new staff.

Student numbers

Current student numbers are 356 as of the October 2020 census, a significant increase from last year. Student applications for next year are also increasing and the September 2021 year 10 intake is already oversubscribed.

Finance

The financial situation of the UTC remains extremely challenging. Three main risks continue to apply: student numbers and pupil number adjustment (PNA) clawback and recoverable deficit funding repayment.

The UTC has set a balanced budget for the 2020-21 academic and financial year.

Summary:

Received £510,000 in recoverable deficit funding up to August 2019 of which £275,000 was received in 2017/18.

We were granted £170,000 in non-recoverable deficit funding between October 2019 and August 2020.

The UTC will submit a 3 year financial plan in January 2021 which will include a repayment profile for the outstanding PNA of £233,998 and £510,000 recoverable deficit funding. The current repayment profile includes a payment of £65,582 (shown in current liabilities in note 17) in August 2021. The new repayment profile will show that repayments will be over as short a period as possible, affordable and not negatively impact the quality of education provided. ESA are aware that this will not start in 2020/21 as originally planned.

ENERGY COAST UTC

TRUSTEES' REPORT (continued)

Strategic Report (continued)

CORONAVIRUS PANDEMIC

The impact of the Coronavirus pandemic was considerable and affected every aspect of school life; teaching and learning, attendance, examinations, pastoral care, staff and student mental health, student and family financial circumstances and related issues - as well as the direct financial aspect for the UTC. The school was proactive in its response across the areas listed below, carefully understanding guidance and undertaking thorough risk assessments.

Teaching and Learning

Both staff and students adapted well to remote learning with our school being one of the few in the area to offer a full timetable of live lessons to our students. Engagement in learning was good and the school received excellent feedback from families.

Attendance

Attendance at lessons during lockdown was generally good, averaging mid 90%, although some groups of students (predominantly PP students) found this harder. All students were contacted daily and safeguarding procedures were escalated where necessary.

Examinations

Following decisions taken by the government, Year 11 and Year 13 students did not take their exams and were awarded centre assessed grades in all GCSEs, A levels and vocational and technical qualifications.

Finance

The impact of school closure resulted in cost savings on some budget lines, for example; printing, stationery, general consumables and utility costs. However we also had additional and new costs on others, for example; PPE, sanitiser, posters, screens, increased cleaning, some free school meals etc. We worked with our major contractors to ensure they were not too adversely affected; for example if contracting staff were furloughed, we paid the extra cost for their salaries so they received their normal wage. We also made an arrangement with our school transport provider to pay part of their basic (non-running) costs even though they were not offering their service. There was also the additional cost of preparing school for opening in September, for example; increased cleaning, PPE, sanitiser, posters, screens and various other premises' costs.

GOING CONCERN

After making appropriate enquiries, and in discussion with the ESFA, the Board of trustees have a reasonable expectation that the UTC has adequate resources to continue in operational existence for the foreseeable future. Due to a large number of students gaining apprenticeships, student numbers are at a point which enabled the Trustees approve a balanced budget for 2020/21 with a forecasted increase in 2021/22. Discussions are also continuing with the ESFA.

The UTC will submit a 3 year financial plan in January 2021 which will include a repayment profile for the outstanding PNA of £233,998 and £510,000 recoverable deficit funding. The current repayment profile includes a payment of £65,582 (shown in current liabilities in note 17) in August 2021. The new repayment profile will show that repayments will be over as short a period as possible, affordable and not negatively impact the quality of education provided. ESA are aware that this will not start in 2020/21 as originally planned.

The ESFA have been supportive to the school with regards to funding for a temporary workshop and plans for a new build starting in 2021. The Finance team works closely with the ESFA reporting monthly management accounts and cashflow statements projected out to the end of 2020/21 academic year

The trustees consider the basis of going concern to be appropriate for the preparation of the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

ENERGY COAST UTC

TRUSTEES' REPORT (continued)

FINANCIAL REVIEW

Most of the UTC's income is obtained from the Department of Education (DfE) in the form of a recurrent grant, the use of which is restricted to educational purposes. The grant for the year is shown in the Statement of Financial Activities. The total DfE revenue for 2019-20 was £2.471m, with other income of £217k.

Total expenditure of funds during the year was £3.010m

Net assets at 31 August 2020 amounted to £5.048m being represented by Restricted Fixed Asset fund of £5.003m. In year deficit is £337k with the restricted fund's total deficit being £1.207m

The UTC operates and manages a risk register. With regard to risk the significant factors remain student numbers.

RESERVES POLICY

Reserves are held in accordance with the requirements laid down by the Department for Education. There are no free reserves held at present.

INVESTMENT POLICY

The Finance, Resources and Premises Committee are responsible for ensuring effective summary of the treasury management strategies and policies. At this stage of its development, the UTC has not needed to implement any investment decisions.

PRINCIPAL RISKS AND UNCERTAINTIES

At the time of the audit negotiations are still ongoing with the Education and Skills Funding Agency about the repayment terms of the clawback and the recoverable deficit funding, which is accounted for as liabilities in the current year. Additionally, the need for the UTC to recruit sufficient learners to make it viable remains a significant risk.

FUNDRAISING

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

DEFICIT

The restricted fund in deficit partly relates to the local government pension scheme reserve amounting to £508,000 (2019-20) which is calculated annually by the scheme's actuary. The UTC is currently able to meet the liabilities of the pension scheme as they fall due and hence the trustees will monitor this deficit and take appropriate steps, if required by the actuary, to make additional deficit contributions to the scheme.

The General Annual Grant (GAG) is also in deficit to £781,772 (2019: £780,063). This is mainly due to historic high costs for external teaching provision and a large pupil number adjustment in 2016/17.

ENERGY COAST UTC
TRUSTEES' REPORT (continued)

Future Developments

The UTC is committed to ensuring exceptional levels of progression into education, employment or training for its departing students. This will be achieved through maintaining high standards of academic and vocational provision. In addition, the UTC ensures students have work ready skills and knowledge gathered through the exposure to the UTCs employment led projects and range of enrichment activities. From September 2019, the UTC has benefited from having a new leased space at the Gen2 building, funded by the ESFA. A new build on the UTC site for engineering workshops is in progress and is likely to start development in early 2021.

