

Whitworth Scholarship's Fund

**Trustee Board's Report and Annual Accounts
For the Year Ended 31 December 2020**

Registered Charity No: 313756

Whitworth Scholarship's Fund

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Whitworth Scholarship's Fund

Legal and Administrative Information For the year ended 31 December 2020

Name:	Whitworth Scholarships Fund
Charity Number:	313756
Trustee:	The Institution of Mechanical Engineers 1 Birdcage Walk, Westminster London SW1H 9JJ
Chief Executive Officer:	Colin Brown
Administrator:	IMechE Prizes & Awards ASK House Northgate Avenue Bury St Edmunds Suffolk IP32 6BB
Bankers:	CAF Bank Ltd PO Box 289 Kings Hill West Malling Kent ME19 4TA
Auditor:	BDO LLP 55 Baker Street, London W1U 7EU
Investment Manager:	Blackrock Investment Management (UK) Limited 33 King William Street London EC4R 9AS
Governing Instruments:	Deed of Trust between Sir Joseph Whitworth and the Secretary of State for Education dated 23 September 1868 Charity Commissioners for England and Wales Scheme dated 11 December 2001

Whitworth Scholarship's Fund

Trustee's Report For the year ended 31 December 2020

The Trustee presents its report along with the financial statements of the Fund for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out below and comply with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2019.

Governance and Management

The Whitworth Scholarship's Fund was established in 1868 under a deed of covenant and trust between Sir Joseph Whitworth, a leading manufacturer of machine tools, and the then President of the Committee of Council on Education. The Fund is now governed under the terms of a Scheme made by the Fund Commissioners for England and Wales dated 11 December 2001.

The objects of the Fund, as stated in the Scheme, are to promote education in all engineering disciplines with a preference for mechanical engineering through the award of:

- Scholarships to suitably qualified applicants to enable them to study engineering, with a preference for mechanical engineering, at any establishment approved by the trustee; and
- Prizes for solutions to real problems encountered in the workplace by engineers following accredited programme of work-based training.

Objective and Activities

Under the terms of the Scheme dated 11 December 2001, the Institution of Mechanical Engineers (IMechE) succeeded the Secretary of State for Education and Skills as sole trustee of the Fund.

The IMechE administers the Fund assisted by the IMechE Whitworth Awards Panel, which advises the IMechE in making decisions on the awards. Membership of the Panel includes representatives from the Whitworth Society, the Learning and Skills Council and the engineering professions. Panel members are not remunerated but may claim reasonable travel and subsistence expenses.

General costs of administering the Fund are borne by the IMechE but costs incurred in selection of scholars are reimbursed out of votes of Parliament.

Value of Scholarships

The level of award is determined partly by the demand for scholarships and partly by the performance of the Fund's investment portfolios.

The Undergraduate/MSc Scholarship was valued at £5,000 p.a. full-time, £2,500 p.a. part-time. The Senior Scholarship was valued at £7,500 p.a.

The Whitworth Awards Panel in the first part of 2020 sought applications for the Awards, with 38 applications received for the Whitworth Scholarship Awards. 22 candidates were called for interview, which were held virtually, via Microsoft Teams and 17 awards were made (3 for full-time study and 14 for part-time study).

Whitworth Scholarship's Fund

Trustee's Report (continued) For the year ended 31 December 2020

Value of Scholarships (continued)

A total of 6 applications were received for the Whitworth Senior Scholarship Awards for engineering research, leading to a PhD or EngD. 3 candidates were called for a virtual interview and 3 awards were made.

14 award holders successfully completed their degree courses and were awarded the title "Whitworth Scholar", 8 graduated with first class honours, 6 with a distinction MSc (Hons). 1 Senior Scholarship Award holder successfully completed their research degree and were awarded the title "Whitworth Senior Scholar".

Due to the lockdown associated with the Global Pandemic it was necessary to celebrate the achievements of the new Award Holders and Scholars, by holding a Virtual Awards Ceremony. The Virtual Awards Ceremony was held on 5 November 2020, via WebEX at 14:00hrs and Jenny Kenny (President of Whitworth Society) and Terry Spall (President) made the presentations. The Chair of the Trustee Board Awards Committee – Richard Folkson and The Chief Executive – Dr Colin Brown participated in the proceedings .

