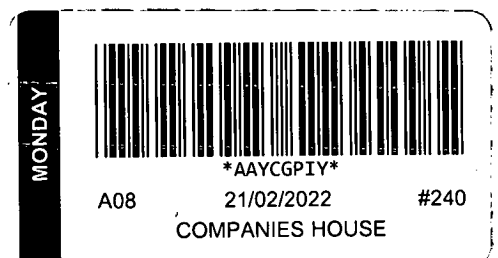


Company Registration Number: 07898536 (England & Wales)

LINCOLN UTC
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021



LINCOLN UTC
(A company limited by guarantee)

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LINCOLN UTC
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Prof M Stuart
Prof A Hunter
G Headland
P Birt
A Watson

Trustees

P Birt, Chair
A Watson, Vice Chair
N Main
Prof E John (resigned 17 November 2020)
J Morrison
A Ogg
J Smith
F Carchedi
J Hallett
M Wakeling
C Headleand
M Fielding, Staff Trustee
F Janan (appointed 17 November 2020, resigned 5 May 2021)
M Mura (appointed 17 November 2020)
K Jones (appointed 17 June 2021, resigned 31 July 2021)
G Gibbs (appointed 17 June 2021)
N Whitfield (appointed 17 June 2021)

Company registered number

07898536

Company name

Lincoln UTC

Principal and registered office

Lindum Road, Lincoln, LN2 1PF

Company secretary

N Smith

Accounting officer

J Morrison

LINCOLN UTC
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Senior leadership team

J Morrison, Principal
S Hamer, Vice-Principal
D Chung, Assistant Principal

Independent auditor

Streets Audit LLP, Tower House, Lucy Tower Street, Lincoln, LN1 1XW

Bankers

Lloyds Bank, 202 High Street, Lincoln, LN5 7AP

Solicitors

Browne Jacobson LLP, Mowbray House, Castle Meadow Road, Nottingham, NG2 1BJ

LINCOLN UTC
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The Covid pandemic continued to have a significant impact on Lincoln UTC and its students during academic year 2020 / 2021. Examinations were cancelled for the second consecutive year. Our examination year groups (years 11 and 13) all received the grades that they deserved. Lincoln UTC's approach to the evidence gathering for determining teacher assessed grades was robust. Students in both year groups took the (unpublished) 2020 papers under full examination conditions. Our processes were checked by and received the full support of the examination boards. None of the teacher assessed grades submitted by Lincoln UTC were moderated or amended as a result of the exam board QA processes. At A Level we had 100% pass rate with 79% of grades at A* to C. Our year 13 engineers, on the BTEC pathway, achieved 100% pass rate, with 71% getting distinction grades (DMM or better). Our year 13 results were broadly in line with those achieved in 2019 when there were actual examinations. GCSE results, in most subject areas, were very similar to the 2019 actuals and ahead of national averages. 71% of students achieved grade 4 or better in both english and maths. In our specialist subject areas grades were slightly higher than previous years. 74% of year 11 students achieved Level 2 passes in engineering (67% in 2019). 24% achieved Level 2 distinctions (6% in 2019).

Lincoln UTC adapted quickly to the challenges of lockdown and made significant changes to ensure a high-quality provision for students throughout the pandemic and to keep all in our community safe. A full programme of online lessons was delivered from day 1 of both lockdown periods. Every single student who didn't have a laptop at home was given one on loan. Arrangements were in place to ensure that FSM students were supported with supermarket vouchers before the first lockdown and throughout. Lincoln UTC took these steps long before any government decision. We set the value and amount of support at twice the government level. The college remained open for vulnerable students throughout. In addition to the students with SEND, any who were struggling with mental health (due to lockdown) were encouraged to come in. For most of the academic year we operated a non-conventional timetable with staggered start and finish times and with staggered lunch breaks. We reduced class sizes to a maximum of 14 so that full social distancing (2 metres+) could be maintained and so that students never had to share a desk. Our precautionary measures proved to be very effective. There were no confirmed cases of Covid 19 where a student or staff member contracted the disease through contact at the college.

Recruitment has continued to be strong despite the impact of the pandemic and the fact that we have been unable to visit other schools. The year 10 cohort starting in September 2021 (136 students) is the biggest year group the UTC has ever had. The number of students on roll (365 as of the October census) is almost twice that of the situation three years ago (2018 / 2019) when Lincoln UTC only had 192 students. Looking ahead to September 2022 we are in a position where we are actually over-subscribed and, for the first time, operating a waiting list.

Structure, Governance and Management

Constitution

The UTC is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the UTC.

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

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

LINCOLN UTC
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

The Trustees for Lincoln UTC are secured using a skills matrix which identifies the skills current Trustees hold against the required skills for the effective and efficient strategic running of the college. Approaches are made to suitably qualified and trained individuals within the business sector who can potentially provide the missing skills.

Members of the UTC must approve all appointments to the Board of Trustees with an agreement of 75%. There must be a minimum of three Members with no maximum stated in the Articles. All future appointments, after the initial Members, are subject to resolution by the Members.

Policies and Procedures Adopted for the Induction and Training of Trustees.

Upon commencement in the role all new Trustees and members receive time with the Principal and Clerk to familiarise themselves with the articles and policies in which the board operates. All appointments are welcomed into the committee structure and supported by the Chair and Vice Chair of the Board.

