

# South Wiltshire UTC Limited

(A company limited by guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2020

Company Registration number: 08282488 (England and Wales)

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# **South Wiltshire UTC Limited**

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# **South Wiltshire UTC Limited**

## **Reference and Administrative Details**

<b>Trustees (Directors)</b>	Mr D J Gale Mr J Mulligan (resigned 31 August 2020) Mr N Ferguson (resigned 31 August 2020) Prof J Griffiths (resigned 31 August 2020) Ms C Hitchen Mr C Mackintosh (resigned 6 January 2020) Mrs D Hamilton (resigned 20 May 2020) Mr J M P Walsh (appointed 21 November 2019)
<b>Company Secretary</b>	Ms S Bowler, Resigned 30/09/2020
<b>Senior Management Team</b>	Mr J Mulligan, Principal (Resigned 31/08/2020) Mr M Trehy, Vice Principal Science - Employer Engagement (Resigned 31/08/2020) Mr E Scott, Vice Principal - Teaching and learning (Resigned 31/08/2020)
<b>Principal and Registered Office</b>	Wilton Road Salisbury Wiltshire SP2 7EU
<b>Company Registration Number</b>	08282488
<b>Independent Auditors</b>	PKF Francis Clark Statutory Auditor Hitchcock House Hilltop Park Devizes Road Salisbury Wiltshire SP3 4UF
<b>Bankers</b>	Lloyds Bank Plc Salisbury 38 Blue Boar Row Salisbury SP1 1DB
<b>Solicitors</b>	Trethowans London Road Office Park London Road Salisbury Wiltshire SP1 3HP

## **South Wiltshire UTC Limited**

### **Trustees' Report for the Year Ended 31 August 2020**

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

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

South Wiltshire UTC Limited is a university technical college (UTC) founded under the Academies Act 2010. It was incorporated during its preopening phase as a company limited by guarantee and secured a Funding Agreement with the department for Education in July 2014. As a result, following satisfactory recruitment and final preopening checks, the status of the company automatically converted to that of an educational academy trust on opening, with its operations guided by the Academies Financial Handbook.

The UTC provided academic and technical education for young people aged 14-19 and had a core recruitment area defined by a 22 mile straight line distance from its site in Salisbury. It has a capacity of 600 and had 22 Students on roll in Years 10, 11, 12 and 13 at the October census point 2019/20. Due to continued low student numbers, a decision was taken by the Governors in consultation with the DfE to close the school at the end of the academic year 2019/20, with no new cohorts being admitted in September 2020. The school was closed on 31 August 2020 and any existing cohorts were transferred to other schools.

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of South Wiltshire UTC Limited are also directors of the charitable company for the purposes of company law. The charitable company is known as South Wiltshire UTC.

#### **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 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**

Trustees are indemnified by the clauses of the Department for Education's Risk Protection Arrangements that relate to Directors' and Officers' Liability.

#### **Method of recruitment and appointment or election of Trustees**

The Articles of Association give original member organisations the power to appoint new trustees. Member organisations have the right to nominate a replacement trustee in the event of a current trustee resigning and a full vote of members decides if the nomination is accepted. The election of trustees nominated by employees of the charitable trust and parents of students attending the charitable trust is overseen by the Independent Clerk to Governors based on a process approved by current trustees.

#### **Policies and procedures adopted for the induction and training of Trustees**

The Board has adopted Standing Orders and a Code of Conduct that commit the organisation to assessing the individual and collective training and development needs of the Governing Body. Formal skills audits inform the process and a Governors' Training log is maintained by the independent Clerk. The Clerk also conducts formal induction of new members using a checklist approved by the Chair. This includes legal responsibilities for Directors/Governors/Trustees and a summary of the Nolan Principles as well as the UTC specific rules and policies.

## **South Wiltshire UTC Limited**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### ***Organisational Structure***

The Board elects annually, a Chair and Vice chair and has appointed an Independent clerk. Trustees may sit on one or more of the Trustee's committees whose remits are set out in Board Standing Orders. For 2018, the governance structure was re-organised with the introduction of an Interim Executive Committee that met 6 times within the academic year. The Executive Committee had full designated powers delegated by the Governing Body (GB). The IEC's primary focus was upon the Post Ofsted Action Plan and school improvement. For the academic year 2019/20, the Full Governing Board (FGB) resumed direct responsibility for the governance of the UTC. The Full Governing Board meets six times per year and given the current size and status of the UTC and the number of meetings all sub committees including, risk and compliance and pay have been subsumed within the FGB meetings. The UTC continued to be an associate member of Activate Learning Educational Trust (ALET) for 2019/20, who had representation on the FGB. ALET will continue to support the Governors of the school with leadership, business and educational advice and support post closure, with until the company is finally wound up in early 2021.

The powers of the trust Board, committees and South Wiltshire UTC executive are defined in a formal Scheme of Delegation.

