

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2020

Company Limited by Guarantee
Registration Number: 07937014
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members	University of Warwick EEF Limited trading as Make UK Coventry and Warwickshire Chamber of Commerce
Trustees	M Wright (Chair) S Lucas G Thompsett (resigned 16 October 2019) S Baker R Drinkwater G Kershaw (resigned 20 January 2020) J Lopes C Healey (nee Horobin, married 28 December 2019) N Constant (appointed 1 February 2020) D Williams (appointed 23 September 2019) B Story
Company Secretary	D Campton
Senior Leadership Team:	
Executive Principal	K Tague
Associate Principal	M Brady
Associate Principal	S Tait
Director of Finance	D Campton
Company Name	WMG Academy for Young Engineers
Principal and Registered Office	251 Mitchell Avenue Coventry CV4 8DY
Company Registration Number	7937014
Independent Auditor	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
Bankers	Barclays Bank PO Box 2 25 High Street Coventry CV1 5QZ

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2019 to 31 August 2020. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The charitable company was incorporated on 6 February 2012 and began trading on 4 December 2012. The WMG Academy for Young Engineers, Coventry, opened on 8 September 2014, WMG Academy for Young Engineers Solihull opened on 1 September 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The WMG Academy for Young Engineers 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 WMG Academy for Young Engineers Trust. Within the Trust there are currently two Academies; WMG Academy for Young Engineers, Coventry and WMG Academy for Young Engineers, Solihull.

The Directors of the charitable company ("The 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 Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative details on page 1. The WMG Academy Coventry and WMG Academy Solihull both have their own Local Governing Bodies. The Chairs of each Governing Body are also Trustees.

The Trust's object in its Articles of Association is to advance education for the public benefit in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad 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 and digital technology.

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

A Trustee may benefit from any indemnity insurance purchased at the 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 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 Trust.

Method of Recruitment and Appointment or Election of Trustees

The Members of the Trust nominate Directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purpose of charity legislation. The Secretary of State for Education has the right to appoint one person to the membership of the Trust. This right has not been exercised. The Members may agree unanimously to appoint such additional members as they think fit.

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 Trust performs a regular skills audit of Trustees and Governors. The skills matrix is also used to inform appointments and reappointments.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**Organisational Structure**

The Trust Board is responsible for the overall strategic direction of the Academies and for fulfilling statutory duties. The Trust Board is responsible for setting general policy, adopting and monitoring the financial plan and budget, monitoring capital expenditure, agreeing legal contracts, health and safety and for making senior staff appointments. There are 3 sub committees of the Trust Board; Trust Finance & General Purposes, Nominations and Remuneration Committee and Academic standards. These carry out detailed work on behalf of the Trust Board and report back through the main Board. There is a scheme of delegation in place from the Trust to each of the Local Governing Bodies.

During the 2019-20 financial year, the Executive Principal was the Accounting Officer and was responsible for the authorisation of spending within agreed budgets.

Within the Trust, there are currently two Academies; WMG Academy Coventry and WMG Academy Solihull. The Executive Principal oversees the strategic direction of both Academies with an Associate Principal in each institution responsible for the operational running of them.

Pay Policy for Key Management Personnel

The Executive Principal's Appraisal and Pay award is conducted and approved by the Nominations Committee chaired by the Chair of the Trust. The Executive Principal appraises all other members of the Trust Leadership Team and reports to the Nominations Committee the results of these appraisals.

Trade union facility time

During the period there were no trade union officials represented at the trust.

Connected Organisations including Related Party Relationships

The Members of the charitable company connected to the Trust are:

- University of Warwick
- EEF Limited trading as Make UK
- Coventry and Warwickshire Chamber of Commerce

OBJECTIVES AND ACTIVITIES

The Trust consists of specialist Academies (University Technical Colleges), a type of school that offers a radically different approach to teaching and learning. The Academies have been developed in partnership between local, national and international businesses and are sponsored by the University of Warwick.

The first WMG Academy opened in September 2014 focussing on engineering and digital technology, catering for up to 640 students aged 14 - 19 years from Coventry and Warwickshire. The second Academy in North Solihull opened in September 2016. The Trust aims to initiate and support the development of well-educated and industry trained students who not only have the qualifications but also the skills, knowledge and personal qualities to make an impact in the world of work and/or further and higher education. The Trust operates a broad and balanced curriculum with an emphasis on technical education in engineering.

The unique status of working very closely with a range of employers in the region means that the Academies 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. A key component of the curriculum is 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 is exciting for students. They are given an experience of real value; one that leads to a range of positive destinations for students leaving the Academy.

PUBLIC BENEFIT

In setting the objectives and planning activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. In particular, the Trustees have considered how planned activities will contribute to the aims and objectives they have set. The Trust provides a fully comprehensive education to all students in its care. It complies with all statutory guidance and seeks to support its wider educational objective via a strong community role working with businesses to support engineering and manufacturing.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**ACHIEVEMENTS AND PERFORMANCE****Strategic report**

Both Academies within the Trust remain rated Good by OFSTED. WMG Academy Coventry was most recently inspected in March 2017 and WMG Academy Solihull in February 2019. The reputation of each Academy has grown significantly throughout the year, evidenced by a 17% increase in students on roll compared to a 12% increase nationally for UTCs.

