

Company number: 07390138

Charity number: 1138894

Baker Dearing Educational Trust

Report and financial statements

For the year ended 31 December 2020

Contents

For the year ended 31 December 2020

Reference and administrative details	1
Trustees' annual report	2
Independent auditor's report	9
Statement of financial activities (incorporating an income and expenditure account)	13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16

Baker Dearing Educational Trust

Reference and administrative details

For the year ended 31 December 2020

Company number	07390138 – incorporated in the United Kingdom
Charity number	1138894 – registered in England and Wales
Registered office and operational address	2nd Floor, 1, The Sanctuary London SW1P 3JT
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: The Rt Hon Lord Baker of Dorking CH, Chairman The Rt Hon Lord Adonis Clive Barker Ms Madeleine Hallward David Land Dr Theresa Simpkin Sir Mike Tomlinson CBE Jim Wade (appointed 8 July 2020) Michael Wright
Chief Executive	Simon Connell
Bankers	HSBC 16 King Street London WC2E 8JF
Solicitors	Stone King LLP 91 Charterhouse Street London EC1M 6HR
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108–114 Golden Lane London EC1Y 0TL

Trustees' annual report

For the year ended 31 December 2020

The trustees present their report and the audited financial statements for the year ended 31 December 2020.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

The organisation is a charitable company limited by guarantee, incorporated on 28 September 2010 and registered as a Charity on 9 November 2010.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

The objects of the Charity are to advance the education of children, young people and young adults by technically-oriented study at new or existing colleges with an emphasis on practical training, business and commerce leading to employment.

Appointment of trustees

Trustees are selected by reference to their eligibility, personal competence and specialist skills. A Nominations Committee, chaired by Lord Baker, meets twice a year to discuss and recommend the appointment of trustees.

Trustee induction and training

On appointment trustees are inducted into the strategic aims of the Charity and the underlying financial implications. Throughout the year trustees are updated with progress reports and are invited to attend educational seminars and events to increase their awareness of the Charity's activities and the educational sector governance requirements.

The members of the company appoint new trustees. There must be a minimum of three trustees and a maximum of twelve.

All trustees give their time voluntarily and receive no benefits from the Charity. Any expenses reclaimed from the Charity are set out in note 7 to the accounts.

Related parties and connected organisations

See note 9 for details of related parties and connected organisations.

Remuneration Policy for key management personnel

Remuneration is reviewed, and agreed, once each year by the trustees at a trustees' meeting. The review takes into account the performance of individuals and the change in cost of living as measured by the RPI.

Objectives and activities

Baker Dearing Educational Trust (Baker Dearing) licenses UTCs (University Technical Colleges). The Charity offers guidance and support to UTCs to help them ensure high standards of education and financial viability and liaises between sponsors, the UTCs themselves and the DfE (Department for Education).

The trustees review the aims, objectives and activities of the Charity each year. This report looks at what the Charity has achieved and the outcomes of its work. The trustees report the success of each key activity and the benefits the Charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the Charity's aims, objectives and activities remain focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Vision of the Charity

Baker Dearing promotes and supports University Technical Colleges (UTCs).

UTCs are a relatively new concept in education, introduced in England in 2010. They offer students the opportunity to take a highly regarded, technically-oriented full-time course of study at a specialist school equipped to the highest standards. The UTCs are publicly-funded academies which are sponsored by a university in partnership with employers offering clear progression routes into higher education or further training and employment.

Students usually start at the age of 14, integrating academic requirements with the technical and practical elements of the curriculum in an adult environment, which is strongly influenced by profound engagement with local employers. Under the same roof they study technical subjects alongside the GCSE subjects of English, mathematics, science and IT. They also take part in sport and acquire employability, entrepreneurial and financial skills. Each UTC has particular technical specialisms.

UTCs typically have a capacity of between 500 and 800 students, a deliberately small size to foster loyalty and so that each student is known individually. The size also ensures that numbers in nearby schools are not unduly disturbed.

UTCs are demand-led, but have support from all three main political parties. The government has been committed to establishing UTCs and so far 48 are open. The DfE provides the capital cost of a UTC and the ongoing running costs.

The UTC brand and trademarks belong to the Charity which grants a licence to each UTC. The Charity retains close links with UTCs once they are open, to help ensure high standards of education, compliance with the licence and financial viability. It is in the interests of the whole UTC programme that the Charity's brand values are preserved.