The Board appointed the Principal as its Accounting Officer. The Principal, along with all remaining staff, was made redundant on the 31st August 2020.

#### ***Related Parties and other Connected Charities and Organisations***

From 1st September 2018 to 31st August 2020, the UTC became an associate member of the Activate Learning Educational Trust (ALET). The principle purpose of this membership is to provide leadership, school improvement and back office support and provision through an SLA. The organisation continues to work with a number of educational networks including the Baker Dearing Trust. The Clerk maintains a standing register of interests.

#### ***Arrangements for setting pay and remuneration of key management personnel***

The pay and remuneration of the academy's key personnel (those persons having authority for planning, directing and controlling the activities of the academy trust) are set by the Pay committee, (within FGB structure for 2019/20). In approving pay and conditions, specific pay points of key personnel on a remuneration scale that compared directly to national pay scales are considered. Key personnel were defined as the academy trust's Senior Leadership Team and the trustees also set the remuneration level for the Clerk.

## **South Wiltshire UTC Limited**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Objectives and activities**

##### ***Objects and Aims***

The objective of the UTC is to provide high quality academic and technical education for the benefit of any young person in academic years 10 to 13 (usually approximating to ages 14-19). As a state academy there are no fees and no entrance examination.

The Education Brief prepared by the Trustees in preparation for its Funding Agreement with the Department for Education committed the UTC to being:

- **Aspirational** - life changing and transformational for young people, rewarding and relevant for staff and sponsors.
- **Inspirational** - enthusing the next generation of scientists, technicians and engineers.
- **Innovative** - harnessing best industrial and educational practice and embedding professionalism.
- **Inclusive** - welcoming all abilities, serving the whole community and meet the needs of a diverse group of employers.
- **Relevant** - building the skills and attitudes young people need and employers want.

The beneficiaries of the Trust are the Students who attend and the benefits are the attainment of skills, knowledge, character traits and qualifications that allow them to progress successfully to their chosen careers, including via higher education and apprenticeships.

##### ***Objectives, strategies and activities***

##### **Reason for the Trust being established:**

South Wiltshire UTC was a carefully thought out solution to a long standing gap in provision for young people in South Wiltshire. The economy of the area is rich in Defence and Protective Science industries and is home to much of the British Army and in both cases, this presence is increasing. The area's employer base includes world class organisations many of which offer extensive and high quality employment and apprenticeship opportunities, yet many struggle to attract local applicants with the necessary skills and attitudes.

Educational aspirations in the area have long been dominated by a narrowly defined concept of academic success and large numbers of young people travel out of the area in search of this. South Wiltshire UTC gives young people a high quality and high esteem route to success in technical occupations, meeting the needs of local employers and harnessing their energy, expertise and resources to bring education to life for the next generation of engineers, scientists and technicians.

## **South Wiltshire UTC Limited**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Our Curriculum**

In Key Stage 4 (age 14-16), all students studied core curriculum subjects of English (Language and Literature), Mathematics, Science and Engineering. The core subjects gave the students an opportunity to achieve up to seven subjects at GCSE or other recognised equivalent qualifications. They also had options to study up to two additional subjects which continue their STEM experience including Computer Science and Product Design. The curriculum also included an integrated employability skills element, including up to three Industry Projects per year in Year 11 and the development of social, health awareness and moral learning that reflects the Governments' radicalisation prevention and fundamental British Values strategies. This was supported by personal tutorial support, group assemblies, work placements and careers guidance.

In Year 13 all students followed the BTEC National Engineering Extended Diploma pathway.

Throughout the UTC learning was, wherever possible, themed and contextualised around real engineering and science challenges set and supported by employers and educational sponsors. Students also had the opportunity to get involved in a comprehensive enrichment programme.

#### ***Public Benefit***

In setting our objectives we have given due regard to the Charity Commissioner's general guidance on public benefit and in particular to the supplementary guidance on advancing education.

## **South Wiltshire UTC Limited**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

##### **Achievements and Performance**

###### **Key Performance Indicators for 2019/20**

The outcomes for 2019/20 along with all other schools in the UK were a result of teacher grades which were subsequently subject to OFQUAL moderation as a result of the Covid 19 pandemic. Nevertheless, UTC continued to make improvements to the outcomes in Key Stage 4 compared to previous years in 2020. The Attainment 8 score was 37 and Progress 8, -1.1. Whilst the English and maths combined scores remained in-line with the previous year, there was a marked increase in students achieving the higher grade levels across a range of subjects.

Year 13 students followed purely the BTEC level 3 Extended Diploma and Diploma in engineering, here the results showed a marked improvement on previous years with the minimum grade achieved by pupils being a Merit.