Achievements and Performance

During the period covered by this report £208,250 (2019: £158,393) was paid to scholarship students and for prize administration, and £88 (2019: £93) was paid in bank charges. Income from the investment portfolios and bank deposits amounted to £193,283 (2019: £198,893) resulting in net (expenditure) before (losses)/gains on investment assets of £15,055 (net income 2019: £40,601). As a result of movement in the Stock Market the closing values of the Permanent Endowment Fund decreased to £3,853,353 (2019: £4,086,790) and the closing value of the Unrestricted Fund decreased to £2,867,375 (2019: £3,051,538) as a result of decreasing in the net gains on investment assets.

Investment Policy

All the Fund's income is generated from investments and bank deposits. The investments of the Fund are held in the form of Common Investment Funds that are suitable for a Fund of this nature. The Permanent Endowment Fund represents the original donation made by Sir Joseph Whitworth to provide income to pay for scholarships. The Unrestricted Fund represents accumulations of unspent income that has accrued during the long history of the Trust; most of this income has been reinvested to generate an additional source of income to fund scholarships.

The Fund reviews the performance of the investments on a quarterly basis and aims to formally meet the investment manager at least once a year. The Trustee has established an investment policy which takes social, environmental and ethical considerations into account and includes the following principles:

1. A diversity of investments will be held.
2. Investment policy will be appropriate to the needs of the Fund.
3. Appropriately authorised investment managers will be employed.
4. Appropriately authorised nominees may be employed to hold individual stocks and shares.

Whitworth Scholarship's Fund

Trustee's Report (continued) For the year ended 31 December 2020

Risk Management

The IMechE has reviewed the major risks to which the Fund is exposed. The principal risks facing the Fund are those related to the income and finances of the Fund. Covid-19 and Brexit had some impact on the investment valuation volatility; the IMechE has taken steps as far as possible to mitigate exposure to those risks by keeping the Investment Policy under review, including the mix of investments held and monitoring expenditure.

Reserves policy

Unrestricted reserves at 31 December 2020 were £2,862,053 (2019: £3,051,537). IMechE has decided to set a target of utilising all the available income for scholarships provided candidates of sufficient merit can be found. The Trust Fund also has a permanent endowment fund; its year end balance was £3,853,353 (2019: £4,086,790)

The Trustee has a policy which requires that the level of free reserves should reflect at least six months of charitable spend. The impact of Covid-19 has been taken into consideration and this policy is deemed appropriate for the reported financial period. Independently of the Covid-19 impact, a review is currently underway to consider how to reflect the impact of risks in the free reserves target in a more dynamic and responsive way. A revised policy will be presented to the Trustee for consideration during 2021.

Public Benefit

The IMechE confirms that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Fund's aims and objectives and in planning future activities and setting the grant making policy for the year.

Future developments

The Whitworth Awards Panel constantly reviews the scheme and at present have agreed not to make any changes for 2021.

Recruitment and appointment of the Trustees

The Trust Deed states that the Institution of Mechanical Engineers is the Trustee of the Scheme. The Institution of Mechanical Engineers is governed by a Trustee Board comprising of members of the Institution elected to office by Corporate and Associate Members, through an annual election process as detailed in the Royal Charter & By-laws of the Institution.

Whitworth Scholarship's Fund

Statement of Trustee's Responsibilities For the year ended 31 December 2020

Statement of Trustee's responsibilities in respect of the Trustee's annual report and the financial statements

The Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the Fund for that period.



In preparing these financial statements, generally accepted accounting practice entails that the Trustee:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Fund will continue in business.

The Trustee is required to act in accordance with the trust deed of the Fund, within the framework of trust law. The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Trustee's Report was approved by the Trustee Board of the Institution of Mechanical Engineers on 5 May 2021 and was signed on its behalf by:

Trustee	(Philip Peel)
	()
Trustee	(Terry Spall)
	()

Independent auditors' report to the Trustees of Whitworth Scholarship's Fund For the year ended 31 December 2020

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements of Whitworth Scholarship's Fund ("the Charity") for the year ended 31 December 2020 which comprise the statement of financial activities for the year ended 31 December 2020, the balance sheet, 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

Conclusions related to going concern

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

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

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

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the Trustee Board's Report other than the financial statements and our auditor's report thereon. The other information comprises: Trustee's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Independent auditor's report to the Trustees of Whitworth Scholarships Fund (continued) For the year ended 31 December 2020

