

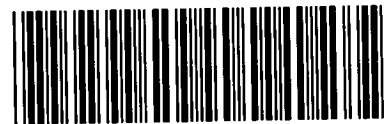


Company Registration Number:
07912940 (England and Wales)

Energy Coast UTC
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2019

TUESDAY



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24/12/2019
COMPANIES HOUSE

Energy Coast UTC

Contents

Item	Page
Reference and Administrative Details	1
Governors' Report	2
Governance Statement	10
Statement on Regularity, Propriety and Compliance	13
Statement of Governors' Responsibilities	14
Independent Auditor's Report on the Financial Statements	15
Independent Reporting Accountant's Report on Regularity	18
Statement of Financial Activities incorporating Income & Expenditure Account	20
Balance Sheet	21
Statement of Cash Flows	22
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	23
Other Notes to the Financial Statements	30

Energy Coast UTC
Reference and Administrative Details
For the Year Ended 31 August 2019

Members

Gen2 Engineering & Technology Training Ltd
(Resigned 21 June 2019)
Morgan Sindall Infrastructure
(Appointed 1 May 2019)
Nuclear Decommissioning Authority
University of Cumbria

Governors

Mr M Allison (resigned 3 September 2018)
Mr N Bailey (Chair of Finance)
Mrs H Barker
Mr A Bulloch
Dr D Connor (Vice Chair)
Mr R Farrow (appointed 26 June 2019)
Mr M Fox
Mr P Freeman
Mrs C Hadfield
Mr A Heron (appointed 11 December 2018)
Mr A Hughes
Mr J McCurrie (appointed 26 June 2019)
Mr G Martin (resigned 21 June 2019)
Mrs M Mills
Mr CD Nattress (resigned 3 September 2018)
Ms B Stephens OBE (Chair)
Ms C Tingle (Principal)
Mr G Walker (appointed 26 June 2019, resigned 23 September 2019)

Senior Management Team:

▪ Principal	Ms C Tingle
▪ Deputy principal	Mr I Russell
▪ Deputy principal	Mr B Stevenson
▪ Business Director	Mr M Redding

Company Name	Energy Coast UTC
Principal and Registered Office	Blackwood Road Lillyhall, Workington Cumbria, CA14 4JW

Company Registration Number	07912940
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Independent Auditor	Saint & Co The Old Police Station, Church Street Ambleside, Cumbria LA22 0BT
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Bankers	National Westminster 31 Pow Street Workington, Cumbria CA14 3AW
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Solicitors	Burnetts 6 Victoria Place Carlisle, Cumbria CA1 1ES
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ENERGY COAST UTC
GOVERNORS' ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2018 to 31 August 2019. The Annual report serves the purposes of both a Governors' 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 283 in the school in October 2018

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 Governors 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:

Gen2 Engineering & Technology Training Ltd (resigned 21 June 2019)

Morgan Sindall Infrastructure (appointed 1 May 2019)

Nuclear Decommissioning Authority

University of Cumbria

GOVERNORS' 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 Governors 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 Governors and officers indemnity element from the overall cost of the RPA scheme.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

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

New Governors 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 Governors

ENERGY COAST UTC
GOVERNORS' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

Governors 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, Curriculum and Standards and Employer Engagement. The UTC Chair of Governors Ms Barbara Stephens OBE and on the executive side the Principal is Cherry Tingle.

PAY POLICY FOR 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 Gen2 Engineering & Technology Training Limited. They are a founding member of the UTC and have representation on the UTC Governing Body (resigned 21 June 2019) . Gen2 provide specialist training and education under a service contract. The trust ensures that the relationship is compliant with the Academies Financial Handbook. Morgan Sindall, a member of the academy from 1 May 2019, has provided sponsorship/funding to the academy in the year.

Objectives and Activities

OBJECTS AND AIMS

The Governors 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'.

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 the core academic provision at both GCSE and A Level, with students receiving vocational BTEC related training in the workshop facilities at Gen2 under agreement with the partner organisation.

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, Sellafield 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 Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

ENERGY COAST UTC
GOVERNORS' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic Report

Achievements and performance

The UTC results at GCSE and post 16 have improved dramatically over the last three years. The UTC was also 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.

We have also secured temporary workshop accommodation for our students, negating the need for external provision and have secured a commitment from the DfES and ESFA to a new permanent workshop build on site.

Student progress from baseline

Performance for 2019 cohort is in line with the targeted journey of the school. Most students make 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 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.