###### **Key performance indicators**

###### **KS4**

1. Percentage achieving 9-4 in English and maths: 53%
2. Percentage achieving 9-5 in English and maths: 29%
3. Progress 8: -1.1
4. Attainment 8: 37

###### **KS5**

###### **Vocational grade summary**

1. Extended Diploma, average grade = Dist-
2. Diploma, average grade = Merit

##### **Student Progression**

All students in Year 11 progressed onto their next stage of education or employment and none were classified at NEET. All students in Year 13 progressed onto their next stage of education or employment or opted for an elective gap year.

##### **Recruitment**

The UTC did not recruit into Years 10 and 12 for the current academic year and retained all students from Year 10 into Year 11 and 33% of Year 12 students into Year 13.



## **South Wiltshire UTC Limited**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

##### **Impact of COVID19**

COVID19 resulted in all learning moving to remote learning from March 2020 through to the end of the academic year in July 2020. The impact was felt mainly by the students who were awarded grades based up Centre Assessed Grades. This process did not negatively impact any students intended destinations. There were limited financial implication as the ESFA funded continued as planned. There are no ongoing COVID19 issues for the Trust.

##### **Financial Review**

Most of the Academy's income was obtained from the DfE via the EFA in the form of grants, the use of which is restricted to the delivering of the Academy's objectives. The grants received from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities. During the year ended 31 August 2020, total resources expended excluding depreciation was £715k and was largely covered by recurrent grant funding from the DfE, a post opening capital grant, together with other incoming resources of £778k.

At 31 August 2020, the net book value of fixed assets was £Nil with total assets of £53k. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The restricted general fund shows a deficit of £10k. Local Authority pension fund asset is £3k. Total restricted funds (including restricted fixed asset fund and pension funds) shows a deficit of £7k. Unrestricted funds show a surplus of £nil.

## **South Wiltshire UTC Limited**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

##### **Going concern**

The South Wiltshire UTC has, for a variety of reasons failed to attract the number of students to ensure that it can be a viable operation in the foreseeable future. The UTC had a turbulent first few years of operation with a very high staff turn-over, a poor first set of exam results, placing it amongst the worst performing schools in the country and following this, a first Ofsted inspection in February 2018 that found the UTC to be 'inadequate' in all areas.

Following the Ofsted inspection, the UTC's leadership team have worked hard to both stabilise and improve the school and explore options for future support and partnerships, becoming an associate member of Activate Educational Learning Trust in September 2018 with a view to eventual full membership. However, despite the continued improvement in educational outcomes over the last two years and two successful Ofsted Monitoring inspections, the reputational damage from the first few years of operation together with other local pressures have resulted in student numbers not recovering at the anticipated rate quickly enough.

The low student numbers have placed a considerable financial burden on the UTC which has worked closely with the ESFA to both manage its finances and produce a viable financial recovery plan. However, realistic student number forecasts indicated the trust was unlikely to address the financial deficit and balance the books in the foreseeable future and would need ongoing financial support from the ESFA for some time to come.

In June 2018 the Board agreed the following resolution;

To request the Secretary of State that, by mutual agreement between the Department for Education and the Governing Body, we terminate the funding agreement for South Wiltshire UTC.

On 16 July 2019 the UTC received a reply from the DfE indicating agreement 'in principle' to the termination of the funding agreement with the UTC from 31 August 2020.

With the closure of the UTC with effect from 31 August 2020, the use of the going concern basis is not considered appropriate.

##### ***Reserves Policy***

The UTC has a deficit of £10k across the unrestricted and restricted general funds excluding the restricted pension fund at August 2020.

## **South Wiltshire UTC Limited**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

##### ***Principal Risks and Uncertainties***

The principal risks have been identified as:

**Financial** –The UTC has considerable reliance on continued Government funding through the ESFA. The UTC has worked very closely with the ESFA on financial recovery plans and the budget for the current academic year 2019/20. The ESFA agreed with the UTC a package of non-recoverable financial support based on current budget estimates and close monitoring of spending and the budget will be required to ensure it works within these parameters. Throughout 2019/20 the UTC submitted monthly financial management reports to the ESFA. The UTC's financial position was reviewed at these points and non-recoverable funding adjusted accordingly.

**Governance and Leadership** – The governing body has protracted significantly over the last year with a significant number of resignations. It will need to ensure that it has a sufficient core of both Members and Trustees to both meet legal obligations and to effectively carry out the functions of the governing body.

**Partnerships** – the Board has committed to continue its associate membership of ALET for this academic year and this partnership is seen as a key relationship to the successful wind down and closure of the UTC on 31 August 2020.

##### **Recruitment**

Given the UTC's status, there will be no recruitment of students into the next academic year (2020/21)

Strategy to Achieve the UTC's Key Objectives for 2019/20

1. Regular student progress assessment points to capture ongoing in year progress and inform intervention strategies
2. A rigorous QA system that tests the above strategies and policies with actions for continuous improvement
3. To forensically monitor attendance with clear stepped strategy for students whose attendance is below 95%. The SLT to monitor this on a weekly basis and review strategy and actions accordingly
4. To have an ongoing and continuous focus on student progression including one to one mentoring to ensure all students successfully progress onto their next stage of education or training and employment.