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 require us to

- the information contained in the financial statements is inconsistent in any material respect with the Trustee's Annual Report; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is 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 Trustee determines 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 Trustee is responsible for assessing the Charity'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 Trustee either intends to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

Based on our understanding of the charity and the industry in which it operates, we identified that the principle laws and regulations that directly affect the financial statements to be relevant are the Charities Act in the UK, UK GAAP and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We considered the Charity's own assessment of the risks that irregularities may occur either as a result of fraud or error. We also considered financial performance and key drivers for any performance targets. We also considered the risks of non-compliance with other requirements imposed by the Charity Commission and we considered to extent to which non-compliance might have a material effect of the financial statements.

In addition the charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We have identified the following areas as those most likely to have such as effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management as well as inspection of regulatory and legal correspondence if any.

Independent auditor's report to the Trustees of Whitworth Scholarships Fund (continued) For the year ended 31 December 2020

Audit procedures performed by the engagement team included:

- Enquiry with management, staff and advisors in tax and compliance functions and Those Charged with Governance regarding known or suspected instances of non-compliance with laws and regulation and fraud;
- Enquiry of management and Those Charged with Governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of Those Charged with Governance;
- Assessing the design and operating effectiveness of controls and procedures relevant to the preparation of the financial statements and the detection and prevention of irregularities and fraud;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Testing the transfer of data from the old finance system to the new finance system to verify the completeness and integrity of financial data;
- Identifying and testing the appropriateness of journal entries and other adjustments, with particular focus on unusual account combinations and postings by unexpected users or senior management;
- Challenging the assumptions and judgements made by management for key estimates, in particular the valuation of investments; and
- Incorporating unpredictability into our testing approach through amending the nature and extent of audit procedures.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's Trustee, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's Trustee 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 Charity and the Charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP, statutory auditor
London, UK
Date 04 June 2021

DocuSigned by:
BDO LLP
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BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Whitworth Scholarship's Fund

Statement of Financial Activities For the year ended 31 December 2020

	Notes	Unrestricted Funds £	Endowment Funds £	2020 Total £	2019 Total £
Income and endowments from:					
<i>Investments</i>					
Interest & Dividend	1	193,186	-	193,186	198,893
Bank interest & Other income		97	-	97	194
Total		<u>193,283</u>	<u>-</u>	<u>193,283</u>	<u>199,087</u>
Expenditure on:					
<i>Charitable activities</i>					
Scholarships	12	(208,338)	-	(208,338)	(158,486)
Total		<u>(208,338)</u>	<u>-</u>	<u>(208,338)</u>	<u>(158,486)</u>
Net (expenditure)/income before (losses)/gains on investment assets		(15,055)	-	(15,055)	40,601
Net (losses)/gains on investment assets	7	(169,108)	(233,437)	(402,545)	1,068,441
Net (expenditure)/income		<u>(184,163)</u>	<u>(233,437)</u>	<u>(417,600)</u>	<u>1,109,042</u>
Net movement in funds:		(184,163)	(233,437)	(417,600)	1,109,042
Reconciliation of funds:					
Total funds brought forward	8	3,051,538	4,086,790	7,138,328	6,029,286
Total funds carried forward:	8	<u>2,867,375</u>	<u>3,853,353</u>	<u>6,720,728</u>	<u>7,138,328</u>

The Fund has no recognised gains or losses for the year other than as detailed above.

The net movements in the Fund's funds for the year arise from the Fund's continuing activities.

The Notes on pages 15-20 form part of these accounts.

Summary of Financial Activities for the year ended 31 December 2019

	Notes	2019 Unrestricted Funds £	2019 Endowment Funds £	2019 Total £
Total income		199,087	-	199,087
Total expenditure	12	(158,486)	-	(158,486)
Net Gains on investment assets	7	444,680	623,761	1,068,441
Net movement in funds:		485,281	623,761	1,109,042
Total funds brought forward	8	2,566,257	3,463,029	6,029,286
Total funds carried forward:	8	<u>3,051,538</u>	<u>4,086,790</u>	<u>7,138,328</u>