Student recruitment for September 2020 has been particularly successful, especially as this was achieved during the COVID 19 pandemic. At WMG Academy Coventry, student retention between Key Stage 4 and Key Stage 5 has risen to 64% and at WMG Academy Solihull, the addition of a post-18 Level 4 curriculum has seen a cohort of 13 students retained from both Academies, contributing to student numbers exceeding 850 across the Trust for the first time. The introduction of an online admissions portal allowed the academies to be able to seamlessly continue the comprehensive recruitment processes remotely.

Despite challenges faced by the Coronavirus pandemic, academic results at both Academies have increased and destinations remain strong for all students. There was good academic progress during 2019-20 in both academies both at Key Stage 4 and Post 16.

The Trust continues to provide opportunities for students to develop their employability skills through a comprehensive enrichment programme, including activities such as the Royal Navy UTC Challenge and the Teen Tech Awards. The Coronavirus pandemic has significantly limited the type and amount of extra-curricular activities available including forcing the cancellation of planned overseas trips; however, the Academy has successfully supported two students through the application process for a £15,000 bursary towards education costs from the Lord Bhattacharyya Memorial Fund.

Partnership working through the University of Warwick exposes students to the highest academic standards in addition to gaining invaluable employment skills and career development. Employees of the Trust are also able to seek Affiliate Member status of the University allowing reduced cost gym membership and access to campus facilities.

The Trust has a clear strategic vision for the future: to continue to grow their existing Academies whilst looking at expansion opportunities which fit with their vision and ethos of "business like and business led".

GOING CONCERN

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

Financial Review**RESERVES POLICY**

Any reserves will be held in accordance with the requirements laid down by the Department for Education. At the 31 August 2020, the Trust held total reserves of £1,097,000 (2019 : £924,000), excluding reserves which are restricted in relation to fixed assets £18,220,000 (2019: £18,990,000) and the Local Government Pension Scheme deficit £1,254,000 (2019: £579,000 deficit).

INVESTMENTS 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 31 August 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees has reviewed the key risks to which the 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 Trust's significant risks. The risk register and process is regularly reviewed by the Trust Finance and General Purposes Committee.

WMG ACADEMY FOR YOUNG ENGINEERS**TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)****FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Trust Board maintains a risk register, which is overseen by the Trust Finance and General Purposes Committee.

The key risks are considered to be:

- Performance: Delivering positive outcomes for students
- Recruitment of sufficient students and staff
- Operational Risk; Health and Safety, Data Protection, Cyber security and procedures
- Finance: Risks associated with the above including fraud
- Ongoing effects of the COVID 19 pandemic
- Investment in Capital Equipment for the future

The Trust Finance & General Purposes Committee regularly monitor and review the assessed risks during the year. Control procedures and actions are identified together with time-defined responsibilities for those

Fundraising

The Trust does not currently carry out large fundraising activities, although the Trust is always looking at ways to raise additional funds.

Plans for future periods**FUTURE DEVELOPMENTS**

The Trust has set out its strategic vision for the future. It wants to grow the number of Academies to ensure long term viability. In the short term it will focus on consolidating the current position of both its Academies in Coventry and Solihull, delivering a good standard of education and outcomes for learners to enable them to be able to move on to positive destinations.

FUNDS HELD AS CUSTODIAN

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

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the trustees are aware:

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

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and resolution appoint them will be proposed at the annual general meeting.

The trustees report incorporating the strategic report was approved by order of the board of trustees on 6 January 2021 and signed on its behalf by:

DocuSigned by:

Mike Wright

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M Wright
Chair of Trustees

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2020**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.

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive 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 WMG Academy for Young Engineers and the Secretary of State for Education. The Principal 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 8 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
Stuart Baker	8	8
Rosemary Drinkwater	8	8
Nicola Constant (appointed 1 February 2020)	3	3
Charlotte Healey (nee Horobin married 28 December 2019)	7	8
Glenda Kershaw (resigned 20 January 2020)	4	5
Jose Lopes	4	8
Sally Lucas	7	8
Benjamin Story	5	8
Graham Thompsett (resigned 16 October 2019)	1	1
David Williams (appointed 23 September 2019)	4	7
Michael Wright	7	8

Governance Review

An annual self-review of governance has been performed as defined by the National College for Teaching and Leadership on 18 March 2020. The results of this review have identified the following:

- attendance monitoring procedures for members trustees, governors and members had been implemented and attendance had improved.
- further financial transparency had been sought through the provision of an additional read-only financial report to local governing bodies.
- a skills analysis had been carried out and further training needs identified.
- membership of all boards and committees had remained stable.

Following the obtainment of three quotations, it was agreed to employ the services of Entrust to carry out an external governance review. This review was postponed in order for the trust to focus on its response to the pandemic.