##### **Auditor**

In so far as the Trustees are aware:

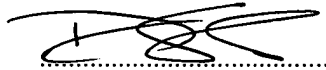
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## **South Wiltshire UTC Limited**

### **Trustees' Report for the Year Ended 31 August 2020 (continued)**

#### **Strategic Report**

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body, as the company directors, on 14 Jan 21 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to be 'D J Gale', written over a dotted line.

Mr D J Gale  
Trustee

## **South Wiltshire UTC Limited**

### **Governance Statement**

#### **Scope of responsibility**

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

Up until closure of the school the Governing Body has delegated the day-to-day responsibility to Mr J Mulligan, 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 South Wiltshire UTC Limited and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 5 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Ms C Hitchen	3	5
Ms J Harper	3	5
Mr C Mackintosh	2	3
Mrs D Hamilton	2	4
Prof J Griffiths	4	5
Mr J Mulligan	5	5
Mr D J Gale	5	5
Mr N Ferguson	2	5
Mr J M P Walsh	4	4

# **South Wiltshire UTC Limited**

## **Governance Statement (continued)**

### **Governance reviews**

#### **Review of Value for Money**

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

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

#### **The Purpose of the System of Internal Control**

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

#### **Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- 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;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided:

- to appoint Wiltshire Council as internal auditor

## South Wiltshire UTC Limited

### Governance Statement (continued)

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period include:

There was no internal audit work carried out during the year due to the impact of Covid and the school closure.

The auditor reports to the Governing Body, through the finance committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

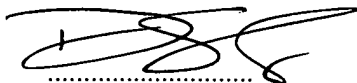
#### Review of Effectiveness

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

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

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

Approved by order of the members of the Governing Body on 14 Jan 21 and signed on its behalf by:



Mr D Gale  
Trustee



Ms J Harper  
Accounting officer

## **South Wiltshire UTC Limited**

### **Statement of Regularity, Propriety and Compliance**

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

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

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 Governing Body and ESFA.



.....  
Ms J Harper  
Accounting officer

Date: 14/1/2021



## South Wiltshire UTC Limited

### Statement of Trustees' Responsibilities

The Trustees (who are also directors of South Wiltshire UTC Limited 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academy Accounts Direction issued by the Education & Skills Funding Agency;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Governing Body on 14 Jun 21 and signed on its behalf by:



Mr D J Gale  
Trustee

## **South Wiltshire UTC Limited**

### **Independent Auditor's Report on the Financial Statements to the Members of South Wiltshire UTC Limited**

#### **Opinion**

We have audited the financial statements of South Wiltshire UTC Limited (the 'Academy') for the year ended 31 August 2020, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

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

#### **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 Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other matter - Going concern**

We draw attention to Note 1 of the financial statements which explains the UTCs activities will be transferred to the Local Authority and ESFA with effect from 1 September 2020 and therefore the Trustees do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 1. Our opinion is not modified in respect of this matter.

#### **Other information (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)**

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

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

We have nothing to report in this regard.

## **South Wiltshire UTC Limited**

### **Independent Auditor's Report on the Financial Statements to the Members of South Wiltshire UTC Limited (continued)**

#### **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 Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Trustees' Report.

We have nothing to report in respect of the following matters where 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.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 15], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **South Wiltshire UTC Limited**

### **Independent Auditor's Report on the Financial Statements to the Members of South Wiltshire UTC Limited (continued)**

#### **Use of our report**

This report is made solely to the Academy's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy'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 Academy's Members, as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Paul Giessler (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Hitchcock House  
Hilltop Park  
Devizes Road  
Salisbury  
Wiltshire  
SP3 4UF

Date: 28/01/2021

## **South Wiltshire UTC Limited**

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

In accordance with the terms of our engagement letter dated 25 June 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academy Accounts Direction issued by the Education & Skills Funding Agency, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Wiltshire UTC Limited during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of South Wiltshire UTC Limited's Accounting Officer and the reporting Accountant**

The Accounting Officer is responsible, under the requirements of South Wiltshire UTC Limited's funding agreement with the Secretary of State for Education dated 14 July 2014 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academy Accounts Direction issued by the Education & Skills Funding Agency issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures;
- Evaluation of the system of internal controls for authorisation and approval;
- Performing substantive tests on relevant transactions.

## **South Wiltshire UTC Limited**

### **Independent Reporting Accountant's Assurance Report on Regularity to South Wiltshire UTC Limited and the Education and Skills Funding Agency (continued)**

#### **Conclusion**

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....  
Paul Giessler  
For and on behalf of Francis Clark LLP, Chartered Accountants

Hitchcock House  
Hilltop Park  
Devizes Road  
Salisbury  
Wiltshire  
SP3 4UF

Date: 28/01/2021  
.....