The Charity's strategies and objectives

In order to achieve the above vision Baker Dearing Educational Trust's objectives are:

- To promote the University Technical College concept.
- To support University Technical Colleges so they provide a high quality technical education ensuring excellent outcomes for their students.
- To protect the University Technical College brand against erosion and contamination.
- To ensure that all University Technical Colleges are on a trajectory towards being full.

With an original focus on opening new UTCs, the Charity's support has evolved over time to meet needs of UTCs, aiming to provide services that cannot be provided by others within the education system. Today, the Charity exists to:

(1) Foster a favourable policy and funding environment for UTCs (Policy): Charity staff meet regularly with senior personnel at the Department for Education ("DfE") and Education and Skills Funding Agency ("ESFA") to communicate the views of UTCs and to discuss UTC challenges at a programme-wide level, with the aim of influencing policy decisions. The charity also meets with other key government stakeholders including Ofsted, HM Treasury, and Members of Parliament.

(2) Raise greater awareness of UTCs (Promotion): Collectively on behalf of all UTCs, the Charity is uniquely positioned to co-ordinate publicity, with the aim of undertaking national awareness campaigns to complement local UTC marketing efforts. The Charity engages with trade and national press organisations, research companies, national employers, and others to communicate the value of a UTC education and to celebrate the many student success stories around the programme.

(3) Ensure UTC distinctiveness is preserved and standards are upheld (Standards): Embedding specialist colleges within the mainstream education system takes time and requires courage: there is significant pressure on UTCs to revert to 'normal' schools. The Charity provides 'light touch' support to protect the nature and standards of the unique UTC education provision, as defined by the requirements of the UTC licence.

(4) Facilitate connectivity and exchange amongst UTCs (Connectivity): As a relatively new national network of colleges, it is vital that UTCs share and implement best practice in the areas of technical education, student recruitment, employer engagement, and finance. The Charity provides

a rich programme of events for UTC staff; regular communication across all UTCs; data and analysis regarding programme developments; and the brokerage of UTC-to-UTC support, where needed.

(5) Provide UTCs with access to advisory support (Advisory): The Charity retains the services of a small number of highly experienced consultants and commissions support from UTC staff members, to offer individual UTCs advice and assistance in the areas of technical education, student recruitment, employer engagement, finance, re-brokerage, and DfE/ESFA negotiations. Positioned centrally within the UTC network, Charity staff have a holistic view of the entire UTC programme and provide advice to individual UTCs in this context.

(6) Procure services and offer benefits for UTCs on a collective basis (Benefits): The Charity is able to achieve group discounts for third-party services through negotiation and procurement on behalf of all UTCs, such as SSAT and GL Assessment. In addition, Baker Dearing directly funds various highly valued UTC initiatives such as the Redbourne data analysis, UTC Hub for student destinations, and the Baker Award for Technical Education.

Performance against objectives

By the end of 2020, 48 UTCs were open and applications to open further UTCs will be presented to the Secretary of State for approval.

Beneficiaries of our services

The Charity's main activities and who it tries to help are described below. All its charitable activities focus on the development and support of UTCs and are undertaken to further Baker Dearing Educational Trust's charitable purposes for the public benefit.

Beneficiaries of the services are the UTCs and their students.

Financial review

The trustees have determined that the Charity should be financially independent of Government. The Trust's income for the period included donations and licence subscriptions from UTCs. This has been used to support the Trust's promotional activities for the development and success of the University Technical College programme.

The donations include funds from Peter Cundill Foundation (£77,559), Michael Bishop Foundation (£100,000) and Gatsby Charitable Foundation (£100,000).

The Covid pandemic has clearly affected the UTCs in a similar way to all other schools. The Charity has worked with them to advise and has been instrumental in setting up online classes and online communications to assist.

The Charity, as with other organisations, has been affected by the Covid pandemic and has set up internal procedures to communicate using online computer systems which has allowed it to continue its activities and deliver its support without material issues.

Principle risk and uncertainty

The principle risk to the organisation arises from the lack of income, particularly from donations and grants. This can be mitigated by reducing expenditure. The Charity's contractual arrangements with suppliers' goods and services have short cancellation periods. The effect of lower expenditure would be to reduce the level of activity and services that the Trust can offer, but it would remain in existence.

Reserves policy and going concern

The reserves policy targets a level of reserves held to be sufficient to cover at least a quarter of the annual direct operating costs which implies a target reserve level of around £250,000. At the end of the year the level of free reserves stood at £116,582 (2019: £211,039). The income of the Charity is dependent on raising further donations and the Charity is confident that the current fundraising programme will ensure the appropriate amount is received. Should there be a shortfall the Charity can reduce operating costs to mitigate the situation. There are no material uncertainties about the Charity's ability to continue as a going concern.