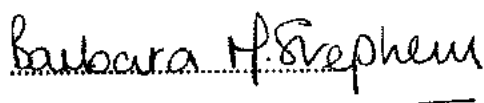
AUDITOR

Insofar as the trustees are aware:

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

Under section 487(2) of the Companies Act 2006, Saint & Co will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on18.1.21.....and signed on the board's behalf by:



Ms B Stephens OBE
Chair of trustees

ENERGY COAST UTC

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Energy Coast 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 trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Energy Coast UTC and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

Section 2.3 of the Academies Financial Handbook 2019 requires that the management accounts for the trust are scrutinised by the board of trustees six times a year. This has been discussed by the Board, which currently meets four times per year, and the trustees decided that it is not necessary to meet on an additional two occasions per year in order to achieve the requisite level of scrutiny. In addition to meetings of the full Board, the Finance, Resources and Audit Committee met six times during 2019/20, considering the financial position and performance each time, and all members of the Finance Committee receive the management accounts by email every month. In addition, the Principal and the Business Director meet formally to review the financial position every month and are joined by the Chair of the Finance Committee whenever possible. The Board considered that this meets the ESFA requirements for oversight and scrutiny.

ENERGY COAST UTC

GOVERNANCE STATEMENT (continued)

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year (one being an extraordinary meeting). Attendance during the year at meetings of the board of trustees was as follows:

Neil Bailey 60%
Hazel Barker 60%
Alistair Bulloch 60%
Donna Connor (Vice Chair) 80%
Rick Farrow 100%
Mike Fox 40%
Patrick Freeman 100%
Emma-Jayne Gooch (appointed 16/03/20) 100%
Catherine Hadfield (resigned 31/12/19) 100%
Andrew Heron 60%
Andrew Hughes 80%
John McCurrie (resigned 09/12/19) 50%
Marie Mills 60%
Barbara Stephens (Chair) 100%
Lynne Thornton (appointed 16/03/20) 100%
Cherry Tingle (ex officio) 100%
Geoff Waiker (resigned 23/09/19) 0%

The Finance, Premises and Personnel Committee (Incorporating the Audit Committee)

Terms of Reference (Advisory)

- 1 To consider and advise the Governing Body on financial matters (including investment and borrowing), risk management, land, buildings and estates and human resources.
2. To recommend the annual estimates of income and expenditure to the Governing Body for approval.
3. To consider at each meeting a monitoring report on income and expenditure and to make recommendations and observations to the Governing Body.
- 4 To monitor the deployment of non-financial resources, including personnel and property, to advise the Board on the effectiveness of the use of such resources.
- 5 To consider proposals for major capital expenditure and to make recommendations to the Board.
- 6 To monitor progress towards the timely achievement of capital build projects to cost and advising the Board.
- 7 To make recommendations for the Treasury Management Policy.

The Finance, Premises and Personnel committee have met 6 times during the academic year 2019/20. Attendance during the year at meetings was as follows:

Neil Bailey (Chair) 100%
Andrew Heron 100%
Andrew Hughes 83%
Barbara Stephens 100%
Lynne Thornton (appointed 16/03/20) 100%
Cherry Tingle 83%

ENERGY COAST UTC

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As accounting officer, the principal has responsibility for ensuring that the UTC delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the UTC's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate.

The accounting officer for the UTC has delivered improved value for money during the year by:

Regular budget and risk monitoring by the Finance team, Chair of Finance Committee and Principal. Any necessary remedial action is taken to address any significant variances that may impact on budget outturn.

Where appropriate tender exercises are undertaken to ensure that high value contracts are assessed against the marketplace to ensure that long term contracts attain value for money. Exercises for the provision of transport and multi functional devices were carried out in 2020.

ACADEMY TRUST FINANCES

The major financial issue for the UTC relates to clawback of pupil number adjustment (PNA) monies and recoverable deficit funding from the Education and Skills Funding Agency (ESFA). Conversations are continuing with ESFA regarding both, but non-recoverable deficit funding was secured for 2019-20. The UTC was able to set a balanced budget for 2020/21 financial year.

Due to a large number of students gaining apprenticeships, student numbers were very slightly lower than forecast for 2019/20 - at 310. For 2020/21 October census student numbers were at prediction of 359 and, looking forward to 2021/22, we are already oversubscribed for year 10 and our submitted estimates are a minimum of 390 with early indications that this will reach well over 400.

The full governing body approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Academy Trust remains a 'going concern'. The governing body also receives and approves the annual accounts and the external auditors report, so ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of UTC policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Energy Coast UTC for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

ENERGY COAST UTC

GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees, via the audit committee, has considered the Academies Financial Handbook requirements for internal scrutiny and has decided to appoint a team of internal auditors used by the member organisation, the University of Cumbria, to carry out this work.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the UTC's financial and other systems. In particular the checks carried out in the current period included a review of cash, banking and treasury management, payroll and GDPR compliance.

On an annual basis, the reviewer reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

In each of the Assurance Reports the auditors have stated that the UTC gives either substantial or reasonable assurance over the controls in place; but have also identified a series of improvements to be made. These improvements have been added to the UTC's audit log for implementation and regular review by the audit committee.

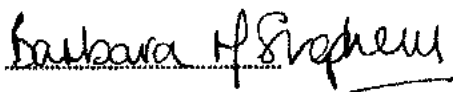
REVIEW OF EFFECTIVENESS

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

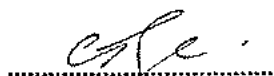
- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process;
- the work of the executive managers within the UTC who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on ...18.1.21... and signed on their behalf, by:



Ms B Stephens OBE
Chair of Trustees



Ms C Tingle
Accounting Officer

ENERGY COAST UTC

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Energy Coast UTC, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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

.......... 18.1.21

**Ms C Tingle, Principal
Accounting Officer**

ENERGY COAST UTC

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

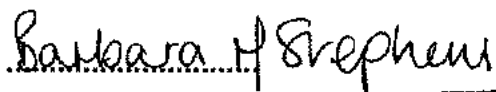
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on18.1.21..... and signed on its behalf by:



Ms B Stephens OBE
Trustee

ENERGY COAST UTC

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ENERGY COAST UTC

OPINION

We have audited the financial statements of Energy Coast UTC for the year ended 31 August 2020 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been properly prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw your attention to the Strategic Report and the section under Going Concern and the Trustees' Report and the section under Deficit, which indicate that the academy has no free reserves and a significant GAG deficit. The academy owes the ESFA £744,000 in respect of Deficit funding and Pupil Number Adjustment Clawback with the first repayment currently due in 2021. Therefore, the academy is heavily reliant on the support of the ESFA.