Organisational Structure

The Principal has been in post since September 2017. There are currently 26 members of the teaching staff (including the Principal) and 18 non teaching members of staff.

The Principal is responsible for all operational aspects of the college with significant strategic aspects being referred to the Board of Trustees. The Board are responsible for approval of the annual budget, appointment of the Principal and members of the Senior Leadership Team. The Principal is the Accounting Officer who works with the CFO.

The Principal is supported by one Vice Principal and one Assistant Principal. The UTC does not operate separate senior and middle leadership teams. All subject leaders are members of the leadership team who meet weekly. Subject leaders are fully involved in strategic planning and in decisions that go further than their own subject areas. There have been no structural changes to the leadership team and no changes in personnel. The leadership team is exactly the same as that which was in place during the Ofsted inspection (June 2019) in which leadership was judged to be 'outstanding'.

Staff turnover continues to be exceptionally low. In 2019 / 2020 Lincoln UTC had zero staff turnover. During 2020 / 2021 two staff left. One secured a significant promotion in another school. One left for a family break, at the end of her maternity leave. Staff morale continues to be remarkably high despite the ongoing challenges posed by the pandemic. The two new posts created (following four new posts in the previous year) take the total size of the teaching staff from 20 to 26. This has been necessary to service the continuing growth in student numbers.

LINCOLN UTC
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Lincoln UTC has operated with its own pay scales which are sympathetic to the National Teachers Pay and Conditions but do not mirror or align with them. Employees are paid in line with their experience in the current role and the college uses bursary payments for additional responsibilities. All salaries paid are in line with the pay scales for 2020/2021 as approved by the Board of Trustees at the start of the financial year. Any salary decisions are made by the Principal and the Pay Committee unless they relate to the Principal, in which case the decision is made solely by the Pay Committee.

Related Parties and Other Connected Charities and Organisations

Lincoln UTC is not involved in any soft federations or Multi Academy Trusts and there are no significant related party transactions in place with our supporting members (University of Lincoln, Siemens and Lincoln College) or employer relationships. All services are secured independently of our employer and member contacts and secured in line with the Financial Regulations agreed by the Finance and Audit Committee and the full Board of Trustees annually.

Objectives and Activities

Objects and Aims

The principle object and activity of the charitable company is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a UTC which provides a specialist education and offers a wider, balanced curriculum. This includes the specialist delivery of Science and Engineering, supported by excellent provision in mathematics and computer science.

In accordance with the articles of association, the charitable company has entered into a relevant funding agreement with the Secretary of State on 30 September 2013. The funding agreements specify, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the UTC provides a specialist education whilst offering a wider, balanced curriculum.

Objectives, Strategies and Activities

Lincoln UTC recognises that education is a basic right of every individual. Every member of Lincoln UTC will pursue the highest academic and behavioural standards. Lincoln UTC holds a clear vision:

- We offer specialist education in science, engineering and maths
- We are industry and employer led, delivering a curriculum and developing the skills needed for future success within employment
- We work closely with the University to raise aspirations and provide the challenge and the opportunity to excel

Public Benefit

Our vision is for students to be inspired by the relevance and challenge of working alongside local industry and solving real life problems, helping students to understand the pathway their educational studies can take them along in their future careers. Our students will be professional, respectful and articulate and benefit from strong working relationships with peers and staff. They will rapidly gain confidence and both the technical and personal skills to become creative contributors on whom our businesses and public services can rely on to shape and drive the future of our society.

LINCOLN UTC
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and Performance

Examinations were cancelled. Students received centre assessed grades, based on mock examinations. Progress measures have not been calculated or published for this academic year. Grades awarded were strong in all subject areas.

Post 16 Results Summary

Examinations were cancelled. Students received centre assessed grades, based on mock examinations. Progress measures have not been calculated or published for this academic year. Grades awarded were outstanding in all subject areas. A Level pass rate was 100%, with 79% of students achieving top grades (A* to C). 28 students took the Level 3 BTEC in engineering (3 A Level equivalent). All engineering students passed and 71% achieved distinction grades.

Key Performance Indicators

Key performance indicators are: to achieve student recruitment targets; to deliver good or better teaching; to achieve annual student attainment targets; to achieve above national average student attendance; to ensure 100% of students enter employment, education or training.

All key performance measures were achieved.

Going Concern

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

Financial Review

Lincoln UTC has successfully managed the financial resources available throughout 2020/21. The College set a budget showing a reasonable surplus and has delivered slightly above expectations. This has been partly due to savings that have arisen due to the closure during lockdown and partly due to student recruitment being higher than forecast, giving us an in year positive pupil number funding adjustment again this year. The budget has also been continually monitored to ensure spending was in line with forecast, whilst ensuring resources were being utilised to achieve the highest student outcomes. The brought forward surplus reserves have been strengthened further by the in year surplus. We plan to utilise some of this surplus to invest in our five year IT renewal plan. The pension liability has increased, in line with the increase in staff numbers and this continues to be managed by the actuary. The College has robust financial plans in place to achieve a further in year surplus in 2021/22 despite spiralling energy and materials costs. This will strengthen our restricted and unrestricted surplus reserves going forward.