The membership of the Board was further strengthened by the appointment in September 2019 of David Williams, Executive Director of HR at JLR and in January 2020 of Nicola Constant, Chief Financial Officer at WMG at the University of Warwick.

The Board holds the Executive Principal to account through financial performance and management data of the Academies. This is benchmarked against other national statistics and UTC data to ensure that the Academies are operating and performing in line with others.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)

The Finance and General Purpose Committee is a sub-committee of the main Board of Trustees. Its purpose is to hold to account the Accounting Officer and Chief Financial Officer for matters relating to the budget, resourcing and long term viability.

Trustee	Meetings attended	Out of a possible
Rosemary Drinkwater	6	6
Charlotte Healey (nee Horobin married 28 December 2020)	4	6
Glenda Kershaw (resigned 20 January 2020)	2	2
Nicola Constant (appointed 1 February 2020)	4	4

The Trust Nominations and Remuneration Committee is a sub-committee of the main Trust Board. Its purpose is approve appointments to the local governing bodies and trust board. The committee is responsible for the succession planning for the Executive Principal and Associate Principals and the performance management of the Executive Principal.

Trustee	Meetings attended	Out of a possible
Michael Wright	2	2
Rosie Drinkwater	2	2
Stuart Baker	2	2
Graham Thompsett (resigned 16 October 2019)	-	-
David Williams (appointed 23 September 2019)	2	2

The membership of the Committee is further strengthened by the appointment of Kate Ireland, an education specialist with knowledge about senior leadership pay and award.

The Trust Academic Committee is a sub committee of the main trust board. It is responsible for a review of educational metrics, reviewing the curriculum to ensure it meets statutory requirements and employer needs. It reports back to the Trust Board. The membership of the committee is strengthened by education experts Dr A R Mottershead and Kate Ireland.

Trustee	Meetings attended	Out of a possible
Michael Wright	1	1
David Williams (appointed 23 September 2019)	1	1
Stuart Baker	1	1
David Kershaw	1	1

Review of Value for Money

As accounting officer the Executive Principal has responsibility for ensuring that the Academy 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 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 Trust has delivered improved value for money during the year by:

- Managing all staff vacancies through a flexible approach to work. Cover costs for absent staff were reduced due to closure of academies and resulted in staff budget savings.
- Refining purchasing practice by routine use of price comparison sites and continually challenging preferred suppliers to match competitors' prices. Rapid response to purchasing of supplies for reopening after closure resulting in lower prices.
- Sharing resources and contracts across the Academies within the Trust, which included; staffing, HR contract, Clerking Services, External/Internal Audit fees achieving economies of scale across the Trust.
- Negotiating new contracts for gas and electricity has resulted in a substantial saving in cost per unit.
- Photocopiers have been replaced with significant saving on the rental charge.

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.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)

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 ending 31 August 2020 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 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 an effective formal on-going process for identifying, evaluating and managing the Academy trust's significant risks was in place for the year ending 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The 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 consideration 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 considered the need for a specific internal audit function and a system of internal control has been in place for the Trust for the year 1 September 2019 to August 2020 and up to the date of approval of the annual report and financial statements.

The Trustees have appointed internal auditors from UHY Hacker Young whose role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included a review of HR and Payroll and key financial controls.

The internal auditor reports to the Board of Trustees through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

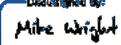
Internal audit services will be tendered in line with the latest ethical standard effective from September

Review of Effectiveness


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

Approved by order of the members of the Board of Trustees on 6 January 2021 and signed on its behalf

by: Digitized by:

 M Wright

Chair of Trustees

Digitized by:

 K Tague

Accounting Officer

WMG ACADEMY FOR YOUNG ENGINEERS

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2019.

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 2019.

I confirm that the following instance of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

- During the year ended 31st August 2020 there was a failure to notify the ESFA in advance for the renewal of a third party transaction with the Baker Dearing Trust amounting to £10,000.

DocuSigned by:

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K Tague
Accounting Officer
6 January 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2020

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 Annual Accounts Direction issued 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 in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 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 academy will continue in business.


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

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

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

Approved by order of the members of the board of trustees on 6 January 2021 and signed on its behalf by:

DocuSigned by:



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M Wright**Chair of Trustees**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WMG ACADEMY FOR YOUNG ENGINEERS FOR THE YEAR ENDED 31 AUGUST 2020**Opinion**

We have audited the financial statements of WMG Academy for Young Engineers (the 'academy trust') for the year ended 31 August 2020 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 2019 to 2020 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 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
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust 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.

Conclusion relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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' report (incorporating the strategic report and the trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WMG ACADEMY FOR YOUNG ENGINEERS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**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 strategic report and the trustees' 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 trustees' responsibilities statement set out on page 12, 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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



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Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

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6 January 2021

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WMG ACADEMY FOR YOUNG ENGINEERS AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 28 July 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2019 to 2020 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the academy trust during the year ended 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the WMG Academy for Young Engineers and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it 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 WMG Academy for Young Engineers and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of WMG Academy for Young Engineers's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of WMG Academy for Young Engineers funding agreement with the Secretary of State for Education dated 30 March 2014, and the Academies Financial Handbook extant from 1 September 2019 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2019 to 2020 issued by the 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.