ENERGY COAST UTC
GOVERNORS' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic Report (continued)

Progress at UTC

	Cohort	Cohort Size	UTC 2018	School Target	Results 2019
Progress from CAT4 Baseline	All	70	1.84	1.5	1.83
	Boys	53	1.81	1.5	1.82
	Girls	17	1.85	1.5	1.91
	Disadvantaged	23	2.22	1.5	1.58
	Non-disadvantaged	47	2.06	1.5	2.05
	SEND	3		1	1.31
	High Ability	25	2.09	1.75	1.96
	Middle Ability	39	1.78	1.5	1.8
	Lower Ability	5	1.08	1.25	1.57
Maths Progress from CAT4 Baseline	All	70	1.67	1.5	1.42
	Boys	53	1.64	1.5	1.39
	Girls	17	1.74	1.5	1.51
	Disadvantaged	23	0.94	1.5	1.14
	Non-disadvantaged	47	1.95	1.5	1.57
	SEND	3		1	0.63
	High Ability	25	1.8	1.75	1.63
	Middle Ability	39	1.76	1.5	1.39
	Lower Ability	5	0.54	1.25	0.68
English Progress from CAT4 Baseline	All	70	2.55	1.5	1.61
	Boys	53	2.41	1.5	1.38
	Girls	17	2.93	1.5	2.32
	Disadvantaged	23	1.7	1.5	2.11
	Non-disadvantaged	47	2.88	1.5	1.88
	SEND	3		1	0.78
	High Ability	25	2.85	1.75	1.58
	Middle Ability	39	2.41	1.5	1.71
	Lower Ability	5	2.27	1.25	1.12
Science Progress from CAT4 Baseline	All	70	1.53	1.5	2.26
	Boys	53	1.6	1.5	2.37
	Girls	17	1.35	1.5	1.92
	Disadvantaged	23	1.08	1.5	2.2
	Non-disadvantaged	47	1.73	1.5	2.42
	SEND	3		1	2.11
	High Ability	25	1.83	1.75	2.49
	Middle Ability	39	1.44	1.5	2.18
	Lower Ability	5	0.92	1.25	1.67
Technical Progress from CAT4 Baseline	All	70	2.94	1.5	1.91
	Boys	53	2.92	1.5	1.94
	Girls	17	3	1.5	1.83
	Disadvantaged	23	1.85	1.5	1.64
	Non-disadvantaged	47	3.37	1.5	2.05
	SEND	3		1	0.73
	High Ability	25	3.51	1.75	1.94
	Middle Ability	39	2.89	1.5	1.9
	Lower Ability	5	1.11	1.25	1.89
Other (Options) Progress from CAT4 Baseline	All	70	1.06	1.5	1.67
	Boys	53	1.11	1.5	1.78
	Girls	17	1.02	1.5	1.57
	Disadvantaged	23	0.78	1.5	1.52
	Non-disadvantaged	47	1.2	1.5	1.83
	SEND	3		1	2.53
	High Ability	25	1.18	1.75	2
	Middle Ability	39	1.12	1.5	1.43
	Lower Ability	5	0.39	1.25	3.2

ENERGY COAST UTC
GOVERNORS' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic Report (continued)

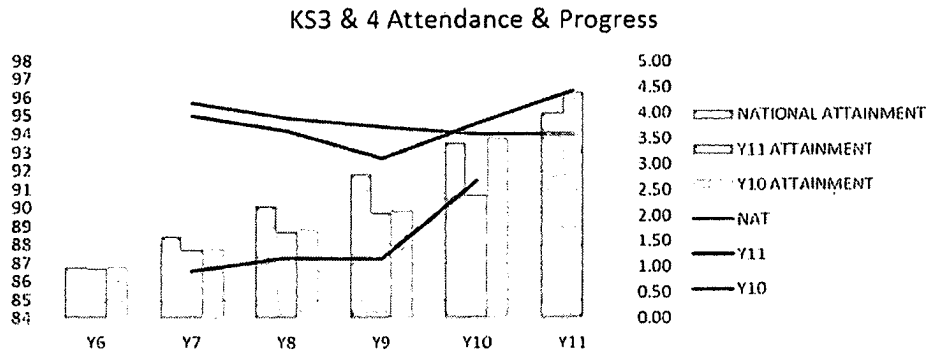
Student behaviour, personal development and welfare

Behaviour

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.



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 312 as of the October 2019 census

Finance

The financial situation of the UTC remains extremely challenging. Three main risks continue to apply: cost of external provision, student numbers and pupil number adjustment (PNA) clawback.

The ESFA have provided some additional funding for this year – please see finance committee minutes and separate agenda item

Summary:

The outstanding PNA of £234k is deferred until 2021

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

As of Oct 2019, we have 312 students rather than the 316 in the budget, but an increase of 29 students from 2018 census

We have been granted up to £170,000 in non-recoverable deficit funding between October 2019 and 31 August 2020.

ENERGY COAST UTC
GOVERNORS' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic Report (continued)

GOING CONCERN

After making appropriate enquiries, and in discussion with the ESFA, the Board of Governors 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 also forecast to be slightly lower than necessary to break even for the 2019-20 financial year and discussions are continuing with the ESFA. We have been given non recoverable deficit funding for the 2019-20 academic year. The ESFA have been extremely supportive in discussing the medium term difficulties and the support they will provide. For this reason the UTC continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

ENERGY COAST UTC
GOVERNORS' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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 2018-19 was £2.707m, with other income of £227k.

Total expenditure of funds during the year was £2.891m

Net assets at 31 August 2019 amounted to £5.246m being represented by Restricted Fixed Asset fund of £5.190m. In year deficit is £159k with the restricted fund's total deficit being £1.056m

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

Financial review

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.