The majority of the UTC's income is obtained from the ESFA (Education and Skills Funding Agency) in the form of General Annual Grant ("GAG"), the use of which is restricted to particular purposes. The grants received from the ESFA during the period reported on and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2021, total expenditure was £2,431,432 which resulted in net income of £131,884. As at 31 August 2021, the net book value of fixed assets was £9,190,645. The assets were used for providing education and the associated support services to the students of the trust.

The UTC held fund balances at 31 August 2021 of £8,649,022 comprising of £354,088 restricted funds (Net of pension deficit and fixed assets); a pension reserve deficit of £904,000, restricted fixed asset reserve of £9,198,934 and £nil unrestricted general funds.

LINCOLN UTC
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Reserves Policy

The Trustees aim to build the general reserves of the UTC to provide sufficient working capital to cover delays between spending and receipt of grant funding and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The academy trust is currently reviewing its reserves policy in line with the ESFA's guidance.

Funds that can only be realised through the disposal of fixed assets amounts to £9,190,645.

Investment Policy

During the capital investment programme from the DfE it has not been possible to invest surplus funds due to the cash flow demands associated with the process. Investment is unlikely in the following year as our cash surplus will be required to cover investment in our five year IT renewal plan. The Board of Trustees have previously agreed limits for the investments which will be adhered to by the Chief Financial Officer and the Accounting Officer in any decisions made.

Principal Risks and Uncertainties

The principal risks are student recruitment and public perception. Outcomes for students have improved steadily and significantly. Satisfaction levels amongst students and their parents / carers continue to be exceptionally high. The positive Ofsted report (July 2019) continues to support our recruitment as confidence in the UTC provision is high in the local community. Parental satisfaction with the way in which the UTC has supported students throughout the pandemic has further strengthened our reputation. Number on roll (365 as of the 2021 October census) represent a growth of 90% over a three-year period. At the end of October 2021 (only two months after applications opened) Lincoln UTC was oversubscribed for Sept 2022 entry and began operating a waiting list.

In common with all schools, colleges, and universities we are still facing additional risks due to the Coronavirus pandemic. The risks are that a student or a member of staff might be seriously ill having contracted the virus whilst attending the UTC. There are additional risks that lost learning due to school closure or periods of precautionary isolation might adversely impact on students' progress and examination outcomes. Lincoln UTC introduced a number of precautionary measures which go further to protect students than any other school. We changed the timetable and staggered start and finish times. We reduced Key Stage 4 class sizes to a maximum of 14 and maintained social distancing in the classroom (no sharing of desks / 2 metres between desks). Our precautionary measures were successful in keeping Lincoln UTC largely Covid free. There were no cases within the staff. There were three cases in the student population, none of whom caught it at the UTC. The number of days lost to precautionary isolation has been low. The amount of contact time for Key Stage 4 students (five lessons a day / broadly in line with most schools) was less than our normal day where (in a non-Covid environment) students typically do an extra hour every day.

From September 2021 we returned to our normal, long day due to concerns that continuing with the drop in contact time may impact on outcomes. Year 12 and year 13 students did not see any reduction in contact time whilst the Covid precautionary timetable was in place. The number of cases of Covid (minimal during 2020 /2021), has increased as has the amount of absence (in students and in staff). In the week before the October half term break 50% of our year 11 cohort were absent due to Covid.

There is a continuing risk that the restrictions and precautionary measures in place with our partner organisations will impact on our ability to deliver on those aspects of our vision which relate to industry and to our partnership with the university. In normal times we ensure that all students have meaningful work experience and regular opportunities to visit and learn from local industry partners. Very few of these activities took place during 2020 / 2021. Some of our partners are still limiting the number of visitors they have on site. Currently, the situation is looking much more positive and the number of trips and visits we have been able to organise in the first three months of this year (2021 /2022) has been encouraging ... back to pre-Covid levels.

LINCOLN UTC
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Plans for Future Periods

Lincoln UTC is committed to educating and training the next generation of scientists and engineers. This will be achieved by drawing on the skills and knowledge of UTC staff, of industry partners and academic partners, and closely monitoring our curriculum offer to ensure it is line with requirements for the future workforce.

Our vision is for students to be inspired by the relevance and challenge of working alongside local industry and solving real-life problems, helping students to understand the pathway their educational studies can take them along in their future careers. Our students will be professional, respectful, and articulate and benefit from strong working relationships with peers and staff. They will rapidly gain confidence and both the technical and personal skills to become creative contributors on whom our businesses and public services can rely on to shape and drive the future of our society.

This will be achieved by:

- Continuing to develop and consistently delivering high quality specialist core education in Science and Engineering across both key stages;
- Delivering high quality careers information, advice and guidance to ensure students make informed choices about the next steps in their career pathways;
- Collaborating with specialist industry partners to enhance curriculum delivery and provide clear pathways into industry;
- Collaboration with further and higher education partners to enhance curriculum delivery and provide clear pathways into education;
- Consistently promoting and developing professional, respectful relationships built upon mutual respect and an unconditional positive regard.

There are three strands to the UTC's growth, long term success and sustainability:

- The UTC must continue to build on recent improvements in student outcomes and examination success to the point where we are the highest performing UTC in the country.
- The UTC must further develop its unique provision with a curriculum, a timetable and an approach to learning which offers students a daily experience that is highly distinctive from ordinary schools. The UTCs long term future depends on it being different from other schools and being seen to be different.
- The UTC must further raise public awareness of its distinctive offer and its strengths.

