

Company Registration Number: 08706625 (England & Wales)

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 11
Governance Statement	12 - 15
Statement of Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditors' Report on the Financial Statements	18 - 21
Independent Reporting Accountant's Report on Regularity	22 - 24
Statement of Financial Activities Incorporating Income and Expenditure Account	25
Balance Sheet	26 - 27
Statement of Cash Flows	28
Notes to the Financial Statements	29 - 55

The following pages do not form part of the statutory financial statements:

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Prof. Jon Timmis - University of Sunderland
Peter Gallone - Gestamp Tallent Limited
Nigel King - Hitachi Rail Europe Limited (appointed 1 August 2023)

Trustees

D Land, Chair^{1,2}
Prof. G Holmes, Vice Chair^{1,2}
K G Babister
S C Brain
J E Conroy^{1,2}
T C Dower, Accounting Officer^{1,2}
D R Feuillade (resigned 15 May 2023)
Prof. I G Neal
J D Phillips^{1,2}
Prof. J I Timmis

¹ Resources and Finance Committee

² Audit Committee

Company registered number

08706625

Company name

The Durham UTC Limited

Principal and registered office

Long Tens Way
Aycliffe Business Park
Newton Aycliffe
DL5 6AP

Company secretary

Vanessa Stobart

Senior management team

Tom Dower, Principal
Catherine Purvis-Mawson, Deputy Principal
Steven Bennett, Vice Principal
Laura McAllister, Vice Principal
Vanessa Stobart, CFO and Business Manager

Independent auditors

Clive Owen LLP
Chartered Accountants and Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Bankers

Barclays Bank plc
53 Fawcett Street
Sunderland
Tyne and Wear
SR1 1RS

Solicitors

Legal, Governance and Business Assurance
4th Floor, Edinburgh Building
University of Sunderland
Chester Road
Sunderland
Tyne and Wear
SR1 3SD

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2022 to 31 August 2023. The annual report serves the purposes of both a Directors' report, and a Trustees' report under company law.

The academy trust operates an academy for students aged 14-19 serving a catchment area across the North East of England. It has a student capacity of 600 and had a roll of 429 in the school census on 6 October 2023.

Structure, governance and management

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 The Durham UTC Limited are also the Directors of the charitable company for the purposes of company law. The charitable company is known as The Durham UTC Limited, trading as UTC South Durham.

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

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 academy trust has insurance under the Department for Education's RPA scheme to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are shown in note 11.

Method of recruitment and appointment or election of Trustees

The Members of the academy trust (being the members of the company) may appoint up to 6 Trustees, ensuring that nominees of the Employer Sponsors and University Sponsor together form a majority. The Employer Sponsors (Gestamp Tallent Limited and Hitachi Rail Europe Limited) and the University Sponsor (University of Sunderland) each have the right to appoint and remove one Trustee. The Principal is treated as an ex officio Trustee. The Members may appoint staff trustees through such process as they may determine, provided that the number of Trustees employed by the academy trust, including the Principal, does not exceed one third of the total. Parent Trustees shall be elected by parents of registered pupils, but if any vacancies remain they can be filled by appointments by the Members. The Members may appoint three co-opted Trustees.

The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to the Principal or any post held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re appointed or re elected.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

Policies and Procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Trustees are given a tour of the UTC and the chance to meet with leaders, staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

Full Trustees' meetings occur six times a year and there are two main committees which have delegated decision making powers for their relevant areas of focus. They are the Resources and Finance Committee and the Quality and Standards Committee; they meet six and three times a year respectively and feed directly into the full Trustees' board. Additional Audit Committee and Policy Committee make recommendation to the Board.

Day to day management of the UTC lies with the Principal and a leadership team of Deputy Principal, two Vice Principals and CFO. Middle leadership of the UTC is centred on delivery of academic, technical and workplace learning, as well as student support.

Arrangements for setting pay and remuneration of key management personnel

The academy trust has a Staff Pay Policy in place which was agreed by the Trustees on 15 July 2023. This deals with the Senior Leadership Pay, including that of the Principal. The Policy states that for new appointments the Governing Body will agree the salary range prior to commencement of the recruitment process, taking into account the performance, context and size of the UTC, responsibilities and challenges of the post and any potential difficulties in filling the post, with consideration to parity and equality. For the Principal in post, the Policy states that the Governing Body is required to review the performance of the Principal against previously set targets and determine whether performance pay progression should be awarded. The process for this is outlined in the Appraisal and Capability Policy. This involves the UTC Achievement Partner and the Chair of the Governing Body and two other Governors.

Related Parties and other Connected Charities and Organisations

As required under the model for a University Technical College, the academy trust has Employer Sponsors and a University Sponsor who are Members of the academy trust. The sponsors each have at least one representative among the Trustees. The UTC works closely with the Baker Dearing Trust (a charity set up to create and support UTCs across the country) and pays an annual licence fee to them. This is reviewed each year by the Trustees.

The UTC was also instrumental in setting up the North East STEM Foundation in 2019. This is a charity which has the objects of fundraising to support science, technology, engineering and maths education and workplace experiences for students at the UTC and across the North East of England. This CIO has been actively raising funds throughout this financial year and has made donation to the UTC to support uniform and transport for disadvantaged students.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities

Public benefit

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the academy trust should undertake.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report

Achievements and performance

Key performance indicators

The relevant significant key performance indicators are listed in the objectives below.

1. Ensure our students are career-ready, through a relentless focus on the Student Leaver Profile and giving them high quality experiences.

