WMG ACADEMY FOR YOUNG ENGINEERS  
(FORMERLY WARWICK UTC)  
(A Company Limited by Guarantee)  

ANNUAL REPORT & FINANCIAL STATEMENTS  

FOR THE YEAR ENDED 31 AUGUST 2013  

Registered Number 07937014 (England and Wales)
Reference and Administrative Details 1
Trustees' Report 2
Governance Statement 7
Statement of Regularity, Propriety and Compliance 9
Statement of Trustees' Responsibilities 10
Independent Auditor's Report on the financial statements 11
Statement of Financial Activities (incorporating Income & Expenditure Account) 13
Balance Sheet 14
Cash Flow Statement 15
Notes to the Financial Statements incorporating 16
- Statement of Accounting Policies 16
- Other Notes to the Financial Statements 17
WMG ACADEMY FOR YOUNG ENGINEERS (FORMERLY WARWICK UTC)
REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 AUGUST 2013

Trustees
Dr R K Hutchins (Chair and Accounting Officer)
Mrs L D Bayliss
Mr R M Halstead
Mrs S L Holmes (appointed 4 September 2012)
Mr J P Leighfield (appointed 14 March 2013, Chair (designate))
Mr CJ Tivey (resigned 4 September 2012)

Company Secretary
Mr K M Sloan

Principal and Registered Office
University House
Kirby Corner Road
Coventry
CV4 8UW

Company Registration Number
07937014 (England and Wales)

Independent Auditor
Baker Tilly Audit Limited
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

Bankers
Barclays Bank plc
PO Box 2,
25 High St
Coventry
CV1 5QZ
The Trustees present their annual report together with the financial statements and auditors’ report of the charitable company for the year ended 31 August 2013.

The charitable company was incorporated on 6 February 2012 as Warwick UTC and filed dormant financial statements for the period from incorporation to 31 August 2012. On 26 October 2012 the charitable company changed its name to WMG Academy for Young Engineers. The Academy is scheduled to open in September 2014.

Structure, Governance and Management

Constitution
The Academy Trust is a company limited by guarantee (registration number 07937014) and an exempt charity. The charitable company’s memorandum and articles of association are the primary governing documents of the Academy Trust.

The Directors of the Charitable company (“The Academy Trust”) are its trustees for the purposes of charity law and throughout this report are collectively referred to as the trustees. The Charitable Company is known as WMG Academy for Young Engineers. Details of the trustees who served during the year are 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 period 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
A Trustee may benefit from any indemnity insurance purchased at the Academy Trust’s expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust: Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust.

Principal Activities
The Academy Trust’s object in its Articles of Association is to advance for the public benefit in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a board and balanced curriculum, which includes provision for technical education. Under the Funding Agreement with the Department for Education, the curriculum is further defined to include an emphasis on engineering (with digital technology).

The Academy is due to open in September 2014.

Method of Recruitment and Appointment or Election of Trustees
The Members of the Academy Trust nominate directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purpose of charity legislation. Members comprise the signatories to the Memorandum and the Chair of Governors. The Secretary of State for Education has the right to appoint one person to the membership of the Academy Trust. This right has not been exercised. The Members may agree unanimously to appoint such additional members as they think fit.
Structure, Governance and Management (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees
The training and induction provided for each new Trustee will depend on their existing experience. The Academy Trust will perform an annual skills audit of governors: should any gaps be identified training courses are offered to address these issues.

Organisational Structure
The Academy Trust Board is responsible for the overall strategic direction of the academy and for fulfilling statutory duties. The board is responsible for setting general policy, adopting and monitoring the financial plan and budget, monitoring capital expenditure, agreeing legal contracts, and for making senior staff appointments.

Implementation of the plan to develop the Academy is delegated by the Board to the Project Steering Group which is responsible at an executive level for implementing the policies laid down by the Board and reporting back to the Board.

The Chair of the Board is the Accounting Officer and is responsible for the authorisation of spending within agreed budgets.