As stated, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

ENERGY COAST UTC

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ENERGY COAST UTC (continued)

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees Responsibilities (set out on page 15), the trustees (who are also 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ENERGY COAST UTC

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ENERGY COAST UTC (continued)

RESPONSIBILITIES OF TRUSTEES (continued)

In preparing the financial statements, the trustees are responsible for 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 the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

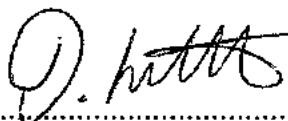
OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Use of our report

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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Mr Darren Little (Senior Statutory Auditor)

For and on behalf of

Saint & Co

Chartered Accountants & Statutory Auditors

The Old Police Station, Church Street, Ambleside, Cumbria, LA22 0BT

Date: 18 January 2021

Energy Coast UTC

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ENERGY COAST UTC AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 28 March 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Energy Coast UTC during the period 01 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

RESPECTIVE RESPONSIBILITIES OF THE ENERGY COAST UTC TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Energy Coast UTC's funding agreement with the Secretary of State for Education dated July 2013 and the Academies Financial Handbook, extant from 01 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

Energy Coast UTC

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ENERGY COAST UTC AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

The work undertaken to draw our conclusion includes:

- the School Resource Management Self-Assessment Tool Checklist (SRMSA) was obtained;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual payments for staff have been made in accordance with the Handbook;
- reviewing if borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustees' declaration of interests.
- where present obtaining the accounting officer,s file.

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 01 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Mr Darren Little (Reporting Accountant)

For and on behalf of
Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station, Church Street, Ambleside, Cumbria, LA22 0BT

Date: 18 January 2021

Energy Coast UTC

Statement of Financial Activities for the year ended 31 August 2020

(including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total 2020 £ | Total 2019 £ |
|--|--------|----------------------------|-------------------------------------|--|------------------|------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | 1,110 | 8,340 | 19,434 | 28,884 | 680,688 |
| Charitable activities: | | | | | | |
| Funding for the academy trust's educational operations | 3 | - | 2,567,815 | | 2,567,815 | 2,121,724 |
| Other trading activities | 4 | 64,604 | 46,580 | | 111,183 | 131,551 |
| Investments | 5 | 364 | - | - | 364 | 453 |
| Total | | 66,078 | 2,622,735 | 19,434 | 2,708,246 | 2,934,416 |
| Expenditure on: | | | | | | |
| Raising funds | 6 | 51,410 | | 12,771 | 64,181 | 65,029 |
| Charitable activities: | | | | | | |
| Academy trust educational operations | 7 | | 2,724,646 | 220,841 | 2,945,486 | 2,826,549 |
| Other | | - | - | - | - | - |
| Total | | 51,410 | 2,724,646 | 233,612 | 3,009,668 | 2,891,578 |
| Net income / (expenditure) | | 14,668 | (101,910) | (214,178) | (301,421) | 42,838 |
| Transfers between funds | 15 | (14,668) | (12,323) | 26,991 | - | - |
| Other recognised gains / (losses): | | | | | | |
| Actuarial (losses) / gains on defined benefit pension schemes | 16, 24 | - | (36,000) | - | (36,000) | (202,000) |
| Net movement in funds | | (0) | (150,234) | (187,187) | (337,421) | (159,162) |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | - | (1,056,770) | 5,190,229 | 4,133,459 | 4,292,621 |
| Total funds carried forward | | (0) | (1,207,005) | 5,003,042 | 3,796,038 | 4,133,459 |

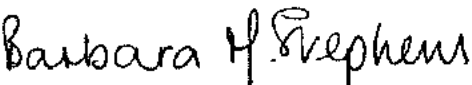
Energy Coast UTC

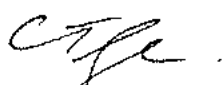
Balance Sheet as at 31 August 2020

Company Number 07912940

| | Notes | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|---|-------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | | 4,953,638 | | 5,085,991 |
| Current assets | | | | | |
| Debtors | 12 | 169,819 | | 290,255 | |
| Cash at bank and in hand | | <u>131,871</u> | | <u>105,613</u> | |
| | | 301,690 | | 395,868 | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 13 | <u>(272,875)</u> | | <u>(235,401)</u> | |
| Net current assets | | | <u>28,815</u> | | <u>160,467</u> |
| Total assets less current liabilities | | | 4,982,453 | | 5,246,458 |
| Creditors: Amounts falling due after more than one year | 14 | | <u>(678,416)</u> | | <u>(743,988)</u> |
| Net assets excluding pension liability | | | <u>4,304,037</u> | | <u>4,502,460</u> |
| Defined benefit pension scheme liability | 24 | | <u>(508,000)</u> | | <u>(369,000)</u> |
| Total assets | | | <u>3,796,037</u> | | <u>4,133,460</u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | | | | | |
| . Fixed asset fund | 15 | 5,003,042 | | 5,190,229 | |
| . Restricted income fund | 15 | <u>(699,003)</u> | | <u>(687,770)</u> | |
| . Pension reserve | 15 | <u>(508,000)</u> | | <u>(369,000)</u> | |
| Total restricted funds | | | 3,796,039 | | 4,133,459 |
| Unrestricted income funds | 15 | | <u>(0)</u> | | <u>-</u> |
| Total funds | | | <u>3,796,039</u> | | <u>4,133,459</u> |

The financial statements on pages 21 to 48 were approved by the trustees, and authorised for issue on 13.10.2020 and are signed on their behalf by:


Ms B Stephens OBE
 Trustee


Ms C Tingle, Principal
 Accounting Officer

Energy Coast UTC

Statement of Cash Flows for the year ended 31 August 2020

| | Notes | 2020 £ | 2019 £ |
|--|-------|----------------|----------------|
| Cash flows from operating activities | | | |
| Net cash provided by (used in) operating activities | 18 | 36,361 | (266,901) |
| Cash flows from investing activities | 20 | (10,102) | 99,217 |
| Cash flows from financing activities | 19 | - | 235,000 |
| Change in cash and cash equivalents in the reporting period | | 26,259 | 67,316 |
| Cash and cash equivalents at 1 September 2019 | | 105,613 | 38,297 |
| Cash and cash equivalents at the 31 August 2020 | 21 | 131,872 | 105,613 |

Energy Coast UTC

Notes to the Financial Statements

1 Accounting Policies

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

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 (FRS102), 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 (FRS102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the UTC to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future. This is subject to continued support by the Education and Skills Funding Agency. The trustees have reasonable confidence that this support will be provided and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

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

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

Energy Coast UTC

Notes to the Financial Statements

1 Accounting Policies (continued)

Grants (continued)

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

Sponsorship Income

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

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.