Destination outcomes were strong again with a high proportion of students achieving apprenticeships at age 18 - this was particularly pleasing in the context of the disruption of the last two years and there were fewer degree level apprenticeships available this year. For the fifth year in a row, all students who wanted to go to university have done so and 92% are studying STEM subjects. Year 11 NEET numbers are below the LA, regional and national average at the end of KS4. 0.95% NEET (1 student in each of 2020, 2021 and 2022 leavers) compared to 3.1% average of NEET for Durham LA (Durham Works activity survey – March 23).

The UTC's reputation continues to grow amongst businesses and within the education sector, which explains why all of the students find successful destinations. We now work with over 150 businesses and have a core employer group of 11 businesses who help guide our educational approach.

2. Establish an outstanding academic and technical education for all of our students, through high quality teaching and learning, leading to excellent outcomes.

Ofsted inspected the UTC in January 2019 and judged the provision to be Good across all categories. August 2023 saw the second set of results since the pandemic. Students broadly achieved the grades they were expected to based on starting points at the UTC. Tech Level results at Post-16 were again very good. It should be noted that the normal school measures of Progress 8, Attainment 8 and Ebacc completion are not relevant to UTCs and all appear to be very low due to them not being relevant for the UTC curriculum. However, Leaders and Trustees are not content with the results and recognise that academic progress and this is a key focus for 2023-24.

3. Support all students to be life-ready and mature as young adults, by developing their Core Skills, confidence and wellbeing.

The atmosphere around the building continues to be purposeful and professional. Visitors comment on how our students come across as young professionals. Students are very keen to sell the UTC provision to their peers, as demonstrated by over 100 volunteers to support open events. Exclusions are there has been no need for alternative provision. Feedback from students and parents is clear that they feel well supported and build their confidence as they progress through the UTC. Student Led Conferences, an alternative to parents' evenings, allow student to demonstrate their maturity and career plans.

Of the 30 secondary schools in Durham County, the UTC has the highest proportion of students with special educational needs and amongst the highest proportion of disadvantaged students. The UTC also has the lowest number of exclusions, nobody in alternative provision and takes the highest proportion of students in on managed moves.

4. Amplify our positive reputation amongst potential students, the sub-regional community, and education and business sectors as the place to be for technical and career education.

Record numbers of students have joined the UTC in September 2023 in both Year 10 and Year 12. Year 10 at 150 students has met the published admissions number for the first time and Year 12 at 101 students (October 23 census). This has resulted in 429 students in total at the UTC. Word of mouth continues to be the most powerful marketing tool, based on students enjoying the experience and excellent destinations. This increase in numbers gives greater financial stability and further growth is expected for September 2024.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report (continued)

Achievements and performance (continued)

5. Ensure long-term viability through strategic expansion, with a wider age range and programmes to meet the needs of our learners and business partners.

UTC Trustees are committed to joining a Multi Academy Trust which will support the expansion of the UTC, both on site and through further centres. The UTC was successful in a bid to be one of the first providers of T-levels in the region and also succeeded in approval for a new £1.1m building. The building work is completed and in use. The second year of T-Level delivery is well underway. A further strategic review of curriculum will be completed during the coming year.

6. Run an efficient organisation to ensure good use of staff, quality of support services and financial value.

Long term viability of the UTC depends on three key elements; student recruitment, managing costs and fundraising. Funding from the ESFA does not adequately cover the full experience that UTC students receive and benchmarking with other schools is not entirely relevant for UTCs. The UTC achieved a pupil to teacher ratio (PTR) of 15.3 for 2022/23, up from 13.6 the previous year and in line with the UTC average and target. This is considerably below national average PTR for schools and reflects the longer working week, the specialist curriculum and small class sizes, all of which are fundamental elements of a UTC education. Trustees made the decision to reduce the UTC student week from 31 hours to 29 in order to deliver better financial efficiency. There were 47.9 FTE in total (29.4 teaching staff and 18.5 support staff).

Careful management of costs by the CFO ensured that a small surplus was returned for 2021-22 from budget. However, the UTC was not fully funded for the students it educated and so ended the year with a deficit. This was because of a combination of the move to lagged funding and T-level students not being funded appropriately due to a Census error. Both situations were subject to considerable discussion with the ESFA and a business case/appeal; neither were successful. Costs were managed through the year to considerably reduce the projected in-year deficit. The CFO and Principal worked very closely with the ESFA, and were successful in having the Ntl removed.

Going concern

The Durham UTC Limited has made a commitment to join a Multi-Academy Trust. Trustees have been actively considering options and are in talks with a specific MAT. The due diligence process was underway throughout the Spring and Summer terms but has been paused temporarily due to a potential change in leadership at the MAT which has resulted in a change in priorities for the MAT in the short term. The Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future, with the agreed support of the ESFA. 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

Most of the academy trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown under the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report (continued)

In addition the UTC received funding from parents to support transport costs for their children, from donations from the North East STEM Foundation and small scale income from lettings of sports and IT facilities.

During the year ended 31 August 2023, total expenditure of £3,884,000 was exceeded by recurrent grant funding from DfE/ESFA together with other incoming resources. The excess of income over expenditure for the year (excluding pension reserve movements and restricted fixed asset funds) was £(155,000). This was the first year in which the UTC had moved to lagged funding and the continued growth in student numbers was therefore not funded in the current year, this, combined with unfunded T-Level students as a result of a census discrepancy in the first year of delivering T-Levels, resulted in a funding shortfall of £162,000. The unfunded element of the staff pay awards, combined with the increase in energy costs and in transport costs also significantly impacted on the financial position in the year.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives.