## South Wiltshire UTC Limited

### Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2020 Total £ 000
<b>Income and endowments from:</b>					
Donations and capital grants	2	-	-	6	6
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	4	-	770	-	770
Other trading activities	3	2	-	-	2
Total		2	770	6	778
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	6	-	715	222	937
Net income/(expenditure)		2	55	(216)	(159)
Transfers between funds		(46)	52	(6)	-
<b>Other recognised gains and losses</b>					
Actuarial loss on defined benefit pension schemes	20	-	134	-	134
Net movement in (deficit)/funds		(44)	241	(222)	(25)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2019		44	(248)	222	18
Total deficit carried forward at 31 August 2020		-	(7)	-	(7)

## South Wiltshire UTC Limited

### Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2019 £ 000
<b>Income and endowments from:</b>					
Donations and capital grants	2	-	-	26	26
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	4	-	1,251	-	1,251
Other trading activities	3	12	-	-	12
Total		12	1,251	26	1,289
<b>Expenditure on:</b>					
Raising funds	5	11	-	-	11
<i>Charitable activities:</i>					
Academy trust educational operations	6	-	1,210	8,782	9,992
Total		11	1,210	8,782	10,003
Net income/(expenditure)		1	41	(8,756)	(8,714)
Transfers between funds		-	26	(26)	-
<b>Other recognised gains and losses</b>					
Actuarial loss on defined benefit pension schemes	20	-	(38)	-	(38)
Net movement in funds/(deficit)		1	29	(8,782)	(8,752)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2018		43	(277)	9,004	8,770
Total funds/(deficit) carried forward at 31 August 2019		44	(248)	222	18




# South Wiltshire UTC Limited

(Registration number: 08282488)

## Balance Sheet as at 31 August 2020

	Note	2020 £ 000	2019 £ 000
<b>Fixed assets</b>			
Tangible assets	10	-	222
<b>Current assets</b>			
Debtors	11	24	43
Cash at bank and in hand		29	105
		53	148
Creditors: Amounts falling due within one year	12	(63)	(236)
Net current liabilities		(10)	(88)
Total assets less current liabilities		(10)	134
Net (liabilities)/assets excluding pension liability		(10)	134
Defined benefit pension scheme liability	20	3	(116)
Total (liabilities)/assets		(7)	18
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		(10)	(132)
Restricted fixed asset fund		-	222
Restricted pension fund		3	(116)
		(7)	(26)
<b>Unrestricted funds</b>			
Unrestricted general fund		-	44
Total funds		(7)	18

The financial statements on pages 21 to 44 were approved by the Trustees, and authorised for issue on 14 Jan 21 and signed on their behalf by:

  
 Mr D J Gale  
 Trustee

## South Wiltshire UTC Limited

### Statement of Cash Flows for the Year Ended 31 August 2020

	Note	2020 £ 000	2019 £ 000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	15	(82)	(183)
Cash flows from investing activities	16	<u>6</u>	<u>26</u>
Change in cash and cash equivalents in the year		(76)	(157)
Cash and cash equivalents at 1 September		<u>105</u>	<u>262</u>
Cash and cash equivalents at 31 August	17	<u>29</u>	<u>105</u>

## **South Wiltshire UTC Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020**

#### **1 Accounting policies**

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

##### **Basis of preparation**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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 Academy Accounts Direction issued by the Education & Skills Funding Agency issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

##### **Going concern**

As reflected in these financial statements, the Academy has recorded a deficit of £25k for the year ended 31 August 2020 on activities excluding Fixed Asset depreciation and impairment. This deficit includes non repayable deficit funding of £266k.

Since an inadequate Ofsted report issued in February 2018 the school has worked closely with the ESFA, as well as Activate Educational Learning Trust to try and address the financial deficit. The ESFA supported the school through loans to ensure the ongoing activities of the Academy to the end of August 2020, thereafter due to reputational damage termination of funding has been agreed.

The transfer to the Local Authority and ESFA means that the UTC's operations will be transferred but the company will continue to exist separately as a shell. Consequently, these accounts have been prepared on the basis that the company is no longer a going concern. This includes, where appropriate, writing down assets to their net realisable value and providing for any contractual commitments that have become onerous at the balance sheet date. The financial statements include provisions for future costs of terminating the operations. The school was closed on 31 August 2020.

##### **Income**

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

## **South Wiltshire UTC Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **1 Accounting policies (continued)**

##### ***Grants***

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

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

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 spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

##### ***Sponsorship income***

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where the receipt is probable and it can be measured reliably.

##### ***Donations***

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

##### ***Other income***

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

##### ***Donated goods, facilities and services***

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

## **South Wiltshire UTC Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **1 Accounting policies (continued)**

##### **Expenditure**

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

All resources expended are inclusive of irrecoverable VAT.