Funds held as Custodian Trustee on behalf of others

There are no funds held on behalf of others within Lincoln UTC.

Auditor

In so far as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 14 December 2021 and signed on its behalf by:



P Birt
Chair

LINCOLN UTC
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

LINCOLN UTC
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 4 times during the year. Ordinarily there would have been 6 meetings, however due to the national lockdown this has not been possible. Throughout the lockdown the board were kept up to date regularly via emails, telephone discussions and smaller online meetings. The Trustees believe there has been sufficient oversight.

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

Trustee	Meetings attended	Out of a possible
P Birt, Chair	4	4
A Watson, Vice Chair	4	4
N Main	4	4
Prof E John	1	1
J Morrison	4	4
A Ogg	4	4
J Smith	4	4
F Carchedi	4	4
J Hallett	4	4
M Wakeling	0	1
C Headleand	4	4
M Fielding, Staff Trustee	4	4
M Mura	4	4
F Janan	3	3
K Jones	0	0
G Gibbs	1	1
N Whitfield	1	1

Governance reviews:

The strength of the governing body has been recognised by Ofsted (June 2019)

- The governance of the school is strong and highly effective. Relationships between governors and senior leaders are very positive and constructive. Together, they strive for excellence and have a strong vision for the future direction of the college.
- Governors are kept very well informed by senior leaders and have a good understanding of the college's strengths and areas for development. Governors are proactive in their role and visit the college frequently to support its development priorities.
- Governors are highly skilled and knowledgeable. They use their expertise to hold senior leaders stringently to account. For example, governors asked searching questions about the college's new curriculum structure prior to its implementation in 2017. They also question the accuracy of the college's performance-tracking system in order to ensure its reliability.

The governing body includes senior managers and leaders from the University and from the UTC's leading industrial partners and sponsors. A high proportion of the governors have highly relevant qualifications and experience in industrial contexts directly relevant to the UTC's joint specialisms of science and engineering.

During the academic year 2020 /2021 two long-standing governors stepped down due to changes in their work circumstances. Two of these places have since been filled. One of the new appointments is a senior engineer with Lincolnshire County Council (infrastructure, roads, and civil engineering). The second is a senior manager with the police force working in crime prevention and safeguarding. One position remains open. The governing body still has a strength in the skill set and experience of its members and in the clear links with our specialisms.

LINCOLN UTC
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Throughout the pandemic years most of the work of governors was conducted by virtual meetings. The governors have now re-commenced on-site meetings and visits. In November, the entire board spent a full day on-site for strategy review and development planning.

The Governance structure has two sub committees which aim to meet four times per year in addition to the full board meetings.

The Finance and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is:

1. To assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees responsibility to ensure sound management of the UTC's finances and resources, including proper planning, monitoring and probity. To make appropriate comments and recommendations on such matters to the Board of Trustees on a regular basis.
2. To ensure that robust internal control exists within the UTC by providing the primary interface between the Board of Trustees and the UTC's external auditors and internal auditors.
3. The Committee will work closely with the UTC's CFO on the preparation and finalisation of the UTC's Annual Report and Financial Statements and will make recommendations to the Board of Trustees for the acceptance, or otherwise, of such draft Financial Statements.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
A Ogg	3	3
P Birt	3	3
N Main	3	3
J Hallett	3	3
A Watson	3	3

LINCOLN UTC
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Regularly reviewing services and functions of the school to identify any potential areas for improvement;
- Monitoring outcomes and comparing performance with other UTCs;
- Promoting fair competition through quotations and tenders to ensure goods and services are secured in the most economic, efficient and effective way;
- Ensuring strong controls are in place in all areas of purchasing to ensure the best value for money is achieved;
- Restructuring the leadership team to ensure performance and outcomes can be maximised;
- Curriculum-led staff planning in order to deliver the best possible curriculum in the most efficient way.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Lincoln UTC for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the UTC is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the UTC's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Identification and management of risks.

LINCOLN UTC
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The Board of Trustees has decided to employ Stephen Dolman, Finance Director at Ron Dearing UTC in Hull as internal auditor.

The internal auditor'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:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/ bank reconciliations
- Testing of the budgeting process
- Testing of the cash flow processes
- Testing of the income procedures.

On an annual basis, the internal auditor reports to the Board of Trustees through the Finance and Audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The schedule of work has been delivered as planned and no material issues were identified.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the 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 and Audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 14 December 2021 and signed on their behalf by:



P Birt
Chair of Trustees



J Morrison
Accounting Officer

LINCOLN UTC
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Lincoln UTC I have considered my responsibility to notify the UTC Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the UTC, under the funding agreement in place between the UTC 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 2020.

I confirm that I and the UTC Board of Trustees are able to identify any material irregular or improper use of all funds by the UTC, or material non-compliance with the terms and conditions of funding under the UTC's funding agreement and the Academies Financial Handbook 2020.

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



J Morrison
Accounting Officer
Date: 14 December 2021

LINCOLN UTC
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 14 December 2021 and signed on its behalf by:



P Birt
Chair

LINCOLN UTC
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LINCOLN UTC**

Opinion

We have audited the financial statements of Lincoln UTC (the 'UTC') for the year ended 31 August 2021 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the UTC's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the UTC's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

LINCOLN UTC
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LINCOLN UTC (CONTINUED)**

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Trustees are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the UTC and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

LINCOLN UTC
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LINCOLN UTC (CONTINUED)**

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the academy through discussions with management, and from our knowledge and experience of the sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the academy, including relevant DfE and ESFA guidance, the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the academy's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

LINCOLN UTC
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LINCOLN UTC (CONTINUED)**

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditor's report.