At 31 August 2023 net book value of fixed assets was £9,902,000 and movements in tangible fixed assets are shown in notes 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £38,000 recognised on the Balance Sheet.

The academy trust held fund balances as at 31 August 2023 of £9,633,000 comprising £9,969,000 of restricted fixed asset funds, a pension deficit of £(38,000) and a deficit of £298,000 of unrestricted funds.

On 17 January 2022 the Trust was issued with a Notice to Improve by the ESFA. The CFO and Principal have been working closely with the ESFA since then and have rebuilt credibility of the UTC's financial management. The Ntl was removed on 23 May 2023 in recognition of high quality financial management of the Trust.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Reserves policy

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- for UTC activity and business engagement to improve the educational attainment and achievement of our students
- To cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs

The level of reserves is reviewed by the Trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) sufficient to cover salaries and associated costs for one month. This is equivalent to £200,000.

The academy's current level of free reserves are in deficit by £298,000 (as at 31 August 2023) and therefore currently below the level of reserves identified for the ongoing needs of the academy. However, the ESFA agreed a cash loan in 2021 of £203,000 to support the UTC cash flow during the deficit recovery period. A debt repayment plan was agreed by the ESFA in April 2023 with debt repayment commencing in August 2024.

The cash at bank is forecast to remain above the £200,000 free reserves minimum and the deficit recovery plan approved by trustees supports a deficit recovery within 5 years and repayment of the ESFA loan gradually across a period of 9 years so as to protect cash flow.

During the deficit recovery period the Trustees agreed that cash at bank should be managed so as to remain above £200,000 and this will continue as part of the reserves policy until the reserves are recovered to the £200,000 levels specified.

The transport costs are a necessity for the UTC due to its rural nature and currently require 6% of the annual budget. Because of this significant demand on the budget annually, the deficit recovery is planned across a 5 year period, to ensure the UTC balance the educational achievement and attainment of the students with the need to return to a surplus reserves position.

Investment policy

The academy trust has not yet developed an investment policy.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Principal risks and uncertainties

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust Balance Sheet.

The Trustees have assessed the major risks, to which the academy trust is exposed, in particular those relating specifically to teaching provision, cost of facilities and other operational areas of the academy trust, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, safeguarding and school trips) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust has fully implemented the requirements of the Safer Recruitment procedures and key staff have received training in this area so that there is always at least one person on the appointing pane who is suitable trained, in addition to training on Safeguarding and Prevent.

The academy trust is subject to a number of risks and uncertainties in common with other academies, particularly around school funding rates and the lack of support for energy cost increases, unfunded pay awards and inflationary pressures. The academy trust has in place procedures to identify and mitigate financial risks.

Due to the wide catchment area, many students access the UTC via dedicated school transport. This is not paid for by the LAs. Transport costs have risen sharply due to fuel and driver costs; while the UTC has had to increase the cost to parents during this time it has not been possible in the cost of living crisis to match the increased expenditure. This is not a cost which most schools have to support.

Fundraising

The academy trust has been engaging in fundraising activities in order to support the additional education which is delivered for students beyond that which is funded by the ESFA. This has included working closely with the North East STEM Foundation and the submission of bids to local and national charities and funders.

Plans for future periods

During the year 2023-24 the academy trust is working on the delivery of a high quality education for students and ensuring that they move onto excellent destinations.

The Trust's key objectives over the next 3 years are:

1. Ensure our students are career-ready, through a relentless focus on the Student Leaver Profile and giving them high quality experiences.
2. Establish an outstanding academic and technical education for all of our students, through high quality teaching and learning, leading to excellent outcomes.
3. Support all students to be life-ready and mature as young adults, by developing their Core Skills, confidence and wellbeing.
4. Amplify our positive reputation amongst potential students, the sub-regional community, and education and business sectors as the place to be for academic, technical and career education.
5. Ensure long-term viability through strategic expansion, with a wider age range and programmes to meet the needs of our learners and business partners.
6. Run an efficient organisation to ensure good use of staff, quality of support services and financial value.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

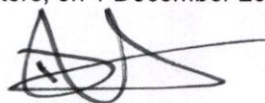
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Auditor

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 1 December 2023 and signed on its behalf by:

A handwritten signature in black ink, consisting of a stylized 'D' followed by a series of loops and a long horizontal stroke.

D Land
Chair of Trustees

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Durham 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.

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 The Durham UTC Limited and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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 6 times during the year.

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

Trustee	Meetings attended	Out of a possible
D Land, Chair	6	6
Prof. G Holmes, Vice Chair	4	6
Tom Dower, Accounting Officer	6	6
Prof. Ian Neal	6	6
Prof. Jon Timmis	6	6
Stephen Brain	4	6
Dean Feuillade	2	3
Kirsty Babister	2	6
Jonathan Phillips	2	6
Jane Conroy	4	6

The academy trust considered governance at every meeting and met 6 times as a full group during the academic year. During 2022/23 the Trustees approved a suite of policy and procedure documents in order to comply with educational governance practices. Most policies are reviewed on a two to four-year cycle though some are reviewed annually (most notably Safeguarding and Admissions). All policies are up to date or currently under review and are being reviewed either when they are due or when they need adapting in light of emerging practice. Three committees have been established (Quality and Standards, Resources and Finance, Audit) with delegated power to make decisions and hold the UTC leadership to account.