Donated goods, facilities and services

Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

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.

Energy Coast UTC

Notes to the Financial Statements

1 Accounting Policies (continued)

Expenditure (continued)

Expenditure on Raising Funds

This includes all expenditure incurred by the UTC 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 UTC'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.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a **straight-line** basis over its expected useful life, as follows:

Long term ground lease - 125 years
Long term leasehold property - 30 Years
Furniture & fixtures - 5 Years
Computer equipment - 3 Years
Plant & Machinery - 15 Years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Energy Coast UTC

Notes to the Financial Statements

1 Accounting Policies (continued)

Provisions

Provisions are recognised when the UTC 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.

Leased Assets

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

Taxation

The 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 UTC is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the UTC 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 24, 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.

Energy Coast UTC

Notes to the Financial Statements

1 Accounting Policies (continued)

Pensions Benefits (continued)

The LGPS is a multi-employer scheme and the assets are held separately from those of the UTC 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 last LGPS valuation was done 31 March 2019 and they used the roll forward approach to get to liability at 31 August 2020. The amounts charged to net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Debtors

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

Fund Accounting

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

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

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

Agency Arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

Energy Coast UTC

Notes to the Financial Statements

1 Accounting Policies (continued)

Cash at Bank and in hand

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

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 UTC 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 24, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

Establishing useful economic lives for depreciation purposes. The annual depreciation charge depends primarily on the estimated lives of each type of asset and estimated of residual values. Trustees regularly review the useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation charges for the period. Details of the depreciation policies are included in the accounting policies.

Energy Coast UTC

Notes to the Financial Statements

1 Accounting Policies (continued)

Financial instruments

The UTC only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the UTC and their measurement basis are as follows: Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the UTC's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value. Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the UTC's wholly owned subsidiary are held at face value less any impairment.

Energy Coast UTC

Notes to the Financial Statements

2 Donations and capital grants

| | Unrestricted Funds £ | Restricted Funds £ | Total 2020 £ | Total 2019 £ |
|-------------------------------------|----------------------------|--------------------------|--------------------|-----------------|
| Capital Grants | - | | - | - |
| . Devolved Capital Formula | - | 9,434 | 9,434 | 8,871 |
| . Additional Capital Grant | | 10,000 | 10,000 | 136,622 |
| . Value of donated assets From ESFA | | - | - | 488,905 |
| Sponsorship | - | - | - | 21,214 |
| Donations | 1,110 | 8,340 | 9,450 | 25,075 |
| | <u>1,110</u> | <u>27,774</u> | <u>28,884</u> | <u>680,688</u> |
| 2019 Comparative | <u>20</u> | <u>680,668</u> | <u>680,688</u> | |

3 Funding for the Academy Trust's Educational Operations

| | Unrestricted Funds £ | Restricted Funds £ | Total 2020 £ | Total 2019 £ |
|--|----------------------------|--------------------------|--------------------|------------------|
| DfE / EFA grants | | | | |
| . General Annual Grant (GAG) | - | 1,798,982 | 1,798,982 | 1,705,401 |
| . UTC Transitional Funding | | 200,000 | 200,000 | 200,000 |
| . Capacity & Delivery Funding | | 20,000 | 20,000 | 24,000 |
| . Start Up Grants | - | - | - | - |
| . Other DfE/EFA grants | - | 449,003 | 449,003 | 143,367 |
| | <u>-</u> | <u>2,467,986</u> | <u>2,467,986</u> | <u>2,072,768</u> |
| Other Government grants | | | | |
| . Local authority grants | - | 72,487 | 72,487 | 42,869 |
| . Special educational projects | - | - | - | - |
| | <u>-</u> | <u>72,487</u> | <u>72,487</u> | <u>42,869</u> |
| Exceptional Government Funding | | | | |
| . Coronavirus exceptional support | - | 3,330 | 3,330 | - |
| | <u>-</u> | <u>3,330</u> | <u>3,330</u> | <u>-</u> |
| Other income from the academy trust's educational operations | | 24,013 | 24,013 | 6,087 |
| | <u>-</u> | <u>2,567,815</u> | <u>2,564,485</u> | <u>2,121,724</u> |
| 2019 Comparative | <u>-</u> | <u>2,121,724</u> | <u>2,121,724</u> | |

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

- The funding received for coronavirus exceptional support covers £3,330 of additional free school meal costs. These costs are included in notes 7 and 9 below as appropriate.

Energy Coast UTC

Notes to the Financial Statements

4 Other Trading activities

| | Unrestricted Funds | Restricted Funds | Total 2020 | Total 2019 |
|------------------|-----------------------|---------------------|----------------|----------------|
| | £ | £ | £ | £ |
| Letting income | 25 | - | 25 | 120 |
| Catering income | 57,879 | - | 57,879 | 63,426 |
| Other income | 6,700 | 46,580 | 53,279 | 68,005 |
| | <u>64,604</u> | <u>46,580</u> | <u>111,183</u> | <u>131,551</u> |
| 2019 Comparative | <u>100,102</u> | <u>31,449</u> | <u>131,551</u> | |

5 Investment income

| | Unrestricted Funds | Restricted Funds | Total 2020 | Total 2019 |
|------------------------|-----------------------|---------------------|------------|------------|
| | £ | £ | £ | £ |
| Bank interest received | 364 | - | 364 | 453 |
| | <u>364</u> | <u>-</u> | <u>364</u> | <u>453</u> |
| 2019 Comparative | <u>453</u> | <u>-</u> | <u>453</u> | |

6 Expenditure

| | Staff Costs | Non Pay Expenditure | | Total | Total |
|-----------------------------------|------------------|---------------------|------------------|------------------|------------------|
| | | Premises | Other | 2020 | 2019 |
| | £ | £ | £ | £ | £ |
| Expenditure on raising funds | | | 51,410 | 51,410 | 65,029 |
| Academy's educational operations: | | | | | |
| · Direct costs | 1,643,980 | | 564,719 | 2,208,699 | 2,183,307 |
| · Allocated support costs | 308,794 | 225,138 | 215,626 | 749,559 | 643,241 |
| | <u>1,952,774</u> | <u>225,138</u> | <u>831,755</u> | <u>3,009,668</u> | <u>2,891,577</u> |
| 2019 Comparative | <u>1,641,821</u> | <u>163,601</u> | <u>1,086,154</u> | <u>2,891,576</u> | |