Whitworth Scholarship's Fund

Statement of Financial Activities For the year ended 31 December 2019

Statement of Financial Activities for the year ended 31 December 2019

	Notes	2019 Unrestricted Funds £	2019 Endowment Funds £	2019 Total £
Income and endowments from:				
Investments				
Interest & Dividend	1	198,893	-	198,893
Bank interest		194	-	194
Total		<u>199,087</u>	<u>-</u>	<u>199,087</u>
Expenditure on:				
Charitable activities				
Scholarships	12	<u>(158,486)</u>	<u>-</u>	<u>(158,486)</u>
Total		<u>(158,486)</u>	<u>-</u>	<u>(158,486)</u>
Net income/(expenditure) before gains/(losses) on investment assets		40,601	-	40,601
Net Gains on investment assets	7	444,680	623,761	1,068,441
Net income		<u>485,281</u>	<u>623,761</u>	<u>1,109,042</u>
Net movement in funds:		485,281	623,761	1,109,042
Reconciliation of funds:				
Total funds brought forward	8	<u>2,566,257</u>	<u>3,463,029</u>	<u>6,029,286</u>
Total funds carried forward:	8	<u><u>3,051,538</u></u>	<u><u>4,086,790</u></u>	<u><u>7,138,328</u></u>

The Fund has no recognised gains or losses for the year other than as detailed above.

The net movements in the Fund's funds for the year arise from the Fund's continuing activities.

The Notes on pages 15-20 form part of these accounts.



Whitworth Scholarship's Fund

Balance Sheet

For the year ended 31 December 2020

		2020 £	2019 £
Fixed assets:	Note		
Investments	5	<u>6,544,574</u>	<u>6,947,120</u>
Current assets:			
Debtors	6	55,732	13,450
Cash at bank and in hand		<u>120,422</u>	<u>177,758</u>
<i>Total current assets</i>		<u>176,154</u>	<u>191,208</u>
<i>Net current assets</i>		<u>176,154</u>	<u>191,208</u>
Total net assets		<u>6,720,728</u>	<u>7,138,328</u>
The funds of the charity:			
Endowment funds	8	3,853,353	4,086,790
Total unrestricted funds	8	<u>2,867,375</u>	<u>3,051,538</u>
Total charity funds		<u>6,720,728</u>	<u>7,138,328</u>

The financial statements on pages 15-20 were approved by the Trustee Board of the Institution of Mechanical Engineers on 5 May 2021 and were signed on its behalf by:

Trustee	(Philip Peel) ()
Trustee	(Terry Spall) ()

Charity Registration Number : 313756

Whitworth Scholarship's Fund

Statement of Cash Flows For the year ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities:		
Net cash used in operating activities	<u>(250,620)</u>	<u>(158,486)</u>
Cash flows from investing activities		
Dividends, interest from investments	<u>193,283</u>	<u>199,087</u>
Net cash provided by investing activities	<u>193,283</u>	<u>199,087</u>
<i>Change in cash and cash equivalents in the reporting period</i>	(57,337)	40,601
<i>Cash and cash equivalent at the beginning of reporting period</i>	<u>177,758</u>	<u>137,157</u>
<i>Cash and cash equivalent at end of reporting period</i>	<u><u>120,422</u></u>	<u><u>177,758</u></u>

	2020 £	2019 £
Reconciliation of net income to net cash flow from operating activities		
Net income as per the statement	<u>(417,600)</u>	<u>1,109,042</u>
Adjustments for:		
Dividends, interest from investments	(193,283)	(199,087)
Loss/(gains) on Investments	402,545	(1,068,441)
(Increase) in debtors	<u>(42,282)</u>	<u>-</u>
Net cash used in operating activities	<u>(250,620)</u>	<u>(158,486)</u>

	Balance 01.01.2020 £	Cash flows £	Balance 31.12.2020 £
Analysis of Net Funds			
Cash awaiting investment	-	-	-
Cash at bank and in hand	177,758	(57,337)	120,422

Whitworth Scholarship's Fund

Notes to the Financial Statements For the year ended 31 December 2020

Accounting Policies

The Fund is registered with the Charity Commission (registered number: 313756), domiciled in the UK and is a public benefit entity. The address of the registered office is 1 Birdcage Walk, London, SW1H 9JJ. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Fund's financial statements.

a) **Basis of preparation**

The Financial statements have been prepared to give a true and fair view and have departed from the charities (Accounts and Reports) Regulation 2008 only to the extent required to give a true and fair view. The Financial Statements have been prepared in accordance with the Charities SORP. FRS102 The Financial Reporting standard applicable in the UK and Republic of Ireland, and applicable UK charity law.