The Durham UTC Limited manages conflicts of interest by requesting declarations of interest from all Trustees and SLT personnel at the beginning of the Academic year. Declaration of interests is also a standing agenda item at each governance meeting and all members are fully aware of the requirement to be transparent and open about any possible conflicts. The Durham UTC Limited does not have ownership or control of any subsidiaries, joint ventures or associates.

As a company, the academy trust has a Board of Trustees who are also its Directors (referred to as its 'Governors' in the Articles of Association) and who are appointed in accordance with the Articles of Association. It is the Board who are able to direct and bind the academy trust. The Principal is Accounting Officer and is also the Chief Executive Officer of the trust/company.

Trustees recognise the need for a refreshed skills audit and review of governance in the Year 2023-24.

The Resources and Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to advise the Board of Trustees on all financial and resource matters. The Committee met to establish the terms of

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

reference and approve the budget forecast outturn and the budget forecast return and to approve future staffing levels.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
David Land, Chair	6	6
Prof. Gary Holmes	6	6
Tom Dower, Accounting Officer	6	6
Jonathan Phillips	0	6
Jane Conroy	4	6

The Audit Committee was established to ensure compliance with audit, regulations and risk assessment. The committee meets three times a year and reviews reports and recommendations from internal and external audit, and ensures that actions are completed.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Prof. Gary Holmes, Chair	3	3
David Land	3	3
Tom Dower, Accounting Officer	3	3
Jonathan Phillips	0	3
Jane Conroy	2	3

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 utilising transparent procurement processes to procure resources, appoint staff or obtain other services. He has also referenced other UTCs and used relevant detailed benchmark data in deciding on the priorities for funding.

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 UTC South Durham for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Trustees 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 Board of Trustees 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 period 1 September 2022 to 31 August 2023 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 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 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
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has decided not to appoint an internal auditor. However, the Trustees have appointed V Robinson, the Financial Director of Kenton Schools Academy Trust, to perform a peer review.

The peer reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial and other 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

The peer reviewer reports to the Trustees through the Audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

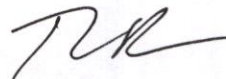
- the work of the peer reviewer
- the work of the external auditor
- the work of the CFO within the academy trust who has responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources and Finance committee and a plan to ensure continuous improvement of the system is in place.

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



David Land
Chair of Trustees



Tom Dower
Accounting Officer

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Durham UTC Limited I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022 including responsibilities for estates safety and management.

I confirm that I and the academy trust Board of Trustees 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 Academy Trust Handbook 2022.

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.



Tom Dower
Accounting Officer

Date: 1 December 2023.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 to 2023;
- make judgements 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 and signed on its behalf by:



D Land
Chair of Trustees
Date: 1 December 2023

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
DURHAM UTC LIMITED**

Opinion

We have audited the financial statements of The Durham UTC Limited (the 'academy trust') for the year ended 31 August 2023 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 2022 to 2023 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 academy trust's affairs as at 31 August 2023 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 2022 to 2023 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust 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.

Material uncertainty related to going concern

We draw attention to note 1.5 in the financial statements, which states that at the end of the current academic year The Durham UTC Limited is expected to join a Multi-Academy Trust. As a result, all assets and liabilities at that date will be transferred into the new trust. As such it is unlikely that this legal entity will be trading for 12 months following the approval of these financial statements. As stated in note 1.5, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the academy trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
DURHAM UTC LIMITED (CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 academy trust 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy trust 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 academy trust'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 trust or to cease operations, or have no realistic alternative but to do so.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
DURHAM UTC LIMITED (CONTINUED)**

Auditors' 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 Auditors' 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. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We undertake the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Trust. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of noncompliance throughout the audit. We determined the most significant of these to be the regulations set out by the DfE/ESFA. Our audit focuses on financial matters as set out in our regularity opinion. Other key laws and regulations included safeguarding, Health & Safety, GDPR and employment law
- Enquiry of trustees and management as to policies and procedures to ensure compliance and any known instances of non-compliance
- Review of board minutes and correspondence with regulators
- Enquiry of trustees and management as to areas of the financial statements susceptible to fraud and how these risks are managed
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Auditors' Report.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
DURHAM UTC LIMITED (CONTINUED)**

Use of our report

This report is made solely to the academy trust'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 trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Beaumont BA (Hons) BFP FCA DChA (Senior Statutory Auditor)

for and on behalf of 2 December 2022

Clive Owen LLP

Chartered Accountants and Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 18 December 2023

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Durham UTC Limited during the year 1 September 2022 to 31 August 2023 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 The Durham UTC Limited and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Durham UTC Limited and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Durham UTC Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Durham UTC Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Durham UTC Limited's funding agreement with the Secretary of State for Education dated 19 September 2019 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

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

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 academy trust's income and expenditure.