Net income/(expenditure) for the period includes:

| | 2020 | 2019 |
|---|---------|---------|
| | £ | £ |
| Operating lease rentals | - | - |
| Depreciation | 220,841 | 323,334 |
| (Gain)/loss on disposal of fixed assets | - | (1,135) |
| Fees payable to auditor for: | | |
| - audit | 9,500 | 8,070 |
| - other services | 515 | 500 |

Energy Coast UTC

Notes to the Financial Statements

7 Charitable Activities

| | Total 2020 £ | Total 2019 £ |
|---|--------------------|--------------------|
| Direct costs – educational operations | 2,208,699 | 2,183,307 |
| Support costs – educational operations | 749,559 | 643,241 |
| | <u>2,958,258</u> | <u>2,826,548</u> |

| Analysis of direct costs | Educational operations £ | Total 2020 £ | Total 2019 £ |
|--------------------------------------|---|-----------------------------|-----------------------------|
| Wages and salaries | 1,135,736 | 1,135,736 | 1,036,120 |
| National insurance | 118,154 | 118,154 | 106,830 |
| Pension cost | 352,454 | 352,454 | 215,808 |
| Net pension finance costs | 6,000 | 6,000 | 4,000 |
| Educational services | 142,971 | 142,971 | 125,865 |
| Staff recruitment | 12,520 | 12,520 | 15,078 |
| Staff training and development | 7,086 | 7,086 | 5,725 |
| SLA | 68,255 | 68,255 | 246,082 |
| Examination Fees | 67,194 | 67,194 | 56,965 |
| Catering Costs | 45,852 | 45,852 | 25,879 |
| Supply and staff restructuring costs | 31,636 | 31,636 | 21,621 |
| Depreciation | 220,841 | 220,841 | 323,334 |
| Total direct costs | <u>2,208,699</u> | <u>2,208,699</u> | <u>2,183,307</u> |

| | | |
|------------------|------------------|------------------|
| 2019 Comparative | <u>2,183,307</u> | <u>2,183,307</u> |
|------------------|------------------|------------------|

| Analysis of support costs | Educational operations £ | Total 2020 £ | Total 2019 £ |
|---------------------------------------|---|-----------------------------|-----------------------------|
| Support staff costs | 308,794 | 308,794 | 257,442 |
| Advertising and marketing | 24,708 | 24,708 | 18,672 |
| Office Costs | 70,330 | 70,330 | 74,371 |
| Consultation | 33,655 | 33,655 | 30,774 |
| Bank charges | 1,121 | 1,121 | 1,039 |
| Insurance | 5,767 | 5,767 | 5,660 |
| Heat and light | 32,949 | 32,949 | 32,914 |
| Maintenance of premises and equipment | 96,099 | 96,099 | 88,426 |
| Building Lease | 71,250 | 71,250 | 15,697 |
| Travel and subsistence | 4,580 | 4,580 | 5,097 |
| Rates | 24,840 | 24,840 | 26,564 |
| Computer costs | 42,619 | 42,619 | 66,988 |
| Governance costs | 32,846 | 32,846 | 19,595 |
| Total support costs | <u>749,559</u> | <u>749,559</u> | <u>643,241</u> |

| | | |
|------------------|----------------|----------------|
| 2019 Comparative | <u>643,241</u> | <u>643,241</u> |
|------------------|----------------|----------------|

Energy Coast UTC

Notes to the Financial Statements

8 Staff

a. Staff costs

Staff costs during the period were:

| | Total 2020 £ | Total 2019 £ |
|--|--------------------|--------------------|
| Wages and salaries | 1,387,835 | 1,248,725 |
| Social security costs | 140,447 | 122,935 |
| Operating costs of defined benefit pension schemes | 386,857 | 244,540 |
| | 1,915,139 | 1,616,201 |
| Supply staff costs | 31,636 | 21,621 |
| Staff restructuring costs | - | 3,000 |
| | 1,946,774 | 1,640,821 |
| Staff restructuring costs comprise: | | |
| Severance payments | - | 3,000 |
| | - | 3,000 |

b. Non statutory/non contractual staff severance payments

No non-statutory/non-contractual severance payments were made. (2019: £3,000)

c. Staff numbers

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

| | 2020 - No. | 2019 - No. |
|----------------------------|------------|------------|
| Teachers | 25 | 24 |
| Administration and support | 17 | 19 |
| Management | 1 | 1 |
| | 43 | 44 |

d Higher paid staff

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

| | 2020 - No. | 2019 No. |
|---------------------|------------|----------|
| £100,001 - £110,000 | | 1 |
| £120,001 - £125,000 | 1 | |

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2020 related employer's pension contributions amounted to £30,000-35,000 (2019 - £15,000-20,000).

e Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £296,855 (2019: £282,292).

Energy Coast UTC

Notes to the Financial Statements

9 Related Party Transactions - Trustees' Remuneration and Expenses

One or more Trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

C Tingle (Principal):

- . Remuneration £120,001 - £125,000 (2019: £100,001 - £105,000)
- . Employer's pension contributions paid £30,000 - £35,000 (2019: £15,000 - £20,000)

M Fox (staff trustee):

- . Remuneration £30,000 - £35,000 (2019: £25,000 - £30,000)
- . Employer's pension contributions paid £5,000 - £10,000 (2019: £0,000 - £5,000)

No expenses were reimbursed to trustees (2019: £nil)

During the year, no trustees received any benefits in kind (2019: £nil)

10 Trustees' and officers' insurance

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

Energy Coast UTC

Notes to the Financial Statements

11 Tangible Fixed Assets

| | Leasehold Property | Furniture and fixtures | Plant and equipment | Computer equipment | Total |
|------------------------|-----------------------|---------------------------|------------------------|-----------------------|------------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 September 2019 | 5,273,102 | 591,664 | 679,219 | 590,272 | 7,134,258 |
| Additions | 1,763 | 1,920 | 44,542 | 40,263 | 88,489 |
| Disposals | - | (67,253) | - | (113,746) | (180,998) |
| At 31 August 2020 | <u>5,274,865</u> | <u>526,331</u> | <u>723,761</u> | <u>516,790</u> | <u>7,041,748</u> |
| Depreciation | | | | | |
| At 1 September 2019 | 856,144 | 590,371 | 58,283 | 543,469 | 2,048,266 |
| Charged in year | 147,385 | 546 | 45,082 | 27,829 | 220,841 |
| Disposals | - | (67,252) | - | (113,746) | (180,997) |
| At 31 August 2020 | <u>1,003,528</u> | <u>523,665</u> | <u>103,365</u> | <u>457,552</u> | <u>2,088,110</u> |
| Net book values | | | | | |
| At 31 August 2019 | 4,416,959 | 1,293 | 620,936 | 46,804 | 5,085,992 |
| At 31 August 2020 | <u>4,271,337</u> | <u>2,666</u> | <u>620,397</u> | <u>59,238</u> | <u>4,953,638</u> |

The long-term leasehold property is subject to a legal charge dated September 2014 in favour of The Secretary of State for Education over the land in Workington from which the UTC operates.