Summary of the work undertaken was as follows:

- Analytical review of the academy trust's general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the academy trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;


INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WMG ACADEMY FOR YOUNG ENGINEERS AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**Approach (cont'd)**

- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees; and
- Review of income received in accordance with the activities permitted within the academy trust's charitable objectives.

Conclusion

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

- During the year ended 31st August 2020 there was a failure to notify the ESFA in advance for the renewal of a third party transaction with the Baker Dearing Trust amounting to £10,000.



UHY Hacker Young (Birmingham) LLP

9-11 Vittoria Street

Birmingham

B1 3ND

6 January 2021

WMG ACADEMY FOR YOUNG ENGINEERS

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**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2020
(Including Income and Expenditure Account)**

		Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2020 £'000	Total 2019 £'000
	Note					
Income from:						
Donations and capital grants	3	14	-	41	55	75
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	4,874	-	4,874	4,474
Other trading activities	5	99	-	-	99	22
Investment income	6	2	-	-	2	3
Total		115	4,874	41	5,030	4,574
Expenditure on:						
Raising funds	7	84	-	-	84	13
Charitable activities:						
- Academy trust's educational operations	7	-	4,887	811	5,698	5,613
Total		84	4,887	811	5,782	5,626
Net Income/(expenditure)		31	(13)	(770)	(752)	(1,052)
Transfers between funds	16	-	-	-	-	-
Other recognised gains and losses						
Actuarial loss on defined benefit pension schemes	27	-	(520)	-	(520)	(125)
Net movement in funds		31	(533)	(770)	(1,272)	(1,177)
Reconciliation of funds						
Total funds brought forward		168	177	18,990	19,335	20,512
Total funds carried forward	16	199	(356)	18,220	18,063	19,335

All of the academy trust's activities derive from continuing operations during the above two financial periods.

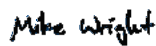
WMG ACADEMY FOR YOUNG ENGINEERS

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BALANCE SHEET AS AT 31 AUGUST 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	13	<u>18,099</u>	<u>18,862</u>
		<u>18,099</u>	<u>18,862</u>
Current assets			
Debtors	14	123	145
Cash at bank and in hand		<u>1,400</u>	<u>1,255</u>
		<u>1,523</u>	<u>1,400</u>
Current liabilities			
Creditors: Amounts falling due within one year	15	<u>(305)</u>	<u>(348)</u>
Net current assets		<u>1,218</u>	<u>1,052</u>
Total assets less current liabilities		<u>19,317</u>	<u>19,914</u>
Net assets excluding pension liability		<u>19,317</u>	<u>19,914</u>
Defined benefit pension scheme liability	27	<u>(1,254)</u>	<u>(579)</u>
Total Net Assets		<u>18,063</u>	<u>19,335</u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	18,220	18,990
- Restricted income fund	16	898	756
- Pension reserve	16	<u>(1,254)</u>	<u>(579)</u>
Total Restricted Funds		<u>17,864</u>	<u>19,167</u>
Unrestricted income fund	16	<u>199</u>	<u>168</u>
Total Unrestricted Funds		<u>199</u>	<u>168</u>
Total Funds		<u>18,063</u>	<u>19,335</u>

The financial statements on pages 17 to 38 were approved by the trustees and authorised for issue on 6 January 2021 and signed on their behalf by:

DocuSigned by:

 AEFEEBFDF88444.....
M Wright
 Chair of Trustees

WMG ACADEMY FOR YOUNG ENGINEERS

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	150	(213)
Cash flows from investing activities	21	(5)	26
Cash flows from financing activities	22	-	-
Change in cash and cash equivalents in the reporting period		<u>145</u>	<u>(187)</u>
Cash and cash equivalents at 1 September	23	<u>1,255</u>	<u>1,442</u>
Cash and cash equivalents at 31 August	23	<u><u>1,400</u></u>	<u><u>1,255</u></u>

WMG ACADEMY FOR YOUNG ENGINEERS**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020****1 Statement of Accounting Policies**

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

WMG Academy for Young Engineers meets the definition of a public benefit entity under FRS 102.

Going Concern

The directors 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 company to continue as a going concern. The directors 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 and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing 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**

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

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

- **Sponsorship income**

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

- **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 academy trust has provided the goods or services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)

- **Donated goods, facilities and services**

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

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

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.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £3,000 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for assets are:

Leasehold land & buildings	50 years
Furniture & equipment	5 years
Plant & machinery	3 - 10 years
Computer equipment	3 years

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

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

Leased Assets

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 15. 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.

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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 27, the TPS is a 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**Pensions Benefits (cont'd)**

The LGPS is a multi funded 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 the 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.

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 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 Education and Skills Funding Agency/Department for Education.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)*Critical areas of judgement*

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Deprecation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment to assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the 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.