This departure has involved following 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 (FRS102) effective 1 January 2019 rather than the Accounting and Reporting by Charities: Statement of recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements have been prepared on the historical cost basis of accounting, modified to incorporate the revaluation of investments. The financial statements are prepared in sterling, which is functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

b) **Going Concern**

The financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result from the charity not being able to continue for the next 12 months. The Fund has a strong balance sheet and has access to £6.5m of available investments which could be utilised to cover expenditure if required. Therefore, there are no material uncertainties about the Fund's ability continue as a going concern.

c) **Income**

Investment income is earned from holding assets for investment purposes and includes dividends and bank interest that are presented gross on a receivable basis.

d) **Expenditure**

Scholarship awards are made each term on an academic year basis with any sums due at the year end in respect of the summer term being accrued.

General expenditure (including administrative expenditure and audit fees) are borne by the IMechE. The Fund recognises expenditure for scholarships/prizes and awards.

Members of the Whitworth Award Panel, who are responsible for selecting Scholars, provide their time free of charge.

e) **Investments**

Investments consist of common investment funds administered by an investment manager and are valued at the year end at the bid price. It is the Fund's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising relating to previous years. As a result the Statement of Financial Activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings as they are together treated as changes in the value of the investment portfolio throughout the year.

Whitworth Scholarship's Fund

Notes to the Financial Statements (continued) For the year ended 31 December 2020

Accounting Policies (continued)

e) Investments (continued)

All investment management charges are included in the bid price of units, we are unable to identify investment manager fees separately and so these fees are not disclosed in the Statement of Financial Activities.

f) Commitments

Scholarships are awarded for three academic years with the students' satisfactory progress being assessed on an annual basis.

Expenditure is not accrued beyond each academic year as future payments are subject to a review by the Whitworth Panel and therefore gives it discretion to terminate the funding agreement in case the performance related conditions are not met.

Prizes are paid in two instalments over consecutive years.

g) Financial assets

The Fund has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS102 to all its financial instruments.

Financial assets are recognised in the Fund's statement of financial position when the Fund becomes party to the contractual provisions of the instrument.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

h) Critical accounting estimates and judgements

In the application of the accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i) Fund Accounting

Endowment Funds are permanently endowed assets, which provide unrestricted income to the Fund. Unrestricted Funds are applied according to the scheme governing the Fund.

Whitworth Scholarship's Fund

Notes to the Financial Statements (continued) For the year ended 31 December 2020

1 Investment Income

	2020	2019
	£	£
Dividends receivable from investment funds	<u>193,186</u>	<u>198,893</u>

All investment income arises from the investments detailed in note 5 below.

2 Taxation

Whitworth Scholarship's Fund is considered to pass the tests set out in paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly the Fund is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 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.

3 Trustee's Remuneration and Expenses

The Trustee neither received nor waived any remuneration or expenses during the period (2019 - Nil).

4 Employees

There were no employees in the year ended 31 December 2020 (2019 - Nil).

5 Investments

	Market Value 31/12/2020	Cost 31/12/2020	Market Value 31/12/2019	Cost 31/12/2019
	£	£	£	£
Permanent Endowment Fund				
BLK Charities UK Bond Fund A Inc	412,163	42,258	398,772	42,258
BLK Charities UK Equity Fund A Inc	<u>3,441,190</u>	<u>620,455</u>	<u>3,688,018</u>	<u>620,455</u>
Fund Total	<u><u>3,853,353</u></u>	<u><u>662,713</u></u>	<u><u>4,086,790</u></u>	<u><u>662,713</u></u>
Unrestricted Fund Holding				
BLK Charities UK Bond Fund A Inc	229,585	127,874	222,126	127,874
BLK Charities UK Equity Fund A Inc	<u>2,461,636</u>	<u>691,556</u>	<u>2,638,202</u>	<u>691,556</u>
Fund Total	<u><u>2,691,221</u></u>	<u><u>819,430</u></u>	<u><u>2,860,329</u></u>	<u><u>819,430</u></u>
Total Investments	<u><u>6,544,574</u></u>	<u><u>1,482,143</u></u>	<u><u>6,947,119</u></u>	<u><u>1,482,143</u></u>

Whitworth Scholarship's Fund

Notes to the Financial Statements (continued) For the year ended 31 December 2020