Risk Management
The Board maintains a risk register of the major risks to which the Academy is exposed. Risks identified are reviewed at each Board meeting and systems are in place to mitigate identified risks. The key risks are considered to be:

- Capital construction: Completion of the construction of the new school in time for opening in September 2014
- Operational: Recruitment of sufficient students to the new school

Plans and resources are in place to mitigate these risks.

Connected organisations including Related Party Relationships
The Members of the charitable company are connected to the Trust. They are:

- University of Warwick
- West Midlands Manufacturing Consortium
- EEF
- Coventry and Warwickshire Chamber of Commerce

Objectives and Activities

Objects and Aims
The Academy Trust's object in its Articles of Association is to advance for the public benefit in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a board and balanced curriculum, which includes provision for technical education. Under the Funding Agreement with the Department for Education, the curriculum is further defined to include an emphasis on engineering (with digital technology).

The Trustees have due regard to the guidance on public benefit published by the Charity Commission in planning the development of the school.
Objectives and Activities (continued)

Objectives, Strategies and Activities
The WMG Academy is due to open in September 2014 and will focus on engineering, information, digital and communication technologies. It will cater for 640 students of 14 - 19 years from Coventry, Warwickshire and Solihull. The WMG Academy aims to initiate and support the development of well-educated and industry trained students who not only have the qualifications but also the functional skills, knowledge and personal qualities to make an impact in the world of work and/or further and higher education.

Our unique status of working very closely with a range of employers in the region means that we are able to shape the curriculum to produce students with a professional ethos and culture that is in high demand in today’s working world. The focus of the curriculum will be a series of projects – real business-focused, practical problems and challenges that reflect fully the world of work. Employers and other partners will provide mentors to help our students get a full understanding of life in engineering. This ‘better way of learning’ means that education will be exciting for our students. We will give them an experience of real value; one that will lead to a drivers range of positive progression pathways for every single student.

Our building is designed to provide a physical environment to achieve our educational objectives. Building work is scheduled to start in October 2013 and close control of the building programme will be a key priority.

Recruitment of students is underway and recruitment activity will focus on taster days, advertising, principal surgeries, PR, and by working through the networks available to us from the Local Authorities and from our employer partners.

Public Benefit
The Trust Governors have complied with the duty in Section 4 of the Charities Act 2006, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set. The Academy will provide a fully comprehensive education to all pupils in its care. It will comply with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

Achievements and Performance
In November 2012, the Academy Trust was awarded a project development grant of £300,000 by the Department for Education to develop the project. Agreement was reached to enter into a lease to build on land adjacent to Westwood Academy close to the University of Warwick and extensive work has taken place to design a new building. Capital Funding Approval was granted by the Department for Education for £10,492,118 in May 2013 and planning permission was granted in August 2013. The Department for Education entered into a Funding Agreement for the school in July 2013. Preliminary construction works have begun on site during August 2013.

The Sponsors have supported the Academy in a number of ways. In particular, The University of Warwick has provided skills and expertise to the Academy and West Midlands Manufacturing Consortium has contributed to the cost of running a taster day for students in June 2013.

During the period work started on the preparation of a bid to the Department for Education to establish a second WMG Academy in North Solihull.
Objectives and Activities (continued)

Post Balance Sheet Events
In October, the Academy entered into a lease of land from Westwood Academy for the WMG Academy for Young Engineers building. The Academy has also leased sport and catering facilities from Westwood Academy which will be refurbished as part of the capital expenditure and thereafter used jointly with Westwood Academy. A Design and Build contract was signed with Kier Construction Ltd. A management agreement has been signed with Westwood Academy. The Department for Education confirmed Funding of £10,492,118 for construction and fitting of the Academy. Work on the main build commenced in October.

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

Key Performance Indicators
The Academy will develop Key Performance Indicators for use when the Academy opens in September 2014.