MATERIAL INVESTMENTS 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.

DEFICIT

The restricted fund in deficit partly relates to the local government pension scheme reserve amounting to £369,000 (2018-19) 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 Governors will monitor this deficit and take appropriate steps, if required by the actuary, to make additional deficit contributions to the scheme.

Plans for future periods

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. In September 2019, the UTC will benefit 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 2020.

ENERGY COAST UTC
GOVERNORS' ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 Governors.

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.

DISCLOSURE OF INFORMATION TO AUDITORS

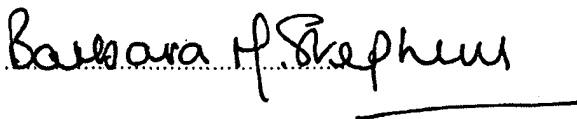
Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the UTC's auditors are aware of that information.

AUDITORS

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 Governors' report was approved by order of the Board of Governors, as the company directors, on 16.12.19 and signed on its behalf by:



Ms B Stephens OBE
Chair of Governors

ENERGY COAST UTC

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

GOVERNANCE

The Academies Financial Handbook 2018 now requires that the management accounts for the trust are scrutinised by the board of trustees six times a year, and the direction we have received from the Education & Skills Funding Agency suggests that this should be achieved by meeting six times per 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 also meet on three occasions per year, 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 Full board of Governors have met 4 times during the year. Attendance during the year at meetings of the board of Governors was as follows:

Neil Bailey 75%
Hazel Barker 50%
Alistair Bulloch 50%
Donna Connor (Vice Chair) 75%
Rick Farrow appointed June 2019 0%
Mike Fox 75%
Patrick Freeman 100%
Catherine Hadfield 100%
Andrew Heron appointed 11 December 2018 100%
Andrew Hughes 100%
John McCurrie appointed June 2019 100%
Gary Martin resigned June 2019 33%
Marie Mills 50%
Barbara Stephens (Chair) 100%
Cherry Tingle 75%
Geoff Walker appointed June 2019 100%
Lindsay Woodcock resigned September 2018 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 progress in implementing the Risk Management Plan.
5. 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.
6. To consider proposals for major capital expenditure and to make recommendations to the Board.
7. To monitor progress towards the timely achievement of capital build projects to cost and advising the Board.
8. To make recommendations for the Treasury Management Policy.

The Finance, Premises and Personnel Governors have met 3 times during the year. Attendance during the year at meetings was as follows:

Neil Bailey (Chair) 100%
Andrew Heron 100%
Andrew Hughes 67%
Barbara Stephens 100%
Cherry Tingle 100%

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 Governors 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 cleaning, facilities management and auditing were carried out in 2019.

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 has already been secured for 2019-20.

Going forward there remains financial pressure on the ECUTC due to the lower than required recruitment numbers.

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.

Please see key performance indicators and review of activities for statistics on subject grades and attendance

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 2018 to 31 August 2019 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 Governors 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 Governors 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

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 Governors;
- 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 Governors, 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 reviewer's role includes giving advice on financial matters and performing a range of checks on the UTC's financial systems. In particular the checks carried out in the current period included a review of asset management and a review of income recognition.

On an annual basis, the reviewer reports to the Board of Governors through the audit committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

In each of the Assurance Reports the auditors have stated that 'the UTC is operating under 'a good control environment' but have also identified a series of improvements to be made. Contained within the auditors' management report from August 2018, three deficiencies in internal controls were identified. Two of these were low and very low priority and have now been addressed and the remaining one has been addressed, but requires confirmation from our new auditors.

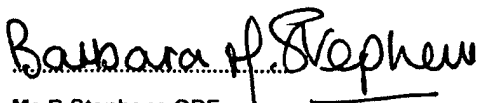
REVIEW OF EFFECTIVENESS

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:

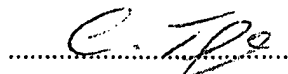
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the UTC who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Resources and Premises 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 Governors on 16.12.19 and signed on their behalf, by:



Ms B Stephens OBE
Chair of Governors



Ms C Tingle
Accounting Officer

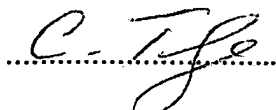
ENERGY COAST UTC

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Energy Coast UTC, I have considered my responsibility to notify the academy trust governing body 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 2018.

I confirm that I and the academy trust board of Governors 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 2018.

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



**Ms C Tingle, Principal
Accounting Officer**

ENERGY COAST UTC

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as Governors of Energy Coast UTC and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual 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 governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

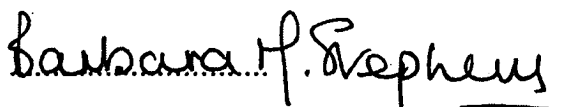
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 governors 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 governors 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 governors 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 governing body on 16.12.19 and signed on its



Ms B Stephens OBE
Chair of Governors

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 2019 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 2019 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 2015 and Academies Accounts Direction 2018 to 2019.

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 note 25 in the financial statements, which indicates 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 PNA Clawback. Furthermore the academy is forecasting reasonable deficits for the next three years which will lead to cash flow issues and is therefore heavily reliant on the support of the ESFA.