Use of our report

This report is made solely to the charitable UTC'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 UTC'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 UTC and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants and Statutory Auditor

Tower House

Lucy Tower Street

Lincoln

LN1 1XW

15 December 2021

LINCOLN UTC
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 20 August 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lincoln UTC during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Lincoln UTC's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Lincoln UTC's funding agreement with the Secretary of State for Education dated September 2013 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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 UTC's income and expenditure.

The work undertaken to draw to our conclusion includes:

- a review of the UTC's systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering / quotation procedures had been followed in line with the UTC finance policy; and
- a review of the Internal Audit reports.

LINCOLN UTC
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Robert Anderson
Streets Audit LLP
Chartered Accountants and Statutory Auditor.

Date: 15 December 2021

LINCOLN UTC
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	3	-	-	53,953	53,953	62,504
Charitable activities		16,120	2,493,143	-	2,509,263	1,973,643
Other trading activities		54	-	-	54	54
Investments	6	46	-	-	46	114
Total income		16,220	2,493,143	53,953	2,563,316	2,036,315
Expenditure on:						
Charitable activities	8	16,220	2,363,182	52,030	2,431,432	2,008,743
Total expenditure		16,220	2,363,182	52,030	2,431,432	2,008,743
Net income		-	129,961	1,923	131,884	27,572
Transfers between funds	17	-	4,036	(4,036)	-	-
Net movement in funds before other recognised gains/(losses)		-	133,997	(2,113)	131,884	27,572
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(127,000)	-	(127,000)	(306,000)
Net movement in funds		-	6,997	(2,113)	4,884	(278,428)

LINCOLN UTC
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Reconciliation of funds:					
Total funds brought forward	-	(556,909)	9,201,047	8,644,138	8,922,566
Net movement in funds	-	6,997	(2,113)	4,884	(278,428)
Total funds carried forward	-	(549,912)	9,198,934	8,649,022	8,644,138

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 27 to 52 form part of these financial statements.

LINCOLN UTC
(A company limited by guarantee)
REGISTERED NUMBER: 07898536

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	9,190,645	9,187,962
		<u>9,190,645</u>	<u>9,187,962</u>
Current assets			
Debtors	15	65,235	104,269
Cash at bank and in hand		460,509	214,719
		<u>525,744</u>	<u>318,988</u>
Creditors: amounts falling due within one year	16	(163,367)	(180,812)
Net current assets		<u>362,377</u>	<u>138,176</u>
Total assets less current liabilities		<u>9,553,022</u>	<u>9,326,138</u>
Net assets excluding pension liability		<u>9,553,022</u>	<u>9,326,138</u>
Defined benefit pension scheme liability	24	(904,000)	(682,000)
Total net assets		<u><u>8,649,022</u></u>	<u><u>8,644,138</u></u>

LINCOLN UTC
(A company limited by guarantee)
REGISTERED NUMBER: 07898536

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Funds of the UTC			
Restricted funds:			
Fixed asset funds	17	9,198,934	9,201,047
Restricted income funds	17	354,088	125,091
Restricted funds excluding pension asset	17	9,553,022	9,326,138
Pension reserve	17	(904,000)	(682,000)
Total restricted funds	17	8,649,022	8,644,138
Unrestricted income funds	17	-	-
Total funds		8,649,022	8,644,138

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 22 to 52 were approved by the Trustees, and authorised for issue on 14 December 2021 and are signed on their behalf, by:



P Birt
Chair

The notes on pages 27 to 52 form part of these financial statements.

LINCOLN UTC
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	19	219,680	88,103
Cash flows from investing activities	20	26,110	3,641
Change in cash and cash equivalents in the year		245,790	91,744
Cash and cash equivalents at the beginning of the year		214,719	122,975
Cash and cash equivalents at the end of the year	21, 22	<u>460,509</u>	<u>214,719</u>

The notes on pages 27 to 52 form part of these financial statements

LINCOLN UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the UTC, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 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 year is deducted from income and recognised as a liability.

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

- **Other income**

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

LINCOLN UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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.

1.6 Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Freehold property and improvements are not depreciated on grounds of immateriality. Improvements are subject to regular maintenance and repair such that in the trustees opinion the residual value is not materially different from the value in the financial statements and has a long economic life. The Trustees consider the need for impairment at each period end.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land & improvements	- No depreciation
Furniture and equipment	- 20% straight line
Computer equipment	- 20% straight line
Motor vehicles	- 20% straight line

LINCOLN UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.7 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.