Financial Review

The grant from the Department for Education for £300,000 towards the pre-opening expenses of the Academy has enabled the Academy to allocate funds to appoint the Principal Designate from 1st September 2013 and to plan to appoint other members of the senior team. The University of Warwick has made staff available to support the project management, construction planning, financial management and IT development of the Academy.

Funding of £20,000 from West Midlands Manufacturing Consortium has been applied to run the first of our Taster Days in June 2013.

We have also been awarded funding from Solihull Metropolitan Borough Council to support the application for a second UTC to be sited in North Solihull of which £100,000 was due in the year to 31st August 2013.

These grants are shown as restricted general funds.

Total expenditure in relation to these restricted funds was £118,000.

Principal Risks and Uncertainties
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 since the start of the project to 31 August 2013 and up to the date of the approval of the annual report and financial statements. The risk register and process is regularly reviewed by the Board of Trustees.

Reserves Policy
Any reserves will be held in accordance with the requirements laid down by the Department for Education. At the 31 August 2013, the business held total reserves of £182,000. These reserves will be spent during the period to 31 August 2014.
Financial Review (continued)

Investment Policy
Under the Articles of Association, the Trust may deposit or invest any funds not immediately required after obtaining such advice from a financial expert that the Trustees consider necessary and having due regard to the suitability of investments. No investments have been made during the year to 31st August 2013.

Plans for Future Periods
The Academy has made a successful start in creating a new School. The primary focus of the coming year will be to complete the construction project to the standard of design and construction that will deliver the academic vision. Alongside this, the Principal Designate and the Trustees will recruit the senior staff team so that the curriculum and operating details of the school can be put in place. The school is being actively marketed to attract students.

Funds held as Custodian Trustee on behalf of others
There are no funds held as Custodian Trustee on behalf of others.

Auditor
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 auditors are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the board of trustees on 14 November 2013 and signed on their behalf by:

Dr R K Hutchins
Chair
Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that WMG Academy for Young Engineers 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 Chair, 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 WMG Academy for Young Engineers and the Secretary of State for Education. The Accounting Officer is 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:

<table>
<thead>
<tr>
<th>Trustee</th>
<th>Meetings attended</th>
<th>Out of a possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr R K Hutchins (Chair and Accounting Officer)</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Mrs L D Bayliss</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Mr R M Halstead</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Mrs S L Holmes</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Mr J P Leighfield (appointed 8th August 2013)</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>(Chair of Governors, Designate)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 WMG Academy for Young Engineers for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the 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 commencing on 1 September 2012 ending 31 August 2013 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 Project Steering Group 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.

Review of Effectiveness

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

- the work of the external auditor;
- the financial management and governance self-assessment process;

Approved by order of the members of the board of trustees on 14 March 2013 and signed on its behalf by:

[Signature]

Dr R K Hutchins
Chair and Accounting Officer
As Accounting Officer of WMG Academy for Young Engineers, I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

\[Signature\]

Dr R K Hutchins
Accounting Officer
WMG ACADEMY FOR YOUNG ENGINEERS (FORMERLY WARWICK UTC)

STATEMENT OF TRUSTEES’ RESPONSIBILITIES

YEAR ENDED 31 AUGUST 2013

The Trustees (who act as governors of WMG Academy for Young Engineers and 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 Annual Accounts Requirements issued by the Education 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 statement 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 in the Charities SORP;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 14th November 2013 signed on its behalf by:

[Signature]

Dr R K Hutchins
Chair
Independent Auditor's Report on the Financial Statements to the Board of Trustees of WMG Academy for Young Engineers

We have audited the financial statements of WMG Academy for Young Engineers for the year ended 31 August 2013 on pages 13 to 20. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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.