As stated in note 25, 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 Governors 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 Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governors 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 Governors.

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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF GOVERNORS

As explained more fully in the Statement of Governors Responsibilities (set out on page 14), the Governors (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 Governors 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 GOVERNORS (continued)

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

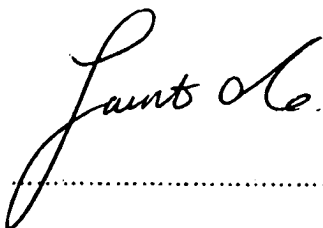
OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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: 16 December 2019

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 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

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:

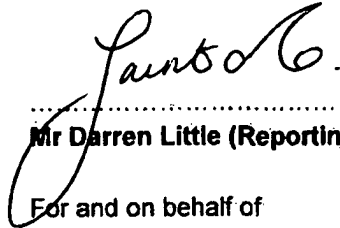
- the School Resource Management Self-Assessment Tool Checklist (SRMSA) was obtained;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual payments for staff have been made in accordance with the Handbook;
- reviewing 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 trustee / governor's declaration of interests.

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

USE OF OUR REPORT

This report is made solely to Energy Coast UTC and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Energy Coast UTC and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Energy Coast UTC and the ESFA, for our work, for this report, or for the conclusion 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: 16 December 2019

Energy Coast UTC

Statement of Financial Activities for the year ended 31 August 2019

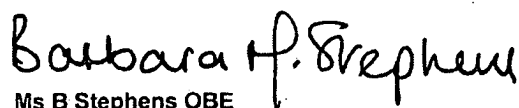
(including Income and Expenditure Account)


	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019	Restated Total 2018
		£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	20	46,269	634,399	680,688	59,408
Charitable activities:						
Funding for the academy trust's educational operations	3	-	2,121,724		2,121,724	1,942,213
Other trading activities	4	100,102	31,449		131,551	115,638
Investments	5	453	-	-	453	81
Total		100,575	2,199,441	634,399	2,934,415	2,117,340
Expenditure on:						
Raising funds	6	65,029		-	65,029	76,194
Charitable activities:						
Academy trust educational operations	7		2,493,332	333,216	2,826,548	2,651,400
Other		-	-	-	-	-
Total		65,029	2,493,332	333,216	2,891,577	2,727,594
Net income / (expenditure)		35,546	(293,890)	301,183	42,838	(610,254)
Transfers between funds	15	(35,546)	35,546	-	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	15, 23	-	(202,000)	-	(202,000)	83,000
Net movement in funds		(0)	(460,344)	301,183	(159,162)	(527,254)
Reconciliation of funds						
Total funds brought forward		-	(596,426)	4,889,047	4,292,621	4,819,875
Total funds carried forward		(0)	(1,056,770)	5,190,230	4,133,459	4,292,621

Energy Coast UTC
Company Number 07912940
Balance Sheet as at 31 August 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	11		5,085,991	4,872,555	
Current assets					
Debtors	12	290,254		141,564	
Cash at bank and in hand		<u>105,613</u>		<u>38,297</u>	
		395,867		179,861	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(235,401)</u>		<u>(651,795)</u>	
Net current assets			<u>160,467</u>		<u>(471,934)</u>
Total assets less current liabilities			5,246,458		4,400,621
Creditors: Amounts falling due after more than one year	14		<u>(743,998)</u>		-
Net assets excluding pension liability			<u>4,502,460</u>		<u>4,400,621</u>
Defined benefit pension scheme liability	23		<u>(369,000)</u>		<u>(108,000)</u>
Total assets			<u>4,133,460</u>		<u>4,292,621</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	5,190,229		4,889,047	
Restricted income fund	15	<u>(687,770)</u>		<u>(488,426)</u>	
Pension reserve	15	<u>(369,000)</u>		<u>(108,000)</u>	
Total restricted funds			4,133,459		4,292,621
Unrestricted income funds	15		<u>(0)</u>		-
Total funds			<u>4,133,459</u>		<u>4,292,621</u>

The financial statements on pages 20 to 47 were approved by the Governors, and authorised for issue on 16.12 2019 and are signed on their behalf by:


 Ms B Stephens OBE
 Chair of Governors


 Ms C Tingle, Principal
 Accounting Officer

Energy Coast UTC

Statement of Cash Flows for the year ended 31 August 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	18	(266,901)	(210,432)
Cash flows from investing activities	20	99,217	81
Cash flows from financing activities	19	235,000	-
Change in cash and cash equivalents in the reporting period		67,316	(210,351)
Cash and cash equivalents at 1 September 2018		38,297	248,648
Cash and cash equivalents at the 31 August 2019	21	105,613	38,297

Energy Coast UTC

Notes to the Financial Statements

for the period ended 31 August 2019

1 Statement of 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 of Financial Statements

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 2018 to 2019 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 Governors 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 Governors 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 disclosed in Note 25. The Governors 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

for the period ended 31 August 2019

1 Statement of Accounting Policies (continued)

- **Grants (continued)**

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

- **Sponsorship Income**

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

- **Donations**

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

for the period ended 31 August 2019

1 Statement of 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

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 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

for the period ended 31 August 2019

1 Statement of 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 and the assets are held separately from those of the academy trust.