1.8 Cash at bank and in hand

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

1.9 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the UTC anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 Operating leases

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

LINCOLN UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.12 Pensions

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.13 Fund accounting

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

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

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

LINCOLN UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

Tangible fixed assets are recognised at cost or valuation, less accumulated depreciation and any impairments. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the UTC's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

LINCOLN UTC
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

3. Income from donations and capital grants

	Restricted fixed asset funds 2021 £	Total funds 2021 £
Capital Grants	53,953	53,953

	<i>Restricted fixed asset funds 2020 £</i>	<i>Total funds 2020 £</i>
Capital Grants	62,504	62,504

4. Funding for the UTC's educational operations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	2,224,677	2,224,677
Other DfE/ESFA grants			
Pupil Premium	-	51,668	51,668
Other DfE/ESFA Group grants	-	49,334	49,334
	-	2,325,679	2,325,679
Other Government grants			
SEN Funding	-	105,374	105,374
	-	105,374	105,374
Other income from the UTC's direct costs	16,120	30,965	47,085
COVID-19 additional funding (DfE/ESFA)			
Catch-up Premium	-	12,780	12,780
Other DfE/ESFA COVID-19 funding	-	18,345	18,345
	-	31,125	31,125
	16,120	2,493,143	2,509,263

LINCOLN UTC
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Funding for the UTC's educational operations (continued)

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	-	1,593,410	1,593,410
Other DfE/ESFA grants			
Pupil Premium	-	38,534	38,534
Other DfE Group grants	-	215,000	215,000
	-	-	1,846,944
Other Government grants			
SEN Funding	-	84,552	84,552
	-	84,552	84,552
Other income from the UTC's direct costs	17,208	24,939	42,147
	17,208	1,956,435	1,973,643

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the utc's funding for Pupil Premium is no longer reported under the Other DfE Group grants heading, but as a separate line under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The academy received £12,780 of funding for catch-up premium during 2020/21 which was fully spent in the year.

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5. Income from other trading activities

	Unrestricted funds 2021 £	Total funds 2021 £
Sale of goods	54	54
	<u>54</u>	<u>54</u>

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Sale of goods	54	54
	<u>54</u>	<u>54</u>

6. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £
Investment income	46	46
	<u>46</u>	<u>46</u>

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Investment income	114	114
	<u>114</u>	<u>114</u>

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7. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £
Direct costs	1,551,372	-	149,826	1,701,198
Allocated support costs	306,425	192,781	231,028	730,234
	<u>1,857,797</u>	<u>192,781</u>	<u>380,854</u>	<u>2,431,432</u>
	<i>Staff Costs 2020 £</i>	<i>Premises 2020 £</i>	<i>Other 2020 £</i>	<i>Total 2020 £</i>
Direct costs	1,255,471	-	184,186	1,439,657
Allocated support costs	252,065	158,256	158,765	569,086
<i>Total 2020</i>	<u>1,507,536</u>	<u>158,256</u>	<u>342,951</u>	<u>2,008,743</u>

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Direct costs	<u>16,220</u>	<u>2,415,212</u>	<u>2,431,432</u>
	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Direct costs	<u>17,376</u>	<u>1,991,367</u>	<u>2,008,743</u>

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9. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Direct costs	<u>1,701,198</u>	<u>730,234</u>	<u>2,431,432</u>

	<i>Activities undertaken directly 2020 £</i>	<i>Support costs 2020 £</i>	<i>Total funds 2020 £</i>
Direct costs	<u>1,439,657</u>	<u>569,086</u>	<u>2,008,743</u>

Analysis of direct costs

	Activities 2021 £	Total funds 2021 £
Pension finance costs	11,000	11,000
Staff costs	1,531,510	1,531,510
Depreciation	25,160	25,160
Educational supplies	126,332	126,332
Staff development	7,196	7,196
	<u>1,701,198</u>	<u>1,701,198</u>

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9. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	<i>Activities 2020 £</i>	<i>Total funds 2020 £</i>
Pension finance costs	6,000	6,000
Staff costs	1,245,826	1,245,826
Depreciation	69,336	69,336
Educational supplies	113,510	113,510
Staff development	4,985	4,985
	<u>1,439,657</u>	<u>1,439,657</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	306,425	252,065
ICT costs	86,159	38,472
Staff recruitment	2,823	5,633
Transport	16,000	16,999
Heat and light	40,157	37,149
Rent and rates	25,060	24,528
Postage and stationery	13,457	10,511
Telephone costs	12,148	11,174
Insurance	5,580	4,430
Other support costs	45,243	27,295
Maintenance	127,564	96,579
Marketing costs	36,701	26,902
Legal and professional	6,017	10,449
Governance - Audit fees	6,900	6,900
	<u>730,234</u>	<u>569,086</u>

10. Net income

Net income for the year includes:

	2021 £	<i>2020 £</i>
Operating lease rentals	3,268	3,269
Depreciation of tangible fixed assets	25,160	69,336
Fees paid to auditor for:		
- audit	6,900	6,900
- other services	1,050	1,050
	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021	2020
	£	£
Wages and salaries	1,321,469	1,084,949
Social security costs	129,135	98,237
Pension costs	387,331	314,705
	1,837,935	1,497,891
Agency staff costs	19,862	9,645
	1,857,797	1,507,536

b. Staff numbers

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

	2021	2020
	No.	No.
Teachers	24	16
Management	3	3
Support	24	21
	51	40

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Staff (continued)

c. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	1	1
In the band £90,001 - £100,000	-	1
In the band £110,001 - £120,000	1	-
	<u>1</u>	<u>-</u>

d. Key management personnel

The key management personnel of the UTC comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the UTC was £318,183 (2020 - £293,288).