In addition the academy trust has the following transaction relating to land and buildings - the taking up of a leasehold on temporary workshop accommodation for £95,000 per annum over a term of up to 5 years. The start date of the lease was 29 July 2019

Included within the cost of leasehold property of £5,279,947 is £188,000 of leasehold land. The value of this has been derived from the lease premium paid on inception of the lease.

Energy Coast UTC

Notes to the Financial Statements

12 Debtors

| | 2020 | 2019 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 40 | 51,825 |
| Other debtors | 6,166 | 7,032 |
| Prepayments and accrued income | 163,612 | 231,397 |
| | <u>169,818</u> | <u>290,254</u> |

13 Creditors: Amounts Falling due within one year

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Trade creditors | 29,850 | 93,643 |
| Other taxation and social security | 33,883 | 30,978 |
| Other creditors | 33,341 | 24,308 |
| EFA creditor: Recoverable Deficit Funding | 65,582 | |
| Accruals and deferred income | 110,219 | 86,472 |
| | <u>272,875</u> | <u>235,401</u> |

Deferred income

| | 2020 | 2019 |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Deferred income at 1 September 2019 | 18,885 | 24,897 |
| Released from previous years | (18,885) | (24,897) |
| Resources deferred in the year | 42,424 | 18,885 |
| Deferred Income at 31 August 2020 | <u>42,424</u> | <u>18,885</u> |

At the balance sheet date the academy trust was holding funds received in advance for pupils in the 2020/21 academic year amounting to £9,779 (2019: £0), rates relief amounting to £10,721 (2019: £11,190), ESFA grant funding lease payments amounting to £15,833 (2019: £0), exam credits amounting to £4,573 (2019:£0) with smaller transactions totalling £1,518. (2019: £7,695)

14 Creditors: Amounts Falling due in greater than one year

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| EFA creditor: Pupil Number Adjustment | 233,998 | 233,998 |
| EFA creditor: Recoverable Deficit Funding | 444,418 | 510,000 |
| | <u>678,416</u> | <u>743,998</u> |

The ESFA Recoverable deficit funding of £510,000 is classed as a Public Benefit Entity Concessionary Loan, no interest has been charged on the loan and a repayment profile is in place for repayments to start in August 2021. Discussions have started with the ESFA to resubmit an affordable repayment profile by the end of January 2021.

Energy Coast UTC

Notes to the Financial Statements

15 Statement of Funds

| | Balance at 1 September 2019 | Income | Expenditure | Gains, losses and transfers | Balance at 31 August 2020 |
|---|-----------------------------------|------------------|--------------------|--------------------------------|---------------------------------|
| | £ | £ | £ | £ | £ |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (780,063) | 2,018,982 | (2,019,489) | 60,045 | (720,525) |
| Other Educational Income | 23,661 | 471,260 | (436,528) | (50,392) | 8,000 |
| Pupil Premium | 22,716 | 61,243 | (70,438) | | 13,521 |
| Other ESFA Income - Lease | | 71,250 | (71,250) | | - |
| Engineering Laptops | 1,792 | | | (1,792) | - |
| Morgan Sindall Sponsorship | 23,940 | - | (23,940) | | - |
| Morgan Sindall Numeracy Donation | 20,184 | | | (20,184) | - |
| Pension reserve | (369,000) | - | (103,000) | (36,000) | (508,000) |
| | (1,056,770) | 2,622,735 | (2,724,645) | (48,323) | (1,207,003) |
| Restricted fixed asset funds | | | | | |
| Fixed Assets used for charitable purposes | 5,085,991 | - | (220,841) | 88,489 | 4,953,638 |
| DiE/EFA capital grants | - | 9,434 | | (9,434) | - |
| Other Unspent ESFA Capital monies | 13,844 | | | (1,763) | 12,081 |
| Proceeds from sale of assets | 2,860 | | | | 2,860 |
| ESFA - Capital - Temp | 87,535 | 10,000 | (12,771) | (50,301) | 34,463 |
| | 5,190,230 | 19,434 | (233,612) | 26,991 | 5,003,042 |
| Total restricted funds | 4,133,460 | 2,642,169 | (2,958,257) | (21,332) | 3,796,039 |
| Total unrestricted funds | - | 66,078 | (51,410) | (14,668) | (0) |
| Total funds | 4,133,460 | 2,708,246 | (3,009,667) | (36,000) | 3,796,038 |

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

RESTRICTED FUNDS

Restricted funds relate to monies which have been given for specific educational purposes.

General Annual Grant (GAG) must be used for the normal running costs of the UTC

The academy is carrying a net deficit of £699,005 on restricted general funds (excluding pension reserves) partly due to the remaining EFA Clawback of £233,998 in respect of pupil numbers for the 2016/17 academic year. The remainder is due to operating deficit. The UTC will submit a financial plan to ESFA in January 2021 which will include a repayment profile.

A balance of £14,668 from unrestricted funds has been transferred to restricted funds to alleviate the G.A.G. deficit. The 2019/20 DFC capital grant of £9,434 along with some revenue funds totalling £23,876 was invested in the purchase of pupil and staff iPads. 3 x Evac Chairs and a display screen was also purchased from revenue funds and transferred to capital totalling £3,114.97. Identified other educational income funds to carry forward totalled £8000; this enabled £45,377 to be transferred up to GAG funds to alleviate the deficit.

Energy Coast UTC

Notes to the Financial Statements

15 Statement of Funds (continued)

Morgan Sindall Literacy and Numeracy Donation relates to other educational grants and sponsorship income received which are to be expended on specific purposes and have now been fully spent.

The Pension reserve relates to the UTC's share of the deficit of the Local Government Pension Scheme (LGPS).