Statement on fundraising

Baker Dearing Educational Trust does not engage in public fundraising and does not use professional fundraisers or commercial participators. Baker Dearing Educational Trust nevertheless observes and complies with relevant fundraising regulations and codes. During the year there was no non-compliance of these regulations and codes and Baker Dearing Educational Trust received no complaints relating to its fundraising practice.

Plans for the future

Baker Dearing will continue to provide support and advice to UTCs on a variety of areas covering education, marketing and finance. It will also continue to liaise with the Government to ensure that the UTC programme and the technical education provided by UTCs will be embedded in the educational landscape. The Covid pandemic will hopefully abate during 2021 and the Charity will continue to assist UTCs where possible. The Charity has operated both internally and externally by remote online communications which has allowed it to provide support where required.

Statement of responsibilities of the trustees

The trustees (who are also directors of Baker Dearing Educational Trust for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 Charity will continue in operation

The trustees are responsible for keeping adequate accounting records that 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.

In so far 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 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.

Members of the Charity guarantee to contribute an amount not exceeding £1 to the assets of the Charity in the event of winding up. The total number of such guarantees at 31 December 2020 was 9 (2019: 8). The trustees are members of the Charity but this entitles them only to voting rights. The trustees have no beneficial interest in the Charity.

The trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 10 March 2021 and signed on their behalf by:

The Rt Hon Lord Baker of Dorking CH
Chairman

Independent auditor's report

To the members of

Baker Dearing Educational Trust

Opinion

We have audited the financial statements of Baker Dearing Educational Trust (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report, including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and trustees, which included obtaining and reviewing supporting documentation, concerning the Trust's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

Independent auditor's report

To the members of

Baker Dearing Educational Trust

- We obtained an understanding of the legal and regulatory framework that the Trust operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Trust from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Noelia Serrano (Senior statutory auditor)

11 March 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Baker Dearing Educational Trust

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2020

	Note	Unrestricted £	Restricted £	2020 Total £	2019 Total £
Income from:					
Donations and legacies	3	199,973	125,000	324,973	388,039
Charitable activities					
UTC promotion and support	4	501,658	–	501,658	358,235
Investments		1,301	–	1,301	2,338
Total income		702,932	125,000	827,932	748,612
Expenditure on:					
Raising funds		33,750	–	33,750	3,875
Charitable activities					
UTC promotion and support		763,639	15,000	778,639	1,106,308
Total expenditure	5a	797,389	15,000	812,389	1,110,183
Net income/(expenditure) for the year and net movement in funds	15a	(94,457)	110,000	15,543	(361,571)
Reconciliation of funds:					
Total funds brought forward		211,039	6,666	217,705	579,276
Total funds carried forward		116,582	116,666	233,248	217,705

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 15 to the financial statements.

Baker Dearing Educational Trust

Balance sheet

Company no. 07390138

As at 31 December 2020

	Note	£	2020 £	£	2019 £
Current assets:					
Debtors	11	171,941		58,238	
Short term deposits		56,717		56,027	
Cash at bank and in hand		415,111		532,364	
		<u>643,769</u>		<u>646,629</u>	
Liabilities:					
Creditors: amounts falling due within one year	12	(410,521)		(428,924)	
Net current assets			<u>233,248</u>		<u>217,705</u>
Total net assets	14a		<u>233,248</u>		<u>217,705</u>
The funds of the charity:	15a				
Restricted income funds			116,666		6,666
Unrestricted income funds:					
General funds		116,582		211,039	
Total unrestricted funds			<u>116,582</u>		<u>211,039</u>
Total charity funds			<u>233,248</u>		<u>217,705</u>

Approved by the trustees on 10 March 2021 and signed on their behalf by

The Rt Hon Lord Baker of Dorking
Chairman

Baker Dearing Educational Trust

Statement of cash flows

For the year ended 31 December 2020

	Note	2020 £	£	2019 £	£
Net cash (used in)/provided by operating activities	16		(117,864)		138,935
Cash flows from investing activities:					
Dividends, interest and rents from investments		1,301		2,338	
Net cash provided by investing activities			1,301		2,338
Change in cash and cash equivalents in the year			(116,563)		141,273
Cash and cash equivalents at the beginning of the year			588,391		447,118
Cash and cash equivalents at the end of the year	17		471,828		588,391