The work undertaken to draw our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
DURHAM UTC LIMITED 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 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Clive Owen LLP
Reporting Accountant

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 18 December 2023

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2023**

		Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
	Note					
Income from:						
Donations and capital grants	3	15	-	(34)	(19)	1,400
Other trading activities	5	112	-	-	112	81
Investments	6	1	-	-	1	-
Charitable activities		106	3,172	-	3,278	3,102
Total income		<u>234</u>	<u>3,172</u>	<u>(34)</u>	<u>3,372</u>	<u>4,583</u>
Expenditure on:						
Raising funds		21	-	-	21	14
Charitable activities		(21)	3,594	290	3,863	3,623
Total expenditure		<u>-</u>	<u>3,594</u>	<u>290</u>	<u>3,884</u>	<u>3,637</u>
Net movement in funds before other recognised gains		<u>234</u>	<u>(422)</u>	<u>(324)</u>	<u>(512)</u>	<u>946</u>
Other recognised gains:						
Actuarial gains on defined benefit pension schemes	26	-	130	-	130	630
Net movement in funds		<u>234</u>	<u>(292)</u>	<u>(324)</u>	<u>(382)</u>	<u>1,576</u>
Reconciliation of funds:						
Total funds brought forward		(143)	(135)	10,293	10,015	8,439
Net movement in funds		234	(292)	(324)	(382)	1,576
Total funds carried forward		<u>91</u>	<u>(427)</u>	<u>9,969</u>	<u>9,633</u>	<u>10,015</u>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08706625

BALANCE SHEET
AS AT 31 AUGUST 2023


	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	13	11	12
Tangible assets	14	9,891	8,998
		<u>9,902</u>	<u>9,010</u>
Current assets			
Debtors	15	107	1,092
Cash at bank and in hand		420	591
		<u>527</u>	<u>1,683</u>
Creditors: amounts falling due within one year	16	(555)	(340)
Net current liabilities / assets		<u>(28)</u>	<u>1,343</u>
Total assets less current liabilities		<u>9,874</u>	<u>10,353</u>
Creditors: amounts falling due after more than one year	17	(203)	(203)
Net assets excluding pension liability		<u>9,671</u>	<u>10,150</u>
Defined benefit pension scheme liability	26	(38)	(135)
Total net assets		<u><u>9,633</u></u>	<u><u>10,015</u></u>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08706625

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2023

	Note	2023 £000	2022 £000
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	18	9,969	10,293
Restricted income funds	18	(389)	-
		<hr/>	<hr/>
Restricted funds excluding pension asset	18	9,580	10,293
Pension reserve	18	(38)	(135)
		<hr/>	<hr/>
Total restricted funds	18	9,542	10,158
Unrestricted income funds	18	91	(143)
		<hr/>	<hr/>
Total funds		<u>9,633</u>	<u>10,015</u>

The financial statements on pages 25 to 55 were approved by the Trustees, and authorised for issue on 01 December 2023 and are signed on their behalf, by:



D Land
Chair of Trustees

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	1,024	110
Cash flows from investing activities	21	(1,195)	266
Change in cash and cash equivalents in the year		(171)	376
Cash and cash equivalents at the beginning of the year		591	215
Cash and cash equivalents at the end of the year	22, 23	<u>420</u>	<u>591</u>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the 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 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 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 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.

1.3 Income

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

• **Grants**

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.

• **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where 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 year it is receivable and to the extent the academy trust has provided the goods or services.

• **Donated fixed assets (excluding transfers on conversion or into the academy trust)**

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

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.3 Income (continued)

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.

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. 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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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 academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

At the end of the current academic year The Durham UTC Limited is expected to join a Multi-Academy Trust. As a result, all assets and liabilities at that date will be transferred into the new trust. As such it is unlikely that this legal entity will be trading for 12 months following the approval of these financial statements and consider there to be a material uncertainty in this regard.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.6 Intangible assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following bases:

Computer software	- 10% Straight line
Website	- 33% Straight line

1.7 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

Freehold buildings	- over 50 years
Freehold land	- none provided
Furniture and equipment	- over 5 years
Plant and machinery	- Over 10 years
Computer equipment	- over 3 year and over 4 years

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

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.9 Operating leases

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

1.10 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.

1.11 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.

1.12 Liabilities and provisions

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 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.

1.13 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 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.

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 16 and 17. 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.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.14 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 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.

1.15 Pensions

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.

1.16 Agency arrangements

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

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

2. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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.

Goodwin

The case related to male spouse or civil partner of a female member is treated in the same way as a same-sex spouse or civil partner. Survivor benefits will be calculated using service from 1 April 1972, or 6 April 1978 if the marriage or civil partnership took place after the last day of pensionable service. This change will apply for deaths in respect of female members which occurred from 5 December 2005, which is the date that same-sex civil partnerships were introduced. This case was brought against the Teachers' Pension Scheme. Actuaries have estimated that the impact of Goodwin indexation to be less than 0.1% of total liabilities. Based on this estimate it would increase liabilities by £745 which has been assessed to be immaterial to the financial statements.

Amortisation and Depreciation – Amortisation is calculated so as to write off the cost of the website, less its residual value, over the economic life of that asset. An estimate of the useful life of the website is detailed in the Intangible fixed assets and amortisation accounting policy. The value of amortisation charge during the year was £Nil.

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £289,000.