12. Trustees' remuneration and expenses

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

		2021 £	2020 £
J Morrison, Principal	Remuneration	110,000 -	95,000 -
		115,000	100,000
	Pension contributions paid	25,000 -	20,000 -
		30,000	25,000
M Fielding, Staff Trustee	Remuneration	40,000 -	40,000 -
		45,000	45,000
	Pension contributions paid	10,000 -	10,000 -
		15,000	15,000

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

13. Trustees' and Officers' insurance

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

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14. Tangible fixed assets

	Freehold land and property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2020	9,115,743	732,610	643,455	29,215	10,521,023
Additions	-	16,685	11,158	-	27,843
Disposals	-	(707,595)	(326,625)	-	(1,034,220)
At 31 August 2021	<u>9,115,743</u>	<u>41,700</u>	<u>327,988</u>	<u>29,215</u>	<u>9,514,646</u>
Depreciation					
At 1 September 2020	-	712,558	620,016	487	1,333,061
Charge for the year	-	7,483	11,834	5,843	25,160
On disposals	-	(707,595)	(326,625)	-	(1,034,220)
At 31 August 2021	<u>-</u>	<u>12,446</u>	<u>305,225</u>	<u>6,330</u>	<u>324,001</u>
Net book value					
At 31 August 2021	<u>9,115,743</u>	<u>29,254</u>	<u>22,763</u>	<u>22,885</u>	<u>9,190,645</u>
At 31 August 2020	<u>9,115,743</u>	<u>20,052</u>	<u>23,439</u>	<u>28,728</u>	<u>9,187,962</u>

Freehold land & property includes freehold land of £1,350,000 (2020 - £1,350,000). The valuation of freehold property is the cost of refurbishment of the UTC buildings.

15. Debtors

	2021 £	2020 £
Due within one year		
VAT repayable	10,861	18,356
Prepayments and accrued income	54,374	85,913
	<u>65,235</u>	<u>104,269</u>

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16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,244	68,976
Other taxation and social security	31,688	25,237
Other creditors	71,654	51,721
Accruals and deferred income	58,781	34,878
	<u>163,367</u>	<u>180,812</u>
	2021 £	2020 £
Deferred income		
Deferred income at 1 September	12,714	17,762
Resources deferred during the year	25,184	12,714
Amounts released from previous periods	(12,714)	(17,762)
Deferred income at 31 August	<u>25,184</u>	<u>12,714</u>

Deferred income includes grant and trip income received in the year, to be deferred to the 2021/22 academic year.

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General Funds	-	16,220	(16,220)	-	-	-
Restricted general funds						
General Annual Grant (GAG)	117,408	2,255,802	(2,033,113)	4,036	-	344,133
Other ESFA/DfE grants	7,683	101,002	(98,730)	-	-	9,955
Other LA revenue grants	-	105,374	(105,374)	-	-	-
Other restricted funds	-	30,965	(30,965)	-	-	-
Pension reserve	(682,000)	-	(95,000)	-	(127,000)	(904,000)
	<u>(556,909)</u>	<u>2,493,143</u>	<u>(2,363,182)</u>	<u>4,036</u>	<u>(127,000)</u>	<u>(549,912)</u>
Restricted fixed asset funds						
Assets transferred from local authority ownership	1,350,000	-	-	-	-	1,350,000
Assets acquired from ESFA grants	7,837,962	30,526	(27,843)	-	-	7,840,645
ESFA grant funding carried forward	13,085	23,427	(24,187)	(4,036)	-	8,289
	<u>9,201,047</u>	<u>53,953</u>	<u>(52,030)</u>	<u>(4,036)</u>	<u>-</u>	<u>9,198,934</u>
Total Restricted funds	<u>8,644,138</u>	<u>2,547,096</u>	<u>(2,415,212)</u>	<u>-</u>	<u>(127,000)</u>	<u>8,649,022</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

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

Unrestricted funds

General Funds represent those resources which may be used towards meeting any of the objects of the UTC at the discretion of the Trustees.

Restricted funds

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

Other DfE/ESFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Other LA revenue grants include funding provided for pupils with Statements of Special Educational Needs and is used by the UTC to assist with pupils education.

The pension reserve arises from the actuarial measurement of the UTC's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension costs for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund.

Restricted fixed asset funds

Assets Acquired from ESFA Grants represents the net book value of assets acquired using the ESFA grant for the UTC project covering construction, ICT and FFE.

Under the funding agreement with the Secretary of State, the UTC was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

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

	<i>Balance at 1 September 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2020 £</i>
Unrestricted funds					
General Funds	-	17,376	(17,376)	-	-
Restricted general funds					
General Annual Grant (GAG)	(16,580)	1,593,410	(1,459,422)	-	117,408
Other ESFA/DfE grants	3,988	253,534	(249,839)	-	7,683
Other LA revenue grants	-	84,552	(84,552)	-	-
Other restricted funds	-	24,939	(24,939)	-	-
Pension reserve	(287,000)	-	(89,000)	(306,000)	(682,000)
	<u>(299,592)</u>	<u>1,956,435</u>	<u>(1,907,752)</u>	<u>(306,000)</u>	<u>(556,909)</u>
Restricted fixed asset funds					
Assets transferred from local authority ownership	1,350,000	-	-	-	1,350,000
Assets acquired from ESFA grants	7,848,785	58,513	(69,336)	-	7,837,962
ESFA grant funding carried forward	23,373	3,991	(14,279)	-	13,085
	<u>9,222,158</u>	<u>62,504</u>	<u>(83,615)</u>	<u>-</u>	<u>9,201,047</u>
Total Restricted funds	<u>8,922,566</u>	<u>2,018,939</u>	<u>(1,991,367)</u>	<u>(306,000)</u>	<u>8,644,138</u>
Total funds	<u><u>8,922,566</u></u>	<u><u>2,036,315</u></u>	<u><u>(2,008,743)</u></u>	<u><u>(306,000)</u></u>	<u><u>8,644,138</u></u>