WMG ACADEMY FOR YOUNG ENGINEERS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**2 GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020 (see note 16).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
Devolved formula capital grant	-	21	21	66
Other ESFA capital grants	-	20	20	1
Donations	14	-	14	8
	<u>14</u>	<u>41</u>	<u>55</u>	<u>75</u>

The income from donations and capital grants was £55,000 (2019 : £75,000), of which £Nil (2019: £Nil) was restricted, £41,000 (2019: £67,000) was restricted fixed assets and £14,000 (2019: £8,000) unrestricted.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	4,104	4,104	3,867
Transitional funding arrangements	-	400	400	400
Teachers pay grant	-	53	53	29
Teachers pension grant	-	144	144	-
Other DfE/ESFA grants	-	144	144	156
	<u>-</u>	<u>4,845</u>	<u>4,845</u>	<u>4,452</u>
Other Government grants				
Local authority grants	-	29	29	22
Local growth funding	-	-	-	-
	<u>-</u>	<u>29</u>	<u>29</u>	<u>22</u>
	<u>-</u>	<u>4,874</u>	<u>4,874</u>	<u>4,474</u>

The income from the academy trust's educational operations was restricted for both 2020 and 2019.

WMG ACADEMY FOR YOUNG ENGINEERS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)

5 OTHER TRADING ACTIVITIES	Unrestricted	Restricted	Total	Total
	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000
Consultancy	75	-	75	-
Other income	24	-	24	22
	<u>99</u>	<u>-</u>	<u>99</u>	<u>22</u>

The income from other trading activities was unrestricted for both 2020 and 2019.

6 INVESTMENT INCOME	Unrestricted	Restricted	Total	Total
	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000
Bank interest received	2	-	2	3
	<u>2</u>	<u>-</u>	<u>2</u>	<u>3</u>

The income from the academy trust's investment income was unrestricted for both 2020 and 2019.

7 EXPENDITURE	Staff Costs £'000	Non Pay Expenditure		Total 2020 £'000	Total 2019 £'000
		Premises £'000	Other Costs £'000		
		Expenditure on raising funds			
Direct costs	-	-	-	-	13
Allocated support costs	75	-	9	84	-
	<u>75</u>	<u>-</u>	<u>9</u>	<u>84</u>	<u>13</u>
Academy's educational operations					
Direct costs	3,054	-	360	3,414	3,042
Allocated support costs	601	1,273	410	2,284	2,571
	<u>3,655</u>	<u>1,273</u>	<u>770</u>	<u>5,698</u>	<u>5,613</u>
	<u>3,730</u>	<u>1,273</u>	<u>779</u>	<u>5,782</u>	<u>5,626</u>

The expenditure was £5,782,000 (2019: £5,626,000) of which £84,000 (2019: £13,000) was unrestricted, £4,887,000 (2019: £4,514,000) restricted and £811,000 (2019: £1,099,000) restricted

Net income/(expenditure) for the year includes:

	Total 2020 £'000	Total 2019 £'000
Operating lease rentals	5	-
Depreciation	811	1,099
Provision for bad and doubtful debts	75	-
Fees payable to auditor for:		
- audit	9	9
- other services	2	2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)

8 CHARITABLE ACTIVITIES

	Total 2020 £'000	Total 2019 £'000
Direct costs - educational operations	3,414	3,042
Support costs - educational operations	2,284	2,571
	<u>5,698</u>	<u>5,613</u>
	Total 2020 £'000	Total 2019 £'000
Analysis of Support Costs		
Support staff costs	601	567
Depreciation	811	1,099
Technology costs	163	157
Premises costs	462	464
Legal costs	-	-
Other support costs	218	270
Governance	29	14
	<u>2,284</u>	<u>2,571</u>

9 STAFF**(a) Staff costs**

	2020 £'000	2019 £'000
Staff costs during the year were:		
Wages and salaries	2,750	2,500
Social security costs	264	239
Pension costs	700	512
	<u>3,714</u>	<u>3,251</u>
Agency staff costs	16	27
Staff restructuring costs	-	1
	<u>3,730</u>	<u>3,279</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	1
	<u>-</u>	<u>1</u>

(b) Staff severance payments

Included in staff restructuring costs, there are no non-statutory/non-contractual severance payments either for the current or previous year.

(c) Staff numbers

The average number of persons (including School Leadership Team) employed by the Academy during the year ended 31 August 2020 was as follows:

	2020 No	2019 No
Charitable Activities		
Teachers	50	47
Administration and support	37	35
Management	6	6
	<u>93</u>	<u>88</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**(d) Higher paid staff**

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

	2020	2019
	No	No
£60,001 - £70,000	-	1
£70,001 - £80,000	2	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

(e) Key management personnel

The key management of the academy trust comprise the trustees and the senior management team.

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 £405,396 (2019: £370,580).

10 CENTRAL SERVICES

WMG Academy for Young Engineers has provided the following central services to WMG Academy for Young Engineers (Coventry) and WMG Academy for Young Engineers (Solihull):

- Finance;
- Marketing;
- IT;
- Data manager;
- Executive principal;
- Facilities management; and
- Clerking services.

The services are paid for directly by each academy on a shared basis.