Critical areas of judgement:

Land – Land is held under a 125 year lease from Darlington Borough Council and Stockton Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

3. Income from donations and capital grants

	Unrestricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Donations	15	-	15	40
Capital Grants	-	(34)	(34)	1,360
	<u>15</u>	<u>(34)</u>	<u>(19)</u>	<u>1,400</u>
	<u>33</u>	<u>1,367</u>	<u>1,400</u>	
Total 2022				

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

4. Funding for the academy trust's educational operations

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Academy's educational operations				
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,708	2,708	2,690
Other DfE/ESFA grants				
Start Up Grants	-	-	-	25
Pupil Premium	-	98	98	76
Rates	-	31	31	30
Teachers' pay grant	-	-	-	12
Teachers' pension grant	-	33	33	34
Other DfE Group grants	-	52	52	55
Supplementary grant	-	88	88	-
	-	3,010	3,010	2,922
Other Government grants				
SEN	-	83	83	94
Local Authority grants	-	27	27	3
Other Government grants	-	32	32	2
	-	142	142	99
Other income from the academy trust's academy's educational operations	106	20	126	70
COVID-19 additional funding (DfE/ESFA)				
Other DfE/ESFA COVID-19 funding	-	-	-	11
	-	-	-	11
	106	3,172	3,278	3,102
	106	3,172	3,278	3,102
Total 2022	30	3,072	3,102	

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

5. Income from other trading activities

	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income from facilities and services	108	108	75
Other	4	4	6
	<u>112</u>	<u>112</u>	<u>81</u>
Total 2022	<u>81</u>	<u>81</u>	

6. Investment income

	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Bank interest	<u>1</u>	<u>1</u>	<u>-</u>

7. Expenditure

	Staff Costs 2023 £000	Premises 2023 £000	Other 2023 £000	Total 2023 £000	Total 2022 £000
Expenditure on fundraising trading activities:					
Allocated support costs	-	-	21	21	14
Academy trusts's educational operations:					
Direct costs	1,942	-	310	2,252	2,469
Allocated support costs	666	465	480	1,611	1,154
	<u>2,608</u>	<u>465</u>	<u>811</u>	<u>3,884</u>	<u>3,637</u>
Total 2022	<u>2,580</u>	<u>429</u>	<u>628</u>	<u>3,637</u>	

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

7. Expenditure (continued)

In 2023, of the total expenditure, £- (2022 - £110,000) was to unrestricted funds and £3,884,000 (2022 - £3,527,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Gifts made by the trust
- Fixed Assets losses
- Compensation Payments
- Stock losses
- Cash losses

There were no ex-gratia payments during the period.

8. Analysis of expenditure by activities

	Activities undertaken directly 2023 £000	Support costs 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Academy's educational operations	2,252	1,611	3,863	3,623
	<u>2,252</u>	<u>1,611</u>	<u>3,863</u>	<u>3,623</u>
Total 2022	2,469	1,154	3,623	
	<u>2,469</u>	<u>1,154</u>	<u>3,623</u>	

Analysis of direct costs

	Total funds 2023 £000	Total funds 2022 £000
Staff costs	1,942	2,244
Educational supplies	39	34
Examination fees	109	71
Staff development	3	3
Technology costs	10	6
Educational consultancy	11	31
Staff expenses	10	7
Transport	107	51
Other costs	21	22
	<u>2,252</u>	<u>2,469</u>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2023 £000	Total funds 2022 £000
Net finance costs on pension scheme	4	10
Staff costs	666	336
Depreciation and Amortisation	290	302
Staff development	5	3
Technology costs	58	55
Transport	180	137
Maintenance of premises	42	13
Cleaning	36	54
Other premises costs	30	32
Energy	109	76
Rent and rates	31	30
Insurance	10	11
Operating lease rentals	18	17
Catering	56	46
Other costs	67	20
Governance costs	9	12
	<u>1,611</u>	<u>1,154</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2023 £000	2022 £000
Operating lease rentals	18	17
Depreciation of tangible fixed assets	289	301
Amortisation of intangible assets	1	1
Fees paid to auditors for:		
- audit	9	10
	<u>9</u>	<u>10</u>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023 £000	2022 £000
Wages and salaries	1,882	1,746
Social security costs	192	181
Pension costs	411	504
	<hr/> 2,485	<hr/> 2,431
Agency staff costs	123	149
	<hr/> 2,608	<hr/> 2,580
	<hr/> <hr/>	<hr/> <hr/>

Included within operating costs of defined benefit pension schemes is a debit of £29,000 (2022: £143,000) relating to the pension deficit actuarial adjustment.

b. Staff numbers

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

	2023 No.	2022 No.
Teachers	27	29
Administration & Support	20	19
Management	3	3
	<hr/> 50	<hr/> 51
	<hr/> <hr/>	<hr/> <hr/>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

10. Staff (continued)

c. Higher paid staff

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

	2023 No.	2022 No.
In the band £60,001 - £70,000	1	-
In the band £110,001 - £120,000	1	1
	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £503,000 (2022: £463,000).

11. 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:

		2023 £000	2022 £000
TC Dower, Accounting Officer	Remuneration	110 - 115	115 - 120
	Pension contributions paid	25 - 30	25 - 30
S C Brain	Remuneration	0	45 - 50
	Pension contributions paid	0	10 - 15

During the year ended 31 August 2023, travel and subsistence expenses totalling £NIL were paid (2022: £nil).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance 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.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

13. Intangible assets

	Website £000
Cost	
At 1 September 2022	23
At 31 August 2023	<u>23</u>
Amortisation	
At 1 September 2022	11
Charge for the year	1
At 31 August 2023	<u>12</u>
Net book value	
At 31 August 2023	<u><u>11</u></u>
At 31 August 2022	<u><u>12</u></u>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

14. Tangible fixed assets

	Freehold property £000	Assets under construction £000	Plant and machinery £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 September 2022	9,610	84	610	477	417	11,198
Additions	1,009	-	170	3	-	1,182
Transfers between classes	84	(84)	-	-	-	-
At 31 August 2023	10,703	-	780	480	417	12,380
Depreciation						
At 1 September 2022	1,113	-	287	422	378	2,200
Charge for the year	187	-	63	26	13	289
At 31 August 2023	1,300	-	350	448	391	2,489
Net book value						
At 31 August 2023	9,403	-	430	32	26	9,891
At 31 August 2022	8,497	84	323	55	39	8,998