RESTRICTED FIXED ASSET FUNDS

The closing balance of the fund reflects the net book value of the assets purchased to date using these funds whether granted or gifted, along with grants received for which assets will be purchased in future periods.

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

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 September 2018 | Income | Expenditure | Gains, losses and transfers | Balance at 31 August 2019 |
|-------------------------------------|-----------------------------------|------------------|--------------------|--------------------------------------|------------------------------|
| | £ | £ | £ | £ | £ |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (508,998) | 1,929,401 | (2,236,012) | 35,546 | (780,063) |
| Start Up Grant | - | - | - | - | - |
| Other Educational Income | (1,012) | 123,889 | (99,216) | - | 23,661 |
| Pupil Premium | | 76,705 | (53,989) | | 22,716 |
| Other ESFA Income - Lease | | 15,697 | (15,697) | | - |
| Engineering Laptops | | 3,750 | (1,958) | | 1,792 |
| Morgan Sindall Sponsorship | - | 50,000 | (26,060) | - | 23,940 |
| Morgan Sindall Numeracy Donat | 21,584 | - | (1,400) | | 20,184 |
| Pension reserve | (108,000) | - | (59,000) | (202,000) | (369,000) |
| | (596,426) | 2,199,442 | (2,493,332) | (166,454) | (1,056,770) |
| Restricted fixed asset funds | | | | | |
| Assets transferred from ESFA | 4,867,944 | - | (323,335) | 541,381 | 5,085,990 |
| DfE/EFA capital grants | 21,103 | 25,434 | (11,017) | (35,520) | - |
| Other Unspent ESFA Capital Monies | | | | 13,844 | 13,844 |
| Proceeds from sale of Assets | | | 1,135 | 1,725 | 2,860 |
| ESFA - Capital - Temp | | 120,060 | | (32,525) | 87,535 |
| Other Donated Assets | - | 488,905 | | (488,905) | - |
| | 4,889,047 | 634,399 | (333,217) | - | 5,190,229 |
| Total restricted funds | 4,292,621 | 2,833,841 | (2,826,549) | (166,454) | 4,133,459 |
| Total unrestricted funds | - | 100,575 | (65,029) | (35,546) | - |
| Total funds | 4,292,621 | 2,934,416 | (2,891,578) | (202,000) | 4,133,459 |

Energy Coast UTC

Notes to the Financial Statements

16 Analysis of Net Assets between Funds

Fund balances at 31 August 2020 are represented by:

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total Funds |
|-------------------------|-----------------------|-----------------------------|---------------------------------|------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 4,953,638 | 4,953,638 |
| Current assets | (0) | 246,042 | 55,650 | 301,690 |
| Current liabilities | - | (272,875) | - | (272,875) |
| Non-current liabilities | - | (678,416) | - | (678,416) |
| Pension scheme liabi | - | (508,000) | - | (508,000) |
| Total net assets | (0) | (1,207,005) | 5,003,042 | 3,796,037 |

Analysis of Net Assets between Funds - PRIOR YEAR

Fund balances at 31 August 2019 are represented by:

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total Funds |
|-------------------------|-----------------------|-----------------------------|---------------------------------|------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 5,085,991 | 5,085,991 |
| Current assets | - | 291,629 | 104,238 | 395,867 |
| Current liabilities | - | (235,401) | - | (235,401) |
| Non-current liabilities | - | (743,998) | - | (743,998) |
| Pension scheme liabi | - | (369,000) | - | (369,000) |
| Total net assets | - | (1,056,770) | 5,190,229 | 4,133,459 |

17 Commitments under operating leases

Operating Leases

At 31 August 2020 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

| | 2020 | 2019 |
|--|----------------|----------------|
| | £ | £ |
| Amounts due within one year | 112,631 | 104,901 |
| Amounts due between one and five years | 18,094 | 87,511 |
| Amounts due after five years | - | - |
| | 130,725 | 192,412 |

Energy Coast UTC

Notes to the Financial Statements

| 18 Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities | 2020 | 2019 |
|--|--------------------------|--------------------------|
| | £ | £ |
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | (301,421) | 42,838 |
| Adjusted for: | | |
| Depreciation charges (note 11) | 220,841 | 323,334 |
| (gain)/losses on disposal of tangible fixed assets | | (1,135) |
| Capital grants from DfE and other capital income | (78,023) | (634,399) |
| Interest receivable (note 5) | (364) | (453) |
| Defined benefit pension scheme obligation inherited | - | - |
| Defined benefit pension scheme cost less contributions payable (note 23) | 87,000 | 53,000 |
| Defined benefit pension scheme finance cost (note 23) | 9,000 | 6,000 |
| Defined benefit pension scheme past service cost | 7,000 | |
| (Increase)/decrease in debtors | 120,436 | (148,690) |
| Increase/(decrease) in creditors | (28,108) | 92,604 |
| Net cash provided by / (used in) Operating Activities | 36,361 | (266,901) |
| 19 Cash Flows from Financing Activities | 2020 | 2019 |
| | £ | £ |
| Repayments of borrowing | - | - |
| Cash inflows from new borrowing | | 235,000 |
| Net cash provided by / (used in) financing activities | - | 235,000 |
| 20 Cash Flows from Investing Activities | 2019 | 2018 |
| | £ | £ |
| Dividends, interest and rents from investments | 364 | 453 |
| Purchase of tangible fixed assets | (88,489) | (538,495) |
| Proceeds from sale of tangible fixed assets | | 2,860 |
| Capital grants from DfE/EFA | 78,023 | 634,399 |
| Capital funding received from sponsors and others | | - |
| Net cash provided by / (used in) investing activities | (10,102) | 99,217 |
| 21 Analysis cash and cash equivalents | At 31 August 2020 | At 31 August 2019 |
| | £ | £ |
| Cash in hand and at bank | 131,871 | 105,613 |
| Notice deposits (less than 3 months) | - | - |
| Total cash and cash equivalents | 131,871 | 105,613 |

Energy Coast UTC

Notes to the Financial Statements

22 Analysis of changes in net debt

| | At 1 September 2019 | Cash Flows | Acquisition / disposal of subsidiaries | New finance leases | Other non- cash changes | At 31 August 2020 |
|--|---------------------------|---------------|--|-----------------------|----------------------------|----------------------|
| | £ | £ | £ | £ | £ | £ |
| Cash | 105,613 | 26,259 | - | - | - | 131,872 |
| Cash equivalents | - | - | - | - | - | - |
| Overdraft facility repayable on demand | - | - | - | - | - | - |
| Loans falling due within one year | - | - | - | - | (65,582) | (65,582) |
| Loans falling due after more than one year | (743,998) | - | - | - | 65,582 | (678,416) |
| Finance lease obligation | - | - | - | - | - | - |
| Total | (638,385) | 26,259 | - | - | - | (612,126) |

Energy Coast UTC

Notes to the Financial Statements

23 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.