11 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

No trustees have been paid remuneration or have received other benefits from an employment with the academy trust.

During the year ended 31 August 2020, £Nil (2019: £Nil) expenses were reimbursed to nil (2019: nil) trustees.

Other related party transactions including trustees are set out in note 28.

12 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees' and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included but not itemised in the Academy's premium to DfE for the Risk Protection Arrangement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)

13 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Plant & Machinery £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 September 2019	19,084	1,281	2,315	862	23,542
Reclassification	-	-	(569)	569	-
Additions	-	4	-	44	48
Disposals	-	-	-	-	-
At 31 August 2020	<u>19,084</u>	<u>1,285</u>	<u>1,746</u>	<u>1,475</u>	<u>23,590</u>
Depreciation					
At 1 September 2019	1,484	958	1,469	769	4,680
Reclassification	-	-	(533)	533	-
Charged in year	382	159	140	130	811
Disposals	-	-	-	-	-
At 31 August 2020	<u>1,866</u>	<u>1,117</u>	<u>1,076</u>	<u>1,432</u>	<u>5,491</u>
Net book value					
At 31 August 2020	<u>17,218</u>	<u>168</u>	<u>670</u>	<u>43</u>	<u>18,099</u>
At 31 August 2019	<u>17,600</u>	<u>323</u>	<u>846</u>	<u>93</u>	<u>18,862</u>
14 DEBTORS					
				2020	2019
				£'000	£'000
Trade debtors				7	1
VAT recoverable				44	55
Other debtors				-	1
Prepayments and accrued income				72	88
				<u>123</u>	<u>145</u>
15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
				2020	2019
				£'000	£'000
Trade creditors				87	147
Other taxation and social security				135	109
Other creditors				23	21
Accruals				33	41
Deferred income				27	30
				<u>305</u>	<u>348</u>
Deferred Income					
				2020	2019
				£'000	£'000
Deferred income at 1 September				30	38
Resources deferred in the year				27	30
Amounts released from previous years				(30)	(38)
Deferred income at 31 August				<u>27</u>	<u>30</u>

At the balance sheet date the academy was holding funds received in advance for 2020/21 for career leaders £1,000 (2019: £Nil), trips £Nil (2019: £3,500) and rates relief £26,000 (2019: £26,747).

WMG ACADEMY FOR YOUNG ENGINEERS**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)****16 FUNDS**

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2019 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General annual grant (GAG) (note i)	756	4,104	(3,962)	-	898
Other DfE/ESFA grants (note ii)	-	341	(341)	-	-
Transitional funding (note iii)	-	400	(400)	-	-
Local authority grants (note iv)	-	29	(29)	-	-
Local growth funding (note v)	-	-	-	-	-
	756	4,874	(4,732)	-	898
Restricted fixed asset funds					
DfE/ESFA capital grants (note vi)	18,507	41	(811)	-	17,737
Capital expenditure from Local Growth funding (note v)	483	-	-	-	483
Total restricted funds	18,990	41	(811)	-	18,220
Restricted pension scheme liability					
Pension reserve (note vii)	(579)	-	(155)	(520)	(1,254)
	(579)	-	(155)	(520)	(1,254)
Total restricted funds	19,167	4,915	(5,698)	(520)	17,864
Unrestricted funds					
Unrestricted funds (note viii)	168	115	(84)	-	199
Total unrestricted funds	168	115	(84)	-	199
Total Funds	19,335	5,030	(5,782)	(520)	18,063

- i) General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2020 (see note 2).
- ii) Other DfE/ESFA have been used to support pupil premium, teacher's pay costs and business rates.
- iii) Transitional funding has been used to support growth of the UTC and pupil recruitment.
- iv) Local Authority grants have been used to support pupil with special educational needs at the academy.
- v) Local growth funding has been provided by Birmingham City Council in order to fund the purchase of improved and more advanced specialist engineering, science, digital and ICT equipment to enable the academy to further specialise in its field.
- vi) DfE/ESFA capital grants are used for capital additions for educational purposes.
- vii) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 27).
- viii) Unrestricted funds include surpluses from activities for generating income and any voluntary donations to be spent at the discretion of the trustees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)