Respective responsibilities of trustees and auditor
As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006
In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- the charity has not kept adequate accounting records, 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Philip Coleman
Senior Statutory Auditor
for and on behalf of

Baker Tilly Audit Limited
The Poynt
45 Wollaton Street
Nottingham
NG1 5 FW

Date 14 November 2013
WMG ACADEMY FOR YOUNG ENGINEERS (FORMERLY WARWICK UTC)

STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account and Statement of Recognised gains and losses)

FOR THE YEAR ENDED 31 AUGUST 2013

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds</th>
<th>Restricted General Funds</th>
<th>Total 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Incoming resources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Incoming resources from charitable activities:</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding for the Academy’s educational operations</td>
<td>2</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total incoming resources</strong></td>
<td></td>
<td></td>
<td>300</td>
</tr>
<tr>
<td><strong>Resources expended</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Charitable activities:</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academy’s educational operations</td>
<td>4</td>
<td>-</td>
<td>110</td>
</tr>
<tr>
<td>Governance costs</td>
<td>5</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total resources expended</strong></td>
<td>3</td>
<td>-</td>
<td>118</td>
</tr>
<tr>
<td><strong>Net movement in funds and total funds carried forward at 31 August 2013</strong></td>
<td></td>
<td></td>
<td>182</td>
</tr>
</tbody>
</table>

All of the academy’s activities derive from acquisitions in the current financial period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes on pages 16 to 20 form part of these financial statements.
WMG ACADEMY FOR YOUNG ENGINEERS (FORMERLY WARWICK UTC)
BALANCE SHEET AS AT 31 AUGUST 2013
COMPANY NUMBER: 07937014

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notes</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>6</td>
<td>111</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>134</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>245</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors: amounts falling due</td>
<td>7</td>
<td>(63)</td>
</tr>
<tr>
<td>within one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td></td>
<td>182</td>
</tr>
<tr>
<td><strong>Net assets including pension</strong></td>
<td></td>
<td>182</td>
</tr>
<tr>
<td>liability</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Funds of the academy trust:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted income funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td>8</td>
<td>182</td>
</tr>
<tr>
<td><strong>Total restricted funds</strong></td>
<td></td>
<td>182</td>
</tr>
<tr>
<td>Unrestricted income funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total unrestricted funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total funds</strong></td>
<td></td>
<td>182</td>
</tr>
</tbody>
</table>

The financial statements on pages 13 to 20 were approved by the trustees and authorised for issue on 14 November 2013 and are signed on their behalf by:

Richard Hutchins
Chair of trustees

The notes on pages 16 to 20 form part of these financial statements.
## WMG ACADEMY FOR YOUNG ENGINEERS (FORMERLY WARWICK UTC)

### NOTES TO THE FINANCIAL STATEMENTS

##### FOR THE YEAR ENDED 31 AUGUST 2013

<table>
<thead>
<tr>
<th>Net cash inflow from operating activities</th>
<th>Notes</th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10</td>
<td>134</td>
</tr>
</tbody>
</table>

Increase in cash in the year and net funds at 31 August 2013  

134

The notes on pages 16 to 20 form part of these financial statements.
1. Statement of Accounting Policies

Basis of Preparation
The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission ‘Statement of Recommended Practice: Accounting and Reporting by Charities’ (‘SORP 2005’), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 trust to continue as a going concern. The trustees make this assessment each year in respect of a period of one year from the date of approval of the financial statements.

Incoming resources
All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

- Donations
  Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- Other income
  Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- Donated services and gifts in kind
  The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust’s policies.

Resources expended
All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset’s use. Other support costs are allocated based on the spread of staff costs.

- Cost of generating funds
  These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- Charitable activities
  These are costs incurred on the trust’s educational operations.
1. Statement of Accounting Policies (continued)

- Governance costs
  These include the costs attributable to the academy trust’s compliance with constitutional and statutory requirements, including audit, strategic management and governor’s meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Taxation
The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Restricted general funds comprise resources which are to be applied to specific purposes and include grants from the Education Funding Agency or the Department for Education.