Energy Coast UTC

Notes to the Financial Statements

24 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 Your Pension Service through Cumbria County Council. Both are multi-employer defined benefit pension schemes.

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

Contributions amounting to £33,545 were payable to the schemes at 31 August 2020 (2019: £24,308 and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £240,195 (2019: £148,405)

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

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

Energy Coast UTC

Notes to the Financial Statements

24 Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £75,075 (2019: £59,216), of which employer's contributions totalled £52,213 (2019: £41,585) and employees' contributions totalled £22,862 (2019: £17,631) The agreed contribution rates for future years are 15.4% for employers and 5.6-12.5% for employees.

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

The UTC expects to contribute £51,000 to its defined benefit pension scheme in 2020/21.

Energy Coast UTC

Notes to the Financial Statements

24 Pension and Similar Obligations (continued)

McCloud

In 2015, the government introduced reforms to public sector pensions, meaning many public sector workers were moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to members in these schemes amounted to unlawful discrimination. This case is known as McCloud.

The Supreme Court decision in June 2019 not to allow the government leave to appeal, means the difference in treatment needs to be remedied across all relevant schemes, including the Local Government Pension Scheme (LGPS).

The impact of McCloud was taken into account in the FRS102 actuarial valuation and considered for disclosure in the trust's 2019/20 financial statements. It was found that there was no impact and no disclosure is required.'

| Principal Actuarial Assumptions | At 31 August | At 31 August |
|--|--------------|--------------|
| | 2020 | 2019 |
| Rate of increase in salaries | 3.80% | 3.50% |
| Rate of increase for pensions in payment/inflation | 2.40% | 2.10% |
| Discount rate for scheme liabilities | 1.80% | 1.80% |
| Inflation assumption (CPI) | 2.30% | 2.00% |

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 | At 31 August |
|---|--------------|--------------|
| | 2020 | 2019 |
| <i>Retiring today</i> | | |
| Males | 22.6 | 23.3 |
| Females | 25.2 | 25.9 |
| <i>Retiring in 20 years</i> | | |
| Males | 24.2 | 25.6 |
| Females | 27.1 | 28.6 |
| Sensitivity analysis - deficit value | 2020 | 2019 |
| | £000 | £000 |
| Discount rate +0.1% | (471) | (339) |
| Mortality assumption 1 year increase | (549) | (388) |
| CPI rate +0.1% | (546) | (399) |
| Discount rate -0.1% | (546) | (400) |
| Mortality assumption 1 year decrease | (468) | (350) |
| CPI rate -0.1% | (471) | (340) |

Energy Coast UTC

Notes to the Financial Statements

24 Pension and Similar Obligations (continued)

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

| | Fair value at 31 August 2020 | Fair value at 31 August 2019 |
|-------------------------------------|---------------------------------|---------------------------------|
| | £000 | £000 |
| Equities | 326 | 361 |
| Government bonds | 183 | 134 |
| Property | 52 | 43 |
| Other bonds | 2 | 46 |
| Cash/Liquidity | 91 | 34 |
| Other | 288 | 129 |
| Total market value of assets | 942 | 747 |

The actual return on scheme assets was £2,000 (2019: £56,000).

Amounts recognised in the statement of financial activities

| | 2020 | 2019 |
|--|--------------|-------------|
| | £000 | £000 |
| Current service cost (net of employee contributions) | (134) | (90) |
| Past Service Costs | (7) | - |
| Net interest cost | (6) | (4) |
| Admin expenses | (3) | (2) |
| Total amount recognised in the SOFA | (150) | (96) |

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

| | 2020 | 2019 |
|---|--------------|--------------|
| | £'000 | £'000 |
| At 1 September | 1,116 | 813 |
| Current service cost | 134 | 90 |
| Interest cost | 20 | 24 |
| Employee contributions | 23 | 18 |
| Past service cost | 7 | - |
| Actuarial (gain)/loss | 152 | 238 |
| Benefits paid | (2) | (67) |
| Plan introductions, benefit changes, curtailments and settlements | - | - |
| At 31 August | 1,450 | 1,116 |

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

| | 2019 | 2018 |
|---|------------|------------|
| | £'000 | £'000 |
| At 1 September | 747 | 705 |
| Interest income | 14 | 20 |
| Remeasurements (assets) | - | - |
| Actuarial gain/(loss) | 116 | 36 |
| Employer contributions | 47 | 37 |
| Employee contributions | 23 | 18 |
| Benefits paid | (2) | (67) |
| Admin expenses | (3) | (2) |
| Plan introductions, benefit changes, curtailments and settlements | - | - |
| At 31 August | 942 | 747 |

Energy Coast UTC

Notes to the Financial Statements

25 Related Party Transactions

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

The following related party transaction took place in the period of account.

- Gen2 Engineering & Technology Training Ltd, a member of Energy Coast UTC (resigned 21 June 2019)

In the prior year (2019) the UTC were charged for the provision of teaching staff, facilities and resources amounting to £192,347.

- Morgan Sindall, Mr N Bailey, trustee is a Director of this company.

The trust received £nil (2019: £50,000) from the company in sponsorship.

The trust received a donation of £1,790 (2019: £575) from the company.

- University of Cumbria, a member of Energy Coast UTC

The trust received £5,987.87 in kind, payment for internal audit. (2019: £6,025)

In the prior year The University distributed funds to the UTC to support access into higher education (income £24,454). As part of this, the UTC commissioned the University to complete a research project on its behalf (expenditure £8,000).

- Ms B Stephens OBE is a trustee

The trust received £120 in donations from this trustee. (2019: £620)

- Iggesund Paperboard, Mr A Hughes, Governor is an employee of this company.

in the prior year the trust received £400 from the company in sponsorship.

- Sellafield Ltd, Dr D Connor (Vice Chair) is an employee of this company.

Provided a member of staff on secondment to act as Employer Engagement Officer at no charge to the academy.

26 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the academy trust received £11,586 (2019: £12,015) and disbursed £11,586 (2019: £12,015) from the fund.