16 FUNDS (cont'd)

Notes

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

	Balance at 1 September 2018 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Balance at Losses & 31 August Transfers £'000	2019 £'000
Restricted general funds					
General annual grant (GAG) (note i)	468	3,867	(3,579)	-	756
Other DfE/ESFA grants (note ii)	-	185	(185)	-	-
Transitional funding (note iii)	-	400	(400)	-	-
Local authority grants (note iv)	-	22	(22)	-	-
Local growth funding (note v)	755	-	(187)	(568)	-
	<u>1,223</u>	<u>4,474</u>	<u>(4,373)</u>	<u>(568)</u>	<u>756</u>
Restricted fixed asset funds					
DfE/ESFA capital grants (note vi)	19,454	67	(1,014)	-	18,507
Capital expenditure	-	-	(85)	568	483
Total restricted funds	<u>19,454</u>	<u>67</u>	<u>(1,099)</u>	<u>568</u>	<u>18,990</u>
Restricted pension scheme liability					
Pension reserve (note vii)	(313)	-	(141)	(125)	(579)
	<u>(313)</u>	<u>-</u>	<u>(141)</u>	<u>(125)</u>	<u>(579)</u>
Total restricted funds	<u>20,364</u>	<u>4,541</u>	<u>(5,613)</u>	<u>(125)</u>	<u>19,167</u>
Unrestricted funds					
Unrestricted funds (note viii)	148	33	(13)	-	168
Total unrestricted funds	<u>148</u>	<u>33</u>	<u>(13)</u>	<u>-</u>	<u>168</u>
Total Funds	<u>20,512</u>	<u>4,574</u>	<u>(5,626)</u>	<u>(125)</u>	<u>19,335</u>
				2020	2019
TOTAL FUNDS ANALYSIS BY ACADEMY				Total	Total
Fund balances at 31 August 2020 were allocated as follows:				£'000	£'000
WMG Academy (Coventry)				364	227
WMG Academy (Solihull)				733	697
Total before fixed assets and pension reserve				<u>1,097</u>	<u>924</u>
Restricted fixed assets fund				18,220	18,990
Pension reserve				(1,254)	(579)
				<u>16,966</u>	<u>18,411</u>
Total				<u>18,063</u>	<u>19,335</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**16 FUNDS (cont'd)****TOTAL COST ANALYSIS BY ACADEMY**

Expenditure incurred by each academy during the year was as follows:

	Teaching & Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Dep'n)	Total	Total
	Funds	Funds	Funds	Funds	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
WMG Academy (Coventry)	1,527	391	194	479	2,591	2,337
WMG Academy (Sollhull)	1,527	285	166	402	2,380	2,190
Academy	3,054	676	360	881	4,971	4,527

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2020 are represented by:

	Unrestricted	Pension Restricted	General Restricted	Fixed Assets Restricted	Total
	Funds	Funds	Funds	Funds	£'000
	£'000	£'000	£'000	£'000	£'000
Tangible fixed	-	-	-	18,099	18,099
Current assets	199	-	1,203	121	1,523
Current liabilities	-	-	(305)	-	(305)
Pension scheme liability	-	(1,254)	-	-	(1,254)
	199	(1,254)	898	18,220	18,063

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

Fund balances at 31 August 2019 are represented by:

	Unrestricted	Pension Restricted	General Restricted	Fixed Assets Restricted	Total
	Funds	Funds	Funds	Funds	£'000
	£'000	£'000	£'000	£'000	£'000
Tangible fixed	-	-	-	18,862	18,862
Current assets	168	-	1,104	128	1,400
Current liabilities	-	-	(348)	-	(348)
Pension scheme liability	-	(579)	-	-	(579)
	168	(579)	756	18,990	19,335

18 CAPITAL COMMITMENTS

Contracted for, but not provided in the financial statements

2020
£'0002019
£'000

Nil Nil

Authorised by trustees, but not yet contracted

Nil Nil

19 COMMITMENTS UNDER OPERATING LEASES**Operating leases**

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020	2019
	£'000	£'000
Operating leases which expire:		
· Within one year	5	5
· Within two to five years	15	20
	20	25

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**20 RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2020	2019	
	£'000	£'000	
Net expenditure for the reporting period (as per the SOFA)	(752)	(1,052)	
Adjusted for:			
Depreciation (note 13)	811	1,099	
Capital grants from DfE and other capital income	(41)	(67)	
Interest receivable	(2)	(3)	
Defined benefit pension scheme cost less contributions payable (note 27)	145	134	
Defined benefit pension scheme finance cost (note 27)	10	7	
Decrease in debtors	22	54	
Decrease in creditors	(43)	(385)	
Net cash provided by/(used in) operating activities	150	(213)	
21 CASH FLOWS FROM INVESTING ACTIVITIES	2020	2019	
	£'000	£'000	
Interest received	2	3	
Purchase of tangible fixed assets	(48)	(44)	
Capital grants from DfE/ESFA	41	67	
Net cash (used in)/provided by investing activities	(5)	26	
22 CASH FLOWS FROM FINANCING ACTIVITIES	2020	2019	
	£'000	£'000	
Repayments of borrowing	-	-	
Cash inflows from new borrowing	-	-	
Net cash (used in)/provided by financing activities	-	-	
	At 31 Aug	At 31 Aug	
23 ANALYSIS OF CASH AND CASH EQUIVALENTS	2020	2019	
	£'000	£'000	
Cash in hand and at bank	1,400	1,255	
Total cash and cash equivalents	1,400	1,255	
24 ANALYSIS OF CHANGES IN NET DEBT	At 1 September	Cash	At 31
	2019	Flows	2020
	£'000	£'000	£'000
Cash at bank	1,255	145	1,400
Overdraft	-	-	-
	1,255	145	1,400
Loans within one year	-	-	-
Loans within more than one year	-	-	-
	1,255	145	1,400

25 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**26 MEMBERS' LIABILITY**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up during their membership, or within one year after cessation of membership, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before cessation of membership.