1 Accounting policies

a) Statutory information

Baker Dearing Educational Trust is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office is 1, Sanctuary Buildings, London SW1P 3JT.

b) Basis of preparation

The financial statements have been prepared in accordance with 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 Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

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

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1 **Accounting policies (continued)**

h) **Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of promoting and supporting UTCs to further the purposes of the charity and their associated support costs

i) **Allocation of support and governance costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Governance costs are allocated to the promotion and support of UTCs.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) **Debtors**

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

k) **Cash at bank and in hand**

Cash at bank and cash 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.

l) **Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

m) **Pensions**

The charity offers a defined contribution scheme for all employees which is auto-enrolment compliant. All pension contributions relate to payments made to individual employees' personal pension plans. Contributions are charged to the statement of financial activities in the year to which they relate. Differences between contributions due and actually paid are shown as either accruals or prepayments in the balance sheet.

2 Detailed comparatives for the statement of financial activities

	Unrestricted £	Restricted £	2019 Total £
Income from:			
Donations and legacies	388,039	–	388,039
Charitable activities	358,235	–	358,235
Investments	2,338	–	2,338
Total income	748,612	–	748,612
Expenditure on:			
Raising funds	3,875	–	3,875
Charitable activities	1,094,506	11,802	1,106,308
Total expenditure	1,098,381	11,802	1,110,183
Net expenditure	(349,769)	(11,802)	(361,571)
Net movement in funds	(349,769)	(11,802)	(361,571)
Total funds brought forward	560,808	18,468	579,276
Total funds carried forward	211,039	6,666	217,705

3 Income from donations and legacies

	Unrestricted £	Restricted £	2020 Total £	2019 Total £
Gifts	199,973	125,000	324,973	284,039
Donated services	–	–	–	104,000
	199,973	125,000	324,973	388,039

The donated services represented the shared use of Edge Foundation's premises and staff. The sharing arrangement stopped in 2019 on the move of Baker Dearing to new premises.

4 Income from charitable activities

UTC promotion and support	2020 Total £	2019 Total £
UTC licence fees	501,658	358,235
Total income from charitable activities	501,658	358,235

All income from charitable activities in unrestricted.

5a Analysis of expenditure

		Charitable activities			
	Cost of raising funds £	UTC promotion and support £	Governance costs £	2020 Total £	2019 Total £
Staff costs (Note 7)	–	253,213	–	253,213	292,225
UTC promotional activities:					–
Operational & programme management	–	360,040	16,839	376,879	338,010
Marketing & events	–	78,771	–	78,771	305,862
Administration	33,750	62,596	–	96,346	70,086
Premises	–	7,180	–	7,180	104,000
	33,750	761,800	16,839	812,389	1,110,183
Reallocation of: Governance costs	–	16,839	(16,839)	–	–
Total expenditure 2020	33,750	778,639	–	812,389	
Total expenditure 2019	3,875	1,106,308	–		1,110,183

5b Analysis of expenditure prior year

		Charitable activities			
	Cost of raising funds £	UTC promotion and support £	Governance costs £	2019 Total £	
Staff costs (Note 7)	–	292,225	–	292,225	
UTC promotional activities:					
Operational & programme management	–	316,041	21,969	338,010	
Marketing & events	–	305,862	–	305,862	
Administration	3,875	66,211	–	70,086	
Premises, IT & personnel donated by Edge	–	104,000	–	104,000	
	3,875	1,084,339	21,969	1,110,183	
Reallocation of: Governance costs	–	21,969	(21,969)	–	
Total expenditure 2019	3,875	1,106,308	–	1,110,183	

6 Net incoming/(outgoing) resources for the year

This is stated after charging / crediting:

	2020 £	2019 £
Auditor's remuneration (excluding VAT): Audit	6,500	6,650

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	221,727	252,460
Social security costs	22,192	27,769
Employer's contribution to defined contribution pension schemes	4,887	5,942
Other forms of employee benefits	4,408	6,054
	<u>253,213</u>	<u>292,225</u>

The following number of employees received employee benefits in excess of £60,000 (excluding employer pension costs and employer national insurance) during the year between:

	2020 No.	2019 No.
£60,000–£69,999	–	1
£80,000– £89,999	–	1
£140,000 – £149,999	1	–

The aggregate remuneration for key management personnel (including employer national insurance contributions and employer pension contributions) is £165,349 (2019: £161,469).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £466 (2019: £5,531) incurred by 1 (2019: 1) member relating to attendance at meetings of the trustees and development of UTCs.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2020 No.	2019 No.
Promotion of UTCs	3.0	5.0
	<u>3.0</u>	<u>5.0</u>

9 Related party transactions

Baker Dearing Educational Trust received no in-kind support from Edge Foundation because the office sharing arrangement stopped in 2019. In 2019 £104,000 was received as in-kind support covering premises, IT and other personnel costs. No persons were trustees of both the Edge Foundation and the Baker Dearing Educational Trust during 2020. The Rt Hon Lord Baker of Dorking was appointed to the Edge Foundation on 1 March 2010 and resigned on 3 July 2019.