15. Debtors

	2023 £000	2022 £000
Due within one year		
Trade debtors	6	4
Prepayments and accrued income	79	1,059
VAT recoverable	22	29
	107	1,092

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

16. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	227	121
Other taxation and social security	49	43
Other creditors	80	62
Accruals and deferred income	199	114
	<u>555</u>	<u>340</u>
	2023 £000	2022 £000
Deferred income at 1 September 2022	17	51
Resources deferred during the year	265	17
Amounts released from previous periods	(17)	(51)
	<u>265</u>	<u>17</u>

At the Balance Sheet date the academy trust was holding funds received in advance for transport fees for the 2023/24 academic year, rates relief received in advance for the period September 2022 to March 2023 and non government grants received to deliver STEM days to primary school pupils in 2023/24 academic year.

17. Creditors: Amounts falling due after more than one year

	2023 £000	2022 £000
Other creditors	203	203

18. Statement of funds

	Balance at 1 September 2022 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2023 £000
Unrestricted funds					
General Funds	(143)	234	-	-	91
Restricted general funds					
General Annual Grant(GAG)	-	2,708	(3,097)	-	(389)
Pupil Premium	-	98	(98)	-	-
Other DfE grants	-	116	(116)	-	-
SEN	-	83	(83)	-	-

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

18. Statement of funds (continued)

	Balance at 1 September 2022 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2023 £000
Other Government grants	-	147	(147)	-	-
Other grants	-	20	(20)	-	-
Pension reserve	(135)	-	(33)	130	(38)
	<u>(135)</u>	<u>3,172</u>	<u>(3,594)</u>	<u>130</u>	<u>(427)</u>
Restricted fixed asset funds					
DFE/ESFA capital grant	9,192	-	(270)	-	8,922
DFC	38	12	(9)	-	41
GAG	3	-	-	-	3
Cummins Grant	19	-	(4)	-	15
Donations	19	-	(1)	-	18
ESFA Donations	12	-	(5)	-	7
T Level	1,010	(46)	(1)	-	963
	<u>10,293</u>	<u>(34)</u>	<u>(290)</u>	<u>-</u>	<u>9,969</u>
Total Restricted funds	<u>10,158</u>	<u>3,138</u>	<u>(3,884)</u>	<u>130</u>	<u>9,542</u>
Total funds	<u><u>10,015</u></u>	<u><u>3,372</u></u>	<u><u>(3,884)</u></u>	<u><u>130</u></u>	<u><u>9,633</u></u>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

18. Statement of funds (continued)

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

The General Annual Grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA grants includes PE and Sport Premium funding which must be spent on PE and Sports curriculum costs, Mainstream Schools Grant, Supplementary Grant, Rates Relief funding and Teachers' Pay Grant. Also included is Universal Infant Free School Meals funding must be spent on costs relating to the provision of meals to pupils.

SEN is additional funding for pupils with special educational needs.

Early Years Funding must be spent on costs relating to the provision of education to pupils.

Other Government grants relates to local authority pupil premium to be spent as the school sees fit to support deprived students.

The COVID catchup premium must be spent on activities to support pupils' education recovery.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 26.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds include the income from school trips, catering and other income with the relevant costs allocated accordingly.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2023.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

18. Statement of funds (continued)

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

	Balance at 1 September 2021 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2022 £000
Unrestricted funds					
General Funds	(177)	144	(110)	-	(143)
Restricted general funds					
General Annual Grant(GAG)	-	2,690	(2,690)	-	-
Start up grant	-	25	(25)	-	-
Pupil Premium	-	76	(76)	-	-
Other DfE grants	-	131	(131)	-	-
SEN	-	94	(94)	-	-
Other Government grants	-	5	(5)	-	-
Other grants	-	40	(40)	-	-
COVID 19 catch up premium	-	11	(11)	-	-
Pension reserve	(612)	-	(153)	630	(135)
	(612)	3,072	(3,225)	630	(135)
Restricted fixed asset funds					
DfE/ESFA capital grant	9,124	350	(282)	-	9,192
DFC	46	-	(8)	-	38
GAG	5	-	(2)	-	3
Cummins Grant	22	-	(3)	-	19
Donations	13	7	(1)	-	19
ESFA Donations	18	-	(6)	-	12
T Level	-	1,010	-	-	1,010
	9,228	1,367	(302)	-	10,293
Total Restricted funds	8,616	4,439	(3,527)	630	10,158
Total funds	8,439	4,583	(3,637)	630	10,015

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THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	-	-	9,891	9,891
Intangible fixed assets	-	-	11	11
Current assets	88	372	67	527
Creditors due within one year	206	(761)	-	(555)
Creditors due in more than one year	(203)	-	-	(203)
Provisions for liabilities and charges	-	(38)	-	(38)
Total	91	(427)	9,969	9,633

Analysis of net assets between funds - prior year

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Restricted fixed asset funds 2022 £000	Total funds 2022 £000
Tangible fixed assets	-	-	8,998	8,998
Intangible fixed assets	-	-	12	12
Current assets	(22)	422	1,283	1,683
Creditors due within one year	82	(422)	-	(340)
Creditors due in more than one year	(203)	-	-	(203)
Provisions for liabilities and charges	-	(135)	-	(135)
Total	(143)	(135)	10,293	10,015