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

Analysis of net assets between funds - current year

	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	9,190,645	9,190,645
Current assets	517,455	8,289	525,744
Creditors due within one year	(163,367)	-	(163,367)
Provisions for liabilities and charges	(904,000)	-	(904,000)
Total	(549,912)	9,198,934	8,649,022

Analysis of net assets between funds - prior year

	<i>Restricted funds 2020 £</i>	<i>Restricted fixed asset funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	-	9,187,962	9,187,962
Current assets	305,903	13,085	318,988
Creditors due within one year	(180,812)	-	(180,812)
Provisions for liabilities and charges	(682,000)	-	(682,000)
Total	(556,909)	9,201,047	8,644,138

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

	2021 £	2020 £
Net income for the year (as per Statement of financial activities)	131,884	27,572
Adjustments for:		
Depreciation	25,160	69,336
Capital grants from DfE and other capital income	(53,953)	(62,154)
Defined benefit pension scheme cost less contributions payable	95,000	89,000
Decrease/(increase) in debtors	39,034	(50,390)
(Decrease)/increase in creditors	(17,445)	14,739
Net cash provided by operating activities	219,680	88,103

20. Cash flows from investing activities

	2021 £	2020 £
Purchase of tangible fixed assets	(27,843)	(58,513)
Capital grants from DfE Group	53,953	62,154
Net cash provided by investing activities	26,110	3,641

21. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	460,509	214,719
Total cash and cash equivalents	460,509	214,719

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

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	214,719	245,790	460,509
	<u>214,719</u>	<u>245,790</u>	<u>460,509</u>

23. Contingent liabilities

In the event of Lincoln UTC ceasing to operate as an academy, provisions are included in the funding agreement relating to the clawback of assets and monies paid to the UTC.

24. Pension commitments

The UTC'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 Lincolnshire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £27,000 were payable to the schemes at 31 August 2021 (2020 - £28,000) and are included within creditors.

Teachers' Pension Scheme

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £173,000 (2020 - £128,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £100,000 (2020 - £70,000), of which employer's contributions totalled £79,000 (2020 - £53,000) and employees' contributions totalled £21,000 (2020 - £17,000). The agreed contribution rates for future years are 19.9 per cent for employers and 12.5 per cent for employees.

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

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

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

Principal actuarial assumptions

	2021	<i>2020</i>
	%	%
Rate of increase in salaries	3.15	<i>2.5</i>
Rate of increase for pensions in payment/inflation	2.85	<i>2.2</i>
Discount rate for scheme liabilities	1.7	<i>1.7</i>

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

	2021	<i>2020</i>
	Years	Years
<i>Retiring today</i>		
Males	21.2	<i>21.4</i>
Females	23.6	<i>23.7</i>
<i>Retiring in 20 years</i>		
Males	22.0	<i>22.4</i>
Females	25.1	<i>25.2</i>

Sensitivity analysis

	2021	<i>2020</i>
	£000	£000
Discount rate -0.5%	250,000	<i>189,000</i>
CPI rate +0.5%	30,000	<i>175,000</i>

Share of scheme assets

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

	2021	<i>2020</i>
	£	£
Equities	483,000	<i>306,000</i>
Corporate bonds	96,000	<i>89,000</i>
Property	70,000	<i>44,000</i>
Cash and other liquid assets	26,000	<i>5,000</i>
Total market value of assets	675,000	<i>444,000</i>

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24. Pension commitments (continued)

The actual return on scheme assets was £105,000 (2020 - £-2,000).

The amounts recognised in the Statement of financial activities are as follows:

	2021 £	2020 £
Current service cost	(163,000)	(136,000)
Interest income	9,000	8,000
Interest cost	(20,000)	(14,000)
Total amount recognised in the Statement of financial activities	(174,000)	(142,000)

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

	2021 £	2020 £
At 1 September	1,126,000	664,000
Current service cost	163,000	136,000
Interest cost	20,000	14,000
Employee contributions	21,000	17,000
Actuarial losses	223,000	296,000
Benefits paid	26,000	(1,000)
At 31 August	1,579,000	1,126,000

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

	2021 £	2020 £
At 1 September	444,000	377,000
Interest income	9,000	8,000
Actuarial gains/(losses)	96,000	(10,000)
Employer contributions	79,000	53,000
Employee contributions	21,000	17,000
Benefits paid	26,000	(1,000)
At 31 August	675,000	444,000

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25. Operating lease commitments

At 31 August 2021 the UTC had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	2,292	3,268
Later than 1 year and not later than 5 years	9,168	-
	<u>11,460</u>	<u>3,268</u>

26. 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.

27. Related party transactions

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

28. Agency arrangements

During the year, the UTC acted as agent in respect of 16-19 Bursary funding received from the ESFA. The UTC received 16-19 Bursary funding of £11,399 and expended £12,159. Amounts in relation to prior years are held totalling £926. A total balance of £12,325 is included within other creditors.