5 Investments - continued	2020 £	2019 £
Movement of investments		
Market value at 1 January	6,947,120	5,878,679
Net investment gains	<u>(402,545)</u>	<u>1,068,441</u>
Investment manager fees are included within net investment gains and cannot be separately identified		
Market value at 31 December	6,544,574	6,947,120
Historic cost at 31 December	<u>(1,482,143)</u>	<u>(1,482,143)</u>
Unrealised investment gains at 31 December	<u>5,062,431</u>	<u>5,464,977</u>
6 Debtors	2020	2019
	£	£
Dividends receivable	<u>55,732</u>	<u>13,450</u>

7 Statement of Funds	01/01/2020	Movement		31/12/2020
		Net (expenditure)/I ncome	Gain/(Loss) on Investment assets	
	£	£	£	£
Permanent Endowment Fund	4,086,790	-	(233,437)	3,853,353
Unrestricted Fund	<u>3,051,538</u>	<u>(15,055)</u>	<u>(169,108)</u>	<u>2,867,375</u>
Fund Total	<u>7,138,328</u>	<u>(15,055)</u>	<u>(402,545)</u>	<u>6,720,728</u>
	01/01/2019			31/12/2019
	£	£	£	£
Permanent Endowment Fund	3,463,029	-	623,761	4,086,790
Unrestricted Fund	2,566,257	40,601	444,680	3,051,538
Fund Total	<u>6,029,286</u>	<u>40,601</u>	<u>1,068,441</u>	<u>7,138,328</u>

The Permanent Endowment Fund provides the permanent capital base in the form of investments.

The Unrestricted Fund represents accumulated income most of which has been invested. The income from these investments and those held in the Permanent Endowment Fund is used to pay the scholarship awards.

Whitworth Scholarship's Fund

Notes to the Financial Statements (continued) For the year ended 31 December 2020

8 Analysis of Net Assets between Funds

	Unrestricted Fund £	Permanent Endowment Fund £	Total 2020 £	Total 2019 £
Investments	2,691,221	3,853,353	6,544,574	6,947,120
Net current assets	176,154	-	176,154	191,208
Total Net Assets	2,867,375	3,853,353	6,720,728	7,138,328

	£	£	2019 £	2018 £
Investments	2,860,330	4,086,790	6,947,120	5,878,679
Net current assets	191,208	-	191,208	150,607
Total Net Assets	3,051,538	4,086,790	7,138,328	6,029,286

9 Ultimate Parent

Control of the charity rests with the Institution of Mechanical Engineers (Charity reg.N 206882, domiciled in the UK and is a public benefit entity, registered at 1 Birdcage Walk, London, SW1H 9JJ) as sole Trustee under the terms of a Scheme made by the Charity. The Institution of Mechanical Engineers is an independent professional association, and learned society, that represents mechanical engineers and the engineering profession.

10 Grant Commitments

These sums have been provisionally approved as grants to be made up to 31 December 2020. Because the Trustee has further actions to take on them before releasing for payment, they have not been recognised in this year's accounts.

No discounting has been applied to grant commitments due in more than one year on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

	2020 £	Restated 2019 £
Due for payment in 2020		136,000
Due for payment in 2021	157,500	

The 2019 disclosure has been restated to disclose the two-term grant commitment, previously just one term was reported.

11 Related Parties

The Institution of Mechanical Engineers administers the Prizes for Whitworth Scholarships Trust Fund. It incurs costs relating to venue hire, speakers and catering which are recharged to the Trust Fund. The amount recharged during the year ended 31 December 2020 was £0 (2019: £0 and the amount due to the Institution at the year end was £0 (2019: £0))

Whitworth Scholarship's Fund

Notes to the Financial Statements (continued) For the year ended 31 December 2020

12 Expenditure on charitable activities

	2020	2019
	£	£
Scholarships	208,338	158,486
Prizes administration	-	-
Total	<u>208,338</u>	<u>158,486</u>

Scholarships in both 2019 and 2020 were awarded to the individuals, studying engineering either part-time or full-time, and intended for their educational needs.

The total amounts incurred in respect of audit fees in 2020 were £4,000 (2019: £2,250).

13 Financial Instruments

	2020	2019
	£	£
Financial assets measured at amortised cost	176,154	191,207
Financial assets measured at fair value	6,544,574	6,947,120