From time to time, averaging approximately one day per week, Lord Baker receives secretarial support provided by the Baker Dearing Educational Trust for his personal administrative matters. One fifth of the salary costs for this person amounts to £7,415 (2019: £7,132).

10 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11 Debtors

	2020 £	2019 £
Trade debtors	143,373	47,000
Accrued income and pre-payments	28,568	11,238
	<u>171,941</u>	<u>58,238</u>

12 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	39,158	47,676
Accruals	34,230	47,915
Deferred income (note 13)	337,133	333,333
	<u>410,521</u>	<u>428,924</u>

13 Deferred income

	Other contractual income	UTC subscriptions £	2020 £	2019 £
Balance at the beginning of the year	–	333,333	333,333	184,747
Amount deferred in the year	20,000	317,133	337,133	333,333
Amount released to income in the year	–	(333,333)	(333,333)	(184,747)
Balance at the end of the year	<u>20,000</u>	<u>317,133</u>	<u>337,133</u>	<u>333,333</u>

14a Analysis of net assets between funds 2020

	General unrestricted £	Restricted £	Total £
Net current assets	116,582	116,666	233,248
Net assets at the end of the year	116,582	116,666	233,248

14b Analysis of net assets between funds 2019

	General unrestricted £	Restricted £	Total
Net current assets	211,039	6,666	217,705
Net assets at the end of the year	211,039	6,666	217,705

15a Movements in funds (current year)

	At 1 January 2019 £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	At 31 December 2020 £
Restricted funds:					
Gatsby Charitable Foundation	–	100,000	–	–	100,000
Sage Foundation	–	25,000	(15,000)	–	10,000
Special Growth Fund	6,666	–	–	–	6,666
Total restricted funds	6,666	125,000	(15,000)	–	116,666
Unrestricted funds:					
General funds	211,039	702,932	(797,389)	–	116,582
Total unrestricted funds	211,039	702,932	(797,389)	–	116,582
Total funds	217,705	827,932	(812,390)	–	233,248

Purposes of restricted funds

The Gatsby Charitable Foundation's grant is to support UTCs to engage in national technical education reforms including T Level implementation, entry age at 11 and join Multi Academy Trusts. This will be spent during 2021.

The Sage Foundation grant is used to deliver Sage Future Maker's AI For Good course at UTCs.

The Special Growth Fund assists UTCs with funding educational projects and resources such as employer based activities, specialist equipment and travel and associated costs for certain UTC students. Covid has curtailed some activities for 2020.

15b Movements in funds (prior year)

	At 1 January 2018 £	Incoming resources & gains £	Outgoing resources & losses £	Transfers £	At 31 December 2019 £
Restricted funds:					
Special Growth Fund	18,468	–	(11,802)	–	6,666
Total restricted funds	18,468	–	(11,802)	–	6,666
Unrestricted funds:					
General funds	560,808	748,612	(1,098,382)	–	211,039
Total unrestricted funds	560,808	748,612	(1,098,382)	–	211,039
Total funds	579,276	748,612	(1,110,184)	–	217,705

Purposes of restricted funds

The Special Growth Fund assists UTCs with funding educational projects and resources such as employer based activities, specialist equipment and travel and associated costs for certain UTC students.

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

	2020 £	2019 £
Net income/(expenditure) for the reporting period (as per statement of financial activities)	15,543	(361,571)
Dividends, interest and rent from investments	(1,301)	(2,338)
(Increase)/decrease in debtors	(113,703)	389,082
(Decrease)/increase in creditors	(18,403)	113,762
Net cash (used in)/provided by operating activities	(117,864)	138,935

17 Analysis of cash and cash equivalents

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	532,364	(117,253)	415,111
Notice deposits (less than three months)	56,027	690	56,717
Total cash and cash equivalents	588,391	(116,563)	471,828

18 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2020 £	2019 £
Less than one year	7,090	7,090
	7,090	7,090

19 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.