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 28, 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.

Public Benefit Entity Concessionary Loans

Public benefit entity concessionary loans shall initially be measured at the amount received and recognised in the statement of financial position. In subsequent years, the carrying amount of concessionary loans in the financial statements shall be adjusted to reflect any accrued interest payable.

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.

Energy Coast UTC

Notes to the Financial Statements

for the period ended 31 August 2019

1 Statement of Accounting Policies (continued)

Local Government Pension Scheme

The LGPS is a funded 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 2016 and they used the roll forward approach to get to liability at 31 August 2019. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

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

Restatement of Comparatives

The Financial Statements have been restated to show capital grants received from the ESFA within donations and capital grants rather than funding for the academy trust's educational operations, in line with guidance from the 2018/19 Academy Accounts Direction.

Similarly, recoverable deficit funding from the ESFA has been shown in the notes to the cash flow statement as cash inflows from new borrowings, rather than movement in creditors.

Energy Coast UTC

Notes to the Financial Statements

for the period ended 31 August 2019

1 Statement of 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.

(a) Local Government Defined Benefit Scheme

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 29, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

(b) 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. Governors 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

for the period ended 31 August 2019

1 Statement of 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 for the year ended 31 August 2019

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Restated Total 2018 £
Capital Grants	-		-	-
. Devolved Capital Formula	-	8,871	8,871	8,753
. Additional Capital Grant		136,622	136,622	-
. Value of donated assets From ESFA		488,905	488,905	-
Sponsorship	-	21,214	21,214	36,185
Donations	20	25,055	25,075	14,470
	<u>20</u>	<u>680,668</u>	<u>680,688</u>	<u>59,408</u>
2018 Comparative Restated	<u>-</u>	<u>59,408</u>	<u>59,408</u>	

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Restated Total 2018 £
DfE / EFA grants				
. General Annual Grant (GAG)	-	1,705,401	1,705,401	1,592,521
. UTC Transitional Funding		200,000	200,000	200,000
. Capacity & Delivery Funding		24,000	24,000	
. Start Up Grants	-	-	-	40,000
. Other DfE/EFA grants	-	143,367	143,367	72,495
	<u>-</u>	<u>2,072,768</u>	<u>2,072,768</u>	<u>1,905,016</u>
Other Government grants				
. Local authority grants	-	42,869	42,869	17,146
. Special educational projects	-	-	-	-
	<u>-</u>	<u>42,869</u>	<u>42,869</u>	<u>17,146</u>
Other income from the academy trust's educational operations		6,087	6,087	20,051
	<u>-</u>	<u>2,121,724</u>	<u>2,121,724</u>	<u>1,942,213</u>
2018 Comparative	<u>-</u>	<u>1,942,213</u>	<u>1,942,213</u>	

4 Other Trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Letting income	120	-	120	266
Catering income	63,426	-	63,426	46,513
Other income	36,556	31,449	68,005	68,859
	<u>100,102</u>	<u>31,449</u>	<u>131,551</u>	<u>115,638</u>
2018 Comparative	<u>53,002</u>	<u>62,636</u>	<u>115,638</u>	

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

5 Investment income

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
Bank interest received	453	-	453	81
	<u>453</u>	<u>-</u>	<u>453</u>	<u>81</u>
2018 Comparative	<u>81</u>	<u>-</u>	<u>81</u>	

6 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2019	2018
	£	£	£	£	£
Expenditure on raising funds			65,029	65,029	76,194
Academy's educational operations:					
· Direct costs	1,384,379		798,928	2,183,307	2,132,224
· Allocated support costs	257,442	163,601	222,197	643,241	519,176
	<u>1,641,821</u>	<u>163,601</u>	<u>1,086,154</u>	<u>2,891,577</u>	<u>2,727,594</u>
2018 Comparative	<u>1,423,365</u>	<u>138,652</u>	<u>1,165,577</u>	<u>2,727,594</u>	

Net income/(expenditure) for the period includes:

	2019	2018
	£	£
Operating lease rentals	-	-
Depreciation	323,334	325,364
(Gain)/loss on disposal of fixed assets	(1,135)	-
Fees payable to auditor for:		
- audit	8,070	14,000
- other services	<u>500</u>	-

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

7 Charitable Activities

	Total 2019 £	Total 2018 £
Direct costs – educational operations	2,183,307	2,132,224
Support costs – educational operations	643,241	519,176
	2,826,548	2,651,400

Analysis of direct costs	Educational operations £	Total 2019 £	Total 2018 £
Wages and salaries	1,036,120	1,036,120	890,112
National Insurance	106,830	106,830	94,794
Pension cost	215,808	215,808	215,907
Net pension finance costs	4,000	4,000	4,000
Educational services	125,865	125,865	136,672
Staff recruitment	15,078	15,078	7,299
Staff training and development	5,725	5,725	5,743
SLA	246,082	246,082	311,135
Examination Fees	56,965	56,965	70,987
Catering Costs	25,879	25,879	-
Supply and staff restructuring costs	21,621	21,621	70,211
Depreciation	323,334	323,334	325,364
Total direct costs	2,183,307	2,183,307	2,132,224