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

20. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2023 £000	2022 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(512)	946
Adjustments for:		
Depreciation and amortisation	290	302
Capital grants from DfE and other capital income	34	(1,360)
Defined benefit pension scheme cost less contributions payable	29	143
Defined benefit pension scheme finance cost	4	10
Decrease in debtors	985	-
Increase in creditors	194	84
Donated tangible fixed assets	-	(7)
Transfer in/out in restricted fund	-	(8)
Net cash provided by operating activities	1,024	110

21. Cash flows from investing activities

	2023 £000	2022 £000
Purchase of tangible fixed assets	(1,240)	(84)
Capital grants from DfE Group	45	350
Net cash (used in)/provided by investing activities	(1,195)	266

22. Analysis of cash and cash equivalents

	2023 £000	2022 £000
Cash in hand and at bank	420	591
Total cash and cash equivalents	420	591

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

23. Analysis of changes in net debt

	At 1 September 2022 £000	Cash flows £000	At 31 August 2023 £000
Cash at bank and in hand	591	(171)	420
	<u>591</u>	<u>(171)</u>	<u>420</u>

24. Contingent liabilities

There is a dispute regarding overruns on the extension in the amount of £30,000. The trust are discussing matters with the project manager and considering taking legal action.

25. Capital commitments

	2023 £000	2022 £000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	-	1,010
	<u>-</u>	<u>1,010</u>

26. Pension commitments

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 Durham 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 £33,000 were payable to the schemes at 31 August 2023 (2022 - £40,000) 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.

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

26. 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 £239,000 (2022 - £286,000).

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 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £125,000 (2022 - £103,000), of which employer's contributions totalled £91,000 (2022 - £75,000) and employees' contributions totalled £ 34,000 (2022 - £28,000). The agreed contribution rates for future years are 15.0% for employers and 5.5 - 12.5% for employees.

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

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

26. Pension commitments (continued)

Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	3.60	3.70
Rate of increase for pensions in payment/inflation	2.60	2.70
Discount rate for scheme liabilities	5.00	4.00
Inflation assumption (CPI)	2.60	2.70
Commutation of pensions to lump sums	85.00	85.00
	<u>85.00</u>	<u>85.00</u>

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

	2023	2022
	Years	Years
Retiring today		
Males	21.7	22.1
Females	23.9	24.2
Retiring in 20 years		
Males	22.9	23.2
Females	25.0	25.7
	<u>25.0</u>	<u>25.7</u>

Sensitivity analysis

	2023	2022
	£000	£000
Discount rate +0.1%	(19)	(24)
Discount rate -0.1%	19	25
Mortality assumption - 1 year increase	(19)	(21)
Mortality assumption - 1 year decrease	19	21
CPI rate +0.1%	18	23
CPI rate -0.1%	(17)	(22)
	<u>(17)</u>	<u>(22)</u>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

26. Pension commitments (continued)

Share of scheme assets

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

	At 31 August 2023 £000	At 31 August 2022 £000
Equities	361	323
Government bonds	75	67
Corporate bonds	66	26
Property	53	50
Cash and other liquid assets	44	39
Multi Asset Credit	108	86
Total market value of assets	<u>707</u>	<u>591</u>

The actual return on scheme assets was £5,000 (2022 - £(57,000)).

The amounts recognised in the Statement of Financial Activities are as follows:

	2023 £000	2022 £000
Current service cost	(120)	(218)
Interest income	4	10
Interest cost	(30)	(20)
Total amount recognised in the Statement of Financial Activities	<u>(146)</u>	<u>(228)</u>

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

	2023 £000	2022 £000
At 1 September	726	1,161
Current service cost	120	218
Interest cost	30	20
Employee contributions	34	28
Actuarial gains	(161)	(697)
Benefits paid	(4)	(4)
At 31 August	<u>745</u>	<u>726</u>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

26. Pension commitments (continued)

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

	2023 £000	2022 £000
At 1 September	591	549
Interest income	26	10
Actuarial losses	(31)	(67)
Employer contributions	91	75
Employee contributions	34	28
Benefits paid	(4)	(4)
At 31 August	<u>707</u>	<u>591</u>

27. Operating lease commitments

At 31 August 2023 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £000	2022 £000
Not later than 1 year	4	17
Later than 1 year and not later than 5 years	14	-
	<u>18</u>	<u>17</u>

THE DURHAM UTC LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

28. Related party transactions

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

D Land, Chair of Trustees, is a director of Baker Dearing Trust a charity who promotes and supports new and existing UTC's.

- The academy trust paid for a license fee from Baker Dearing Trust totalling £11,000 (2022: £10,000) during the period. The amount outstanding at 31 August 2023 totalled £Nil (2022: £Nil).

The academy trust received donation from North East Stem Foundation totalling £15,000 (2022: £nil) during the period. The amount outstanding at 31 August 2023 totalled £Nil (2022: £nil)

All transactions and recharges were made at arms length in accordance with its financial regulators. In entering into transactions the academy trust complied with the requirements of the Academy Trust Handbook 2022.

The element above £2,500 has been provided 'at no more than cost' and Baker Dearing Trust have provided a statement of assurance confirming this.

29. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2023 the academy trust received £38,000 (2022: £16,000) and disbursed £19,000 (2022: £21,000) from the fund. An amount of £34,000 (2022: £21,000) is included in other creditors.