

Form AR27

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for an Employers' Association

Name of Employers' Association:	West Midlands Employers		
Year ended:	31st March 2020		
List No:	CO254E		
Head or Main Office:	PO Box 16725		
	c/o Sandwell Council House		
	Oldbury		
	West Midlands		
Postcode	B69 9FH		
Website address (if available)	www.wmemployers.org.uk		
Has the address changed during the year to which the return relates?	Yes	<input type="checkbox"/>	No <input checked="" type="checkbox"/> ('X' in appropriate box)
General Secretary:	Rebecca Davis, CEO		
Contact name for queries regarding the completion of this return:	Sharon Phillips, Assistant Director Finance & Governance		
Telephone Number:	0121 569 2070		
E-mail:	finance@wmemployers.org.uk		

Please follow the guidance notes in the completion of this return

Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 0330 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: returns@certoffice.org

For Employers' Associations based in Scotland: ymw@tcyoung.co.uk

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Return of Members

(see note 9)

Number of members at the end of the year				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (Including Channel Islands)	Totals
46				46

Change of Officers

Please complete the following to record any changes of officers during the twelve months covered by this return.

Position held	Name of Officer ceasing to hold office	Name of Officer appointed	Date of Change

Officers in post

(see note 10)

Please complete list of all officers in post at the end of the year to which this form relates.

Name of Officer	Position held
Cllr Kenneth Meeson	WME Management Board, Chair
Cllr Tristan Chatfield	WME Management Board, Vice Chair
Cllr Philip Atkins	WME Management Board
Cllr Roger Phillips	WME Management Board
Cllr Geoffrey Denaro	WME Management Board
Cllr Wasim Ali	WME Management Board
Cllr Tony Jefferson	WME Management Board
Rebecca Davis	WME Chief Executive

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
	From Members	Subscriptions, levies, etc	262,915	262,915
	Investment income	Interest and dividends (gross)		
		Bank interest (gross)	7,031	7,031
		Other (specify)		
		Total Investment Income	7,031	7,031
	Other Income	Rents received		
		Insurance commission		
		Consultancy fees	552,234	552,234
		Publications/Seminars	27,582	27,582
		Miscellaneous receipts (specify)		
374,092		Jobs board	429,676	429,676
372,941		E recruitment fees	359,394	359,394
124,107		Coaching and mentoring	90,937	90,937
194,012		Leadership, OD	172,190	172,190
		Total of other income		1,632,013
		Total income		1,901,959
		Interfund Transfers IN		
	Expenditure			
	Administrative expenses	Remuneration and expenses of staff	290,457	290,457
		Occupancy costs	26,704	26,704
		Printing, Stationery, Post	1,811	1,811
		Telephones	6,181