2018 Comparative	2,132,224	2,132,224
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Analysis of support costs	Educational operations £	Total 2019 £	Total 2018 £
Support staff costs	257,442	257,442	152,340
Advertising and marketing	18,672	18,672	39,612
Office Costs	74,371	74,371	53,748
Consultation	30,774	30,774	36,734
Bank charges	1,039	1,039	970
Insurance	5,660	5,660	5,280
Heat and light	32,914	32,914	32,579
Maintenance of premises and equipment	88,426	88,426	82,798
Building Lease	15,697	15,697	-
Travel and subsistence	5,097	5,097	6,317
Rates	26,564	26,564	23,275
Computer costs	66,988	66,988	64,064
Governance costs	19,595	19,595	21,459
Total support costs	643,241	643,241	519,176

2018 Comparative	519,176	519,176
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Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

8 Staff

a. Staff costs

Staff costs during the period were:	Total 2019 £	Total 2018 £
Wages and salaries	1,248,725	1,040,597
Social security costs	122,935	104,814
Operating costs of defined benefit pension schemes	244,540	207,743
	1,616,201	1,353,154
Supply staff costs	21,621	52,099
Staff restructuring costs	3,000	18,112
	1,640,821	1,423,365
Staff restructuring costs comprise:		
Severance payments	3,000	18,112
	3,000	18,112

b. Non statutory/non contractual staff severance payments

Non-statutory/non-contractual severance payments totalling £3,000 (2018: £5,334) paid to one individual during the year.

c. Staff numbers

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

	2019 - No.	2018 - No.
Teachers	24	21
Administration and support	19	12
Management	1	1
	44	34

d Higher paid staff

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

	2019 - No.	2018 No.
£100,001 - £110,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2019 related employer's pension contributions amounted to £15,000-20,000 (2018 - £15,000-20,000).

e Key management personnel

The key management personnel of the academy trust comprise the Governors 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 £282,292 (2018: £278,836).

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

9 Related Party Transactions - Governors' Remuneration and Expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

C Tingle (Principal):

- . Remuneration £100,001 - £105,000 (2018: £100,001 - £105,000)
- . Employer's pension contributions paid £15,000 - £20,000 (2018: £15,000 - £20,000)

M Fox (staff governor):

- . Remuneration £25,000 - £30,000 (2018: £35,000 - £40,000)
- . Employer's pension contributions paid £0,000 - £5,000 (2018: £5,000 - £10,000)

M Fox 2018/19 0.8FTE

No expenses were reimbursed to governors (2018: £nil)

During the year, no Governors received any benefits in kind (2018: £nil)

10 Governors' 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 Governors 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 Governors and officers indemnity element from the overall cost of the RPA scheme.

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

11 Tangible Fixed Assets

	Leasehold Property	Furniture and fixtures	Plant and equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2018	5,265,008	618,702	174,849	638,779	6,697,338
Additions	8,095	1,617	504,370	24,413	538,495
Disposals	-	(28,655)	-	(72,920)	(101,575)
At 31 August 2019	<u>5,273,103</u>	<u>591,664</u>	<u>679,219</u>	<u>590,272</u>	<u>7,134,258</u>
Depreciation					
At 1 September 2018	676,328	494,962	46,627	606,866	1,824,783
Charged in year	179,816	122,339	11,657	9,523	323,334
Disposals	-	(26,930)	-	(72,920)	(99,850)
At 31 August 2019	<u>856,144</u>	<u>590,371</u>	<u>58,284</u>	<u>543,469</u>	<u>2,048,267</u>
Net book values					
At 31 August 2018	4,588,680	123,740	128,222	31,913	4,872,555
At 31 August 2019	<u>4,416,959</u>	<u>1,293</u>	<u>620,935</u>	<u>46,804</u>	<u>5,085,991</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.

Included within Plant and equipment additions and Computer equipment additions is £473,165 / £15,740 of donated assets. These have been provided to the academy by the DfE, utilising equipment from recently closed academies. The value for the plant and machinery was given to the UTC by DfE and for calculating the fair value of the computer equipment our I.T. Services Manager researched similar items online and the values assigned are considered to be a reasonable estimate of the second-hand market value.

In addition the academy trust has had 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.

Included within the cost of leasehold property of £5,273,103 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 for the year ended 31 August 2019

12 Debtors

	2019	2018
	£000	£000
Trade debtors	51,825	2,101
Other debtors	7,032	18,403
Prepayments and accrued income	231,397	121,060
	290,254	141,564

13 Creditors: Amounts Falling due within one year

	2019	2018
	£	£
Trade creditors	93,643	43,965
Other taxation and social security	30,978	25,438
EFA creditor: abatement of GAG [if applicable]	-	-
Other creditors	24,308	295,497
Accruals and deferred income	86,472	286,895
	235,401	651,795

Deferred income

	2019	2018
	£	£
Deferred income at 1 September 2018	24,897	21,631
Released from previous years	(24,897)	(21,631)
Resources deferred in the year	18,885	24,897
Deferred Income at 31 August 2019	18,885	24,897

At the balance sheet date the academy trust was holding funds received in advance for pupils in the 2018/19 academic year amounting to £0 (2018: £12,155), rates relief amounting to £11,190 (2018: £11,613).