27 PENSION AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by West Midlands Pension Scheme. Both are defined benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2020 was £700,000 (2019: £512,000) of which £426,000 (2019: £261,000) relates to the TPS and £274,000 (2019: £251,000) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

Contributions amounting to £65,558 were payable to the schemes at 31 August 2020 (2019: £46,660) and are included within other taxation and social security.

Teachers' Pension Scheme**Introduction**

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

The TPS is an unfunded scheme to which both 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.

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 employers costs paid to TPS in the year amounted to £426,000 (2019: £261,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions](#)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**27 PENSION AND SIMILAR OBLIGATIONS (cont'd)****Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2020 was £312,000 (2019: £288,000) of which employers contributions totalled £274,000 (2019: £251,000) and employees contributions totalled £38,000 (2019: £37,000). The agreed contributions for future years are on average 21% (2019: 21%) for employers and 5.5% to 12.5% (2019: 5.5% to 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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	2020	2019
	% per	% per
	annum	annum
Discount rate	1.6%	1.9%
Salary increases	3.2%	2.2%
Pension increase	2.2%	3.7%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	2020	2019
	Approx	Approx
	£'000	£'000
Discount rate reduced by 0.1% per annum	89	41
Assumed pension increased by 0.1% per annum	84	40
Salary growth increased by 0.1% per annum	4	-
Life expectancy at retirement increased by 1 year	112	51

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

	2020	2019
	years	years
Longevity at age 65 retiring today		
- Men	21.9	20.9
- Women	24.1	23.2
Longevity at age 65 retiring in 20 years		
- Men	23.8	22.6
- Women	26.0	25.1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**27 PENSION AND SIMILAR OBLIGATIONS (cont'd)****Local Government Pension Scheme (cont'd)**

The Academy's share of the assets in the scheme were:

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equity instruments	993	502
Debt instruments	259	110
Property	133	68
Cash	117	30
Other	264	123
Total market value of assets	1,766	833
Present value of scheme liabilities		
- Funded	(1,766)	(833)
- Unfunded	(1,254)	(579)
Total liabilities	(3,020)	(1,412)
Deficit in the scheme	(1,254)	(579)

The actual return on the scheme assets in the year was a surplus of £85,000 (2019: £47,000).

Amounts recognised in the Statement of Financial Activities

	2020 £'000	2019 £'000
Current service cost	264	220
Past service cost	-	24
Interest income	(17)	(19)
Interest cost	27	26
Total operating charge	274	251

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**27 PENSION AND SIMILAR OBLIGATIONS (cont'd)**

	2020 £'000	2019 £'000
Changes in deficit during the period		
Balance at 1 September 2019	579	313
Movement in year:		
- Employer service cost (net of employee contributions)	264	244
- Employer contributions	(119)	(110)
- Expected return on scheme assets	(17)	(19)
- Interest cost	27	26
- Actuarial losses	520	125
Deficit in the scheme at 31 August 2020	<u>1,254</u>	<u>579</u>

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

	2020 £'000	2019 £'000
Balance at 1 September 2019	1,412	971
Current service cost	264	220
Past service cost	-	24
Interest cost	27	26
Contributions by scheme participants	38	37
Benefits paid	(6)	(19)
Actuarial losses	1,285	153
Scheme liabilities at 31 August 2020	<u>3,020</u>	<u>1,412</u>

Changes in the fair value of academy's share of scheme assets:

	2020 £'000	2019 £'000
Balance at 1 September 2019	833	658
Expected return on scheme assets	17	19
Actuarial gains	765	28
Contributions by employer	119	110
Benefits paid	(6)	(19)
Contributions by scheme participants	38	37
Fair value of scheme assets at 31 August 2020	<u>1,766</u>	<u>833</u>

The estimated value of employer contributions for the year ended 31 August 2021 is £125,000 (2020: £117,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (cont'd)**28 RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust's operations and the composition of the board of trustees 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 trustees may have an interest. All transactions involving such organisations are conducted at arm's length, comply with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions and are in accordance with the requirements of the Academies Financial Handbook, apart from notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required. The following related party transactions took place in the period of account:

During the year ended 31 August 2020, services to the value of £9,245 (2019: £9,780) were purchased from the University of Warwick of which £173 (2019: £1,000) was held in creditors, owing at the year end. Sales were also made totalling £2,390 (2019: £Nil) and the balance outstanding at 31 August was £Nil (2019: £Nil).

Mr M Wright (Chair of the WMG board) is a director of Baker Dearing Trust. During the year services were purchased totalling £20,000 and there was a balance outstanding of £Nil at 31 August 2020.

The element above £2,500 for transactions with University of Warwick has been provided "at no more than cost" and statements of assurance have been obtained to provide confirmation.

29 AGENCY ARRANGEMENTS

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £42,094 (2019: £34,564) and disbursed £40,278 (2019: £18,743) from the fund. An amount of £20,558 (2019: £18,743) is included in other creditors relating to undistributed funds that is repayable to ESFA.

30 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.