##### ***Expenditure on raising funds***

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

##### ***Charitable activities***

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

##### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Assets bought together as a set which are individually below the capitalisation limit are capitalised if the total value is significant enough that it would otherwise materially mislead the users of the financial statements.

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 1 Accounting policies (continued)

Asset class	Depreciation method and rate
Leasehold Buildings	2% Straight Line
Specialist Equipment	10% Straight Line
IT Equipment	33% Straight Line
Fixtures and Fittings	10% Straight Line

#### Liabilities

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

#### Provisions

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

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

#### Leased assets

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

#### Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 11. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 12. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

## **South Wiltshire UTC Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **1 Accounting policies (continued)**

##### **Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

##### **Pension benefits**

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

## **South Wiltshire UTC Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **1 Accounting policies (continued)**

##### **Fund accounting**

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

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

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

##### **Critical accounting estimates and areas of judgement**

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

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### **Critical areas of judgement**

A critical area of judgement is the recognition of trip income and costs as either restricted or unrestricted funds.

A critical area of judgement is whether the school has a constructive obligation in respect of a redundancy payment or not.

The school issues a member of staff a notice of termination of employment. This notice creates a constructive obligation between the member of staff and the school. At this point the school recognises an accrual or provision in the accounts for the expected redundancy payment.



## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 2 Donations and capital grants

	Restricted fixed asset funds £ 000	2020 Total £ 000	2019 Total £ 000
Capital grants	6	6	26

The income from donations and capital grants was £6,374 (2019: £26,122) of which £Nil was unrestricted (2019: £430), £Nil restricted (2019: £Nil) and £6,374 restricted fixed assets (2019: £25,692).

#### 3 Other trading activities

	Unrestricted funds £ 000	2020 Total £ 000	2019 Total £ 000
Hire of facilities	1	1	1
Non pupil catering income	1	1	-
Recharges and reimbursements	-	-	11
	2	2	12

The income from other trading activities was £1,152 (2019: £11,556) of which £1,152 was unrestricted (2019: £11,556), £Nil restricted (2019: £Nil) and £Nil restricted fixed assets (2019: £Nil).

#### 4 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total 2020 £ 000	Total 2019 £ 000
<b>DfE/ESFA revenue grants</b>			
DfE Project Development Grant	20	20	35
General Annual Grant (GAG)	222	222	786
Other DfE Grants	239	239	237
Non repayable deficit funding	266	266	179
	747	747	1,237
<b>Other government grants</b>			
Local Authority Grants	23	23	11
<b>Non-government grants and other income</b>			
Trip Income	-	-	3

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 4 Funding for the Academy Trust's educational operations (continued)

	Restricted funds £ 000	Total 2020 £ 000	Total 2019 £ 000
Total grants	<u>770</u>	<u>770</u>	<u>1,251</u>

The funding for educational operations was £770,259 (2019: £1,251,416) of which £Nil was unrestricted (2019: £Nil), £770,259 restricted (2019: £1,251,416) and £Nil restricted fixed assets (2019: £Nil).

#### 5 Expenditure

	Non Pay Expenditure			2020 Total £ 000	2019 Total £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
<b>Expenditure on raising funds</b>					
Direct costs	-	-	-	-	11
<b>Academy's educational operations</b>					
Direct costs	396	222	6	624	986
Allocated support costs	<u>97</u>	<u>49</u>	<u>167</u>	<u>313</u>	<u>9,006</u>
	<u>493</u>	<u>271</u>	<u>173</u>	<u>937</u>	<u>10,003</u>

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

	2020 £ 000	2019 £ 000
Fees payable to auditor - audit	8	10
- other audit services	<u>2</u>	<u>2</u>

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 6 Charitable activities

		<b>Total 2020 £ 000</b>	<b>Total 2019 £ 000</b>
<b>Direct costs - educational operations</b>		624	986
<b>Support costs - educational operations</b>		313	9,006
		<u>937</u>	<u>9,992</u>
	<b>Educational operations £ 000</b>	<b>Total 2020 £ 000</b>	<b>Total 2019 £ 000</b>
<b>Analysis of support costs</b>			
Support staff costs	97	97	157
Technology costs	42	42	80
Premises costs	49	49	82
Other support costs	38	38	101
Governance costs	87	87	30
Impairment of fixed assets	-	-	8,556
<b>Total support costs</b>	<u>313</u>	<u>313</u>	<u>9,006</u>

#### 7 Staff

##### Staff costs

	<b>2020 £ 000</b>	<b>2019 £ 000</b>
<b>Staff costs during the year were:</b>		
Wages and salaries	320	667
Social security costs	29	60
Operating costs of defined benefit pension schemes	88	128
	<u>437</u>	<u>855</u>
Supply teacher costs	10	-
Staff restructuring costs	46	-
	<u>493</u>	<u>855</u>

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 7 Staff (continued)

	2020 £ 000	2019 £ 000
<b>Staff restructuring costs comprise:</b>		
Redundancy payments	<u>46</u>	<u>-</u>

#### Staff numbers

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

	2020 No	2019 No
<b>Charitable Activities</b>		
Teachers	3	9
Administration and support	8	16
Management	<u>3</u>	<u>3</u>
	<u>14</u>	<u>28</u>

#### Higher paid staff

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

	2020 No	2019 No
£60,001 - £70,000	1	1
£90,001 - £100,000	-	1
£100,001 - £110,000	<u>1</u>	<u>-</u>

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £271,751 (2019: £225,597).