14 Creditors: Amounts Falling due in greater than one year

	2019	2018
	£	£
EFA creditor: Pupil Number Adjustment	233,998	-
EFA creditor: Recoverable Deficit Funding	510,000	-
	743,998	-

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 no formal repayment terms have been set but the governors do not expect to start repayment of the funding until a surplus is achieved.

15 Statement of Funds

	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 Donation	21,584		(1,400)		20,184
Pension reserve	(108,000)	-	(59,000)	(202,000)	(369,000)
	(596,426)	2,199,441	(2,493,332)	(166,454)	(1,056,770)
Restricted fixed asset funds					
Fixed Assets used for charitable purposes	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)	-
Capital expenditure from GAG				-	-
	4,889,047	634,399	(333,216)	-	5,190,229
Total restricted funds	4,292,621	2,833,840	(2,826,548)	(166,454)	4,133,459
Total unrestricted funds	-	100,575	(65,029)	(35,546)	(0)
Total funds	4,292,621	2,934,415	(2,891,577)	(202,000)	4,133,459

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 £687,770 on restricted general funds (excluding pension reserves) partly due to an EFA Clawback of £318,998 in respect of pupil numbers for the 2016/17 academic year of which, £85,000 was repaid during 2017/18. The remainder is due to 2017/18 and 2018/19 operating deficit. The UTC are currently in negotiation with the EFA and at the time of the audit repayment terms have not been determined.

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

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.

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 2019.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2017	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	(318,997)	1,882,162	(2,072,163)	-	(508,998)
Start Up Grant	-	40,000	(40,000)	-	-
Other Educational Income	69,940	111,299	(182,251)	-	(1,012)
Morgan Sindall Literacy Donatior	824	-	(824)	-	-
Morgan Sindall Numeracy Donat	24,493	-	(2,909)	-	21,584
Pension reserve	(140,000)	-	(51,000)	83,000	(108,000)
	(363,740)	2,033,461	(2,349,147)	83,000	(596,426)
Restricted fixed asset funds					
Assets transferred from ESFA	5,171,265	-	(324,139)	20,818	4,867,944
DfE/EFA capital grants	12,350	8,753	-	-	21,103
School laptops	-	22,043	(1,225)	(20,818)	-
	5,183,615	30,796	(325,364)	-	4,889,047
Total restricted funds	4,819,875	2,064,257	(2,674,511)	83,000	4,292,621
Total unrestricted funds	-	53,083	(53,083)	-	-
Total funds	4,819,875	2,117,340	(2,727,594)	83,000	4,292,621

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

16 Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	5,085,991	5,085,991
Current assets	(0)	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	(0)	(1,056,770)	5,190,229	4,133,459

Analysis of Net Assets between Funds - PRIOR YEAR

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	4,872,555	4,872,555
Current assets	-	163,369	16,492	179,861
Current liabilities	-	(651,795)	-	(651,795)
Non-current liabilities	-	-	-	-
Pension scheme liabi	-	(108,000)	-	(108,000)
Total net assets	-	(596,426)	4,889,047	4,292,621

17 Commitments under operating leases

Operating Leases

At 31 August 2019 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£	£
Amounts due within one year	104,901	6,439
Amounts due between one and five years	87,511	6,509
Amounts due after five years	-	-
	192,412	12,948

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

18	Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities	2019	2018 Restated
		£	£
	Net income/(expenditure) for the reporting period (as per the statement of financial activities)	42,838	(610,254)
	Adjusted for:		
	Depreciation charges (note 11)	323,334	325,364
	(gain)/losses on disposal of tangible fixed assets	(1,135)	
	Capital grants from DfE and other capital income	(634,399)	(28,147)
	Interest receivable (note 5)	(453)	(81)
	Defined benefit pension scheme obligation inherited	-	-
	Defined benefit pension scheme cost less contributions payable (note 23)	53,000	46,000
	Defined benefit pension scheme finance cost (note 23)	6,000	5,000
	(Increase)/decrease in debtors	(148,690)	(17,680)
	Increase/(decrease) in creditors	92,604	69,366
	Net cash provided by / (used in) Operating Activities	(266,901)	(210,432)
19	Cash Flows from Financing Activities	2019	2018 Restated
		£	£
	Repayments of borrowing	-	-
	Cash inflows from new borrowing	235,000	275,000
	Net cash provided by / (used in) financing activities	235,000	275,000
20	Cash Flows from Investing Activities	2019	2018
		£	£
	Dividends, interest and rents from investments	453	81
	Purchase of tangible fixed assets	(538,495)	-
	Proceeds from sale of tangible fixed assets	2,860	
	Capital grants from DfE/EFA	634,399	-
	Capital funding received from sponsors and others	-	-
	Net cash provided by / (used in) investing activities	99,217	81
21	Analysis cash and cash equivalents	At 31 August	At 31 August
		2019	2018
		£	£
	Cash in hand and at bank	105,613	38,297
	Notice deposits (less than 3 months)	-	-
	Total cash and cash equivalents	105,613	38,297

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

22 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 for the year ended 31 August 2019

23 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 Capita. 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 2016.