2. Funding for academy’s educational operations

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds £000</th>
<th>Restricted funds £000</th>
<th>Total 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>DfE/EFA revenue grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start Up Grants</td>
<td></td>
<td>180</td>
<td>180</td>
</tr>
<tr>
<td>Other grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feasibility Study</td>
<td></td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Marketing support</td>
<td></td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td></td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>
3. Resources expended

<table>
<thead>
<tr>
<th></th>
<th>Staff costs £000</th>
<th>Premises costs £000</th>
<th>Other costs £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academy's education operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocated support costs</td>
<td></td>
<td></td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td>Governance costs</td>
<td></td>
<td></td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

Incoming/outgoing resources for the year include:

<table>
<thead>
<tr>
<th></th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees payable to auditor</td>
<td>2</td>
</tr>
<tr>
<td>- Audit</td>
<td></td>
</tr>
<tr>
<td>- Other services</td>
<td>-</td>
</tr>
</tbody>
</table>

4. Charitable Activities – Academy’s educational operations

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds £000</th>
<th>Restricted funds £000</th>
<th>Total 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocated support costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment and support</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Bank interest and charges</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other support costs</td>
<td>93</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>110</td>
</tr>
</tbody>
</table>

5. Governance Costs

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds £000</th>
<th>Restricted funds £000</th>
<th>Total 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal &amp; professional fees</td>
<td>-</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Auditor's remuneration:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit of financial statements</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Support staff costs</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>
6. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other debtors</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>111</td>
</tr>
</tbody>
</table>

All amounts shown within debtors fall due for repayment within one year.

7. Creditors: amounts falling during within one year

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>63</td>
</tr>
</tbody>
</table>

8. Funds

<table>
<thead>
<tr>
<th></th>
<th>Income resources £000</th>
<th>Resources expended £000</th>
<th>Balance at 31 August 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted general funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start Up Grant</td>
<td>180</td>
<td>27</td>
<td>153</td>
</tr>
<tr>
<td>Sponsor donation</td>
<td>20</td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>Feasibility Study</td>
<td>100</td>
<td>71</td>
<td>29</td>
</tr>
<tr>
<td>Total restricted funds</td>
<td>300</td>
<td>118</td>
<td>182</td>
</tr>
<tr>
<td>Unrestricted funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total funds</td>
<td>300</td>
<td>118</td>
<td>182</td>
</tr>
</tbody>
</table>

The balances on these funds are to be applied to the development of the Academy.

9. Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds £000</th>
<th>Restricted general funds £000</th>
<th>Total funds £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>-</td>
<td>245</td>
<td>245</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>-</td>
<td>(63)</td>
<td>(63)</td>
</tr>
<tr>
<td>Total net assets</td>
<td>-</td>
<td>182</td>
<td>182</td>
</tr>
</tbody>
</table>
10. Reconciliation of net income to net cash inflow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>182</td>
</tr>
<tr>
<td>Increase in debtors</td>
<td>(111)</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>63</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td><strong>134</strong></td>
</tr>
</tbody>
</table>

11. Analysis of changes in net funds

<table>
<thead>
<tr>
<th></th>
<th>At 1 September 2012 £000</th>
<th>Cash flows At 31 August 2013 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand and at bank</td>
<td>-</td>
<td>134</td>
</tr>
</tbody>
</table>

12. Members' Liabilities

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

13. Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the period ended 31 August 2013, there were related party transactions with two Members of the Academy. Services to the value of £9,000 were purchased from the University of Warwick of which £3,697 was owing at the year end. A donation of £20,000 was received from West Midlands Manufacturing Consortium to support the development of the Academy. This was applied to the Taster Event held in June 2013.-

14. Post Balance Sheet Events

In October, the Academy entered into a lease of land from Westwood Academy for the WMG Academy for Young Engineers building. The Academy has also leased sport and catering facilities from Westwood Academy which will be refurbished as part of the capital expenditure and thereafter used jointly with Westwood Academy. A Design and Build contract was signed with Kier Construction Ltd. A management agreement has been signed with Westwood Academy. The Department for Education confirmed Funding of £10,492,118 for construction and fitting of the Academy. Work on the main build commenced began in October.