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 8 Related party transactions - Trustees' remuneration and expenses

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

Mr J Mulligan (Principal):

Remuneration: £100,000 - £105,000 (2019 - £85,000 - £90,000)

Employer's pension contributions: £20,000 - £25,000 (2019 - £10,000 - £15,000)

Other related party transactions involving the Trustees are set out in note 19.

#### 9 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £1,000,000 on any one claim. The cost of this insurance is not separately identifiable from information provided by the insurance provider. The cost is included in the total insurance cost and cannot be separately identified.

#### 10 Tangible fixed assets

	Leasehold land and buildings £ 000	Other tangible fixed asset £ 000	Total £ 000
<b>Cost</b>			
At 1 September 2019	171	51	222
At 31 August 2020	171	51	222
<b>Depreciation</b>			
Charge for the year	171	51	222
At 31 August 2020	171	51	222
<b>Net book value</b>			
At 31 August 2020	-	-	-
At 31 August 2019	171	51	222

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 11 Debtors

	2020 £ 000	2019 £ 000
Trade debtors	-	1
Prepayments	-	25
Accrued grant and other income	4	2
VAT recoverable	20	15
	<u>24</u>	<u>43</u>

#### 12 Creditors: amounts falling due within one year

	2020 £ 000	2019 £ 000
Trade creditors	-	62
Other taxation and social security	12	16
Other creditors	21	133
Pension scheme creditor	8	13
Accruals	22	12
	<u>63</u>	<u>236</u>

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 13 Funds

	Balance at 1 September 2019 £ 000	Income £ 000	Expenditure £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2020 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(132)	222	(152)	52	(10)
Pupil Premium	-	13	(13)	-	-
Non repayable deficit funding	-	266	(266)	-	-
UTC transition grant	-	200	(200)	-	-
DfE Project Development	-	20	(20)	-	-
LEA and other grants	-	23	(23)	-	-
Other ESFA/DfE grants	-	26	(26)	-	-
	(132)	770	(700)	52	(10)
<b>Restricted fixed asset funds</b>					
Restricted Fixed Asset Fund	222	6	(222)	(6)	-
<b>Restricted pension funds</b>					
Pension fund	(116)	-	(15)	134	3
Total restricted funds	(26)	776	(937)	180	(7)
<b>Unrestricted funds</b>					
Unrestricted general funds	44	2	-	(46)	-
Total funds	18	778	(937)	134	(7)

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 13 Funds (continued)

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

	Balance at 1 September 2018 £ 000	Income £ 000	Expenditure £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(225)	786	(719)	26	(132)
Pupil Premium	-	22	(22)	-	-
Non repayable deficit funding	-	179	(179)	-	-
UTC transition grant	-	200	(200)	-	-
DfE Project Development	-	35	(35)	-	-
LEA and other grants	12	11	(23)	-	-
Other ESFA/DfE grants	-	15	(15)	-	-
Trips	-	3	(3)	-	-
	<u>(213)</u>	<u>1,251</u>	<u>(1,196)</u>	<u>26</u>	<u>(132)</u>
<b>Restricted fixed asset funds</b>					
Restricted Fixed Asset Fund	9,004	26	(8,782)	(26)	222
<b>Restricted pension funds</b>					
Pension fund	<u>(64)</u>	<u>-</u>	<u>(14)</u>	<u>(38)</u>	<u>(116)</u>
Total restricted funds	8,727	1,277	(9,992)	(38)	(26)
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>43</u>	<u>12</u>	<u>(11)</u>	<u>-</u>	<u>44</u>
Total funds	<u>8,770</u>	<u>1,289</u>	<u>(10,003)</u>	<u>(38)</u>	<u>18</u>



## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 13 Funds (continued)

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

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

General Annual Grant (GAG) - The Academy's principle funding stream received from the Education and Skills Funding Agency (ESFA).

The restricted general funds includes the project development grant from the ESFA.

The restricted fixed asset fund represents the value of the property leased to the UTC and further capital funding received during the year for the refurbishment of the property and equipment purchases. Additional assets are added to the fund as they are acquired and are written down by depreciation each year. A transfer is made from the GAG to cover any additional capital spend not funded by specific fixed asset funding received.

Pupil premium - DfE funding to address inequalities between children eligible for free school meals and their wealthier peers by ensuring that funding reaches the pupils who need it most.