Contributions amounting to £24,308 were payable to the schemes at 31 August 2019 (2018: £20,497) and are included within creditors. Also, included in accruals/accrued income are amounts of £1,531/£2,889 relating to amounts owed to and from the scheme which were found during the EOYC audit.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

THE TEACHERS' PENSION BUDGETING AND VALUATION ACCOUNT

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

[A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website](#)

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

23 Pension and Similar Obligations (continued)

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

SCHEME CHANGES

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £148,405 (2018: £126,083).

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 2019 was £59,216 (2018: £42,054), of which employer's contributions totalled £41,585 (2018: £29,122) and employees' contributions totalled £17,631 (2018: £12,932) The agreed contribution rates for future years are 14.2% for employers and 5.6-8.5% 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 £37,000 to its defined benefit pension scheme in 2019/20.

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

23 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).

At the present time the academy has not considered the impact of McCloud on pension liabilities and no additional annual FRS102 actuarial valuation has been obtained for disclosure in the trust's 2018/19 financial statements. The implications will be considered in the next scheme valuation for 31 August 2020.

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.50%	3.70%
Rate of increase for pensions in payment/inflation	2.10%	2.30%
Discount rate for scheme liabilities	1.80%	2.90%
Inflation assumption (CPI)	2.00%	2.20%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	23.3	23.2
Females	25.9	25.8
<i>Retiring in 20 years</i>		
Males	25.6	25.5
Females	28.6	28.5

Sensitivity analysis - deficit value	2019	2018
	£000	£000
Discount rate +0.1%	(339)	(86)
Mortality assumption 1 year increase	(388)	(122)
CPI rate +0.1%	(399)	(130)
Discount rate -0.1%	(400)	
Mortality assumption 1 year decrease	(350)	
CPI rate -0.1%	(340)	

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

23 Pension and Similar Obligations (continued)

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

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equities	361	344
Government bonds	134	123
Property	43	64
Other bonds	46	44
Cash/Liquidity	34	42
Other	129	88
Total market value of assets	747	705

The actual return on scheme assets was £56,000 (2018: £32,000).

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost (net of employee contributions)	(90)	(71)
Net interest cost	(4)	(4)
Admin expenses	(2)	(1)
Total operating charge	(96)	(76)

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

	2019 £'000	2018 £'000
At 1 September	813	777
Benefit Obligation at beginning of period	813	777
Current service cost	90	71
Interest cost	24	20
Employee contributions	18	13
Actuarial (gain)/loss	238	(68)
Benefits paid	(67)	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	1,116	813

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

	2019 £'000	2018 £'000
At 1 September	705	637
Fair value of plan assets at beginning of period	705	637
Interest income	20	16
Remeasurements (assets)	-	-
Actuarial gain/(loss)	36	15
Employer contributions	37	25
Employee contributions	18	13
Benefits paid	(67)	-
Admin expenses	(2)	(1)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	747	705

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

24 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Governors 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)

The trust was charged for the provision of teaching staff, facilities and resources amounting to £192,347 (2018: £319,950) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil)

In entering into the transaction the trust has complied with the requirements of EFA's Academies Financial Handbook 2018.

- Lakes College West Cumbria, a member of Energy Coast UTC (resigned 1 September 2018)

In the prior year the UTC were charged for the provision of teaching staff totalling £45,073 (in line with a service level agreement).

£7,889 was released from prepayments for the lease of the 3G sports pitch in the year end 31/08/2019

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

The trust received £50,000 (2018: £46,000) from the company in sponsorship.

The trust received a donation of £575 from the company.

- University of Cumbria, a member of Energy Coast UTC

The trust received £6,025 in kind, payment for internal audit.

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 £6,000).

- Ms B Stephens OBE is a Governor

The trust received £620 in donations from this Governor.

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

The trust received £400 from the company in sponsorship.

- Sellafeld 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.

Energy Coast UTC

Notes to the Financial Statements for the year ended 31 August 2019

25 Going Concern

The Governors have considered the results for the year showing a significant GAG deficit and the additional deficit funding received to support the academy. It has been agreed with the ESFA that repayment of the PNA will be deferred until 2021 and that the UTC has been granted up to £170k non-recoverable deficit funding for the 2019/20 academic year. There has been no confirmation as to when the recoverable deficit funding will need to be repaid and the ESFA are satisfied with the long-term forecasting/budgeting showing the UTC starting to make a surplus once the school is near capacity.

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 the 2019/20 academic year.

The Governors consider the basis of going concern to be appropriate for the preparation of the financial statements.

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 2019 the academy trust received £12,015 (2018: £11,300) and disbursed £12,015 (2018: £11,300) from the fund.