Unrestricted funds are general donations and fundraising activities of the school and are used to support the provision of education within the academy.

Pension reserve - The deficit on the Local Government Pension Scheme has been recognised against restricted funds in order to match it against GAG as recommended by the Academies Accounts Direction.

Non repayable deficit funding - These are funds provided to the school to assist with operations up until the closure on 31 August 2020.

#### 14 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	<b>Restricted general funds £ 000</b>	<b>Total funds £ 000</b>
Current assets	53	53
Current liabilities	(63)	(63)
Pension scheme liability	3	3
Total net assets	<u>(7)</u>	<u>(7)</u>

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 14 Analysis of net assets between funds (continued)

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	222	222
Current assets	44	104	-	148
Current liabilities	-	(236)	-	(236)
Pension scheme liability	-	(116)	-	(116)
Total net assets	<u>44</u>	<u>(248)</u>	<u>222</u>	<u>18</u>

#### 15 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2020 £ 000	2019 £ 000
Net expenditure	(159)	(8,714)
Depreciation and impairment	222	8,782
Capital grants from DfE and other capital income	(6)	(26)
Defined benefit pension scheme cost less contributions payable	15	14
Decrease in debtors	19	39
Decrease in creditors	<u>(173)</u>	<u>(278)</u>
Net cash used in Operating Activities	<u>(82)</u>	<u>(183)</u>

#### 16 Cash flows from investing activities

	2020 £ 000	2019 £ 000
Capital grants from DfE Group	<u>6</u>	<u>26</u>

#### 17 Analysis of cash and cash equivalents

	2020 £ 000	2019 £ 000
Cash at bank and in hand	<u>29</u>	<u>105</u>
Total cash and cash equivalents	<u>29</u>	<u>105</u>

#### 18 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 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.

## **South Wiltshire UTC Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **19 Related party transactions**

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 8.

#### **20 Pension and similar obligations**

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wiltshire 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 2016.

Contributions amounting to £(8,005) (2019 - £(13,019)) were payable to the schemes at 31 August and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

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

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

##### **Valuation of the Teachers' Pension Scheme**

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

The key elements of the valuation and subsequent consultation are:

## **South Wiltshire UTC Limited**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **20 Pension and similar obligations (continued)**

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

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

The employer's pension costs paid to TPS in the period amounted to £62,372 (2019: £85,252).

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

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

#### **Local government pension scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £15,000 (2019 - £41,000), of which employer's contributions totalled £12,000 (2019 - £33,000) and employees' contributions totalled £3,000 (2019 - £8,000).

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

On 27 June 2019 the Supreme Court upheld the Court of Appeal's ruling that government reform's made in 2015 to the pensions of judges and firefighters were unlawful on the grounds of age discrimination. This case has become known as the 'McCloud judgement' and the ruling will have wider implications for all public service schemes affected by the reforms. Accordingly, the valuation provided by the actuary at 31 August 2019 includes the expected impact of compensation payments arising from this judgement.

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 20 Pension and similar obligations (continued)

##### Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	2.60	2.60
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.70	1.90
Inflation assumptions (CPI)	2.20	2.30
RPI increases	<u>3.20</u>	<u>3.30</u>

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

	2020	2019
<b>Retiring today</b>		
Males retiring today	21.70	21.40
Females retiring today	24.10	23.70
<b>Retiring in 20 years</b>		
Males retiring in 20 years	22.50	22.30
Females retiring in 20 years	<u>25.50</u>	<u>25.10</u>

##### Sensitivity analysis

	At 31 August 2020 £000	At 31 August 2019 £000
Discount rate +0.5%	221	336
Discount rate -0.5%	315	482
Salary rate +0.5%	268	409
Salary rate -0.5%	268	409
Pension rate +0.5%	314	482
Pension rate -0.5%	<u>222</u>	<u>336</u>

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

	2020 £ 000	2019 £ 000
Equities	152	208
Other bonds	86	41
Property	33	38
Cash and other liquid assets	<u>-</u>	<u>6</u>
Total market value of assets	<u>271</u>	<u>293</u>

## South Wiltshire UTC Limited

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 20 Pension and similar obligations (continued)

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

	2020 £ 000	2019 £ 000
Current service cost	24	45
Interest income	(5)	(6)
Interest cost	8	8
Total amount recognised in the SOFA	27	47

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

	2020 £ 000	2019 £ 000
At start of period	409	240
Current service cost	24	43
Interest cost	8	8
Employee contributions	3	8
Actuarial (gain)/loss	(131)	86
Benefits paid	(45)	22
Past service cost	-	2
At 31 August	268	409

##### Movements in the fair value of Academy Trust's share of scheme assets

	2020 £ 000	2019 £ 000
At start of period	293	176
Interest income	5	6
Actuarial gain/(loss)	3	48
Employer contributions	12	33
Employee contributions	3	8
Benefits paid	(45)	22
At 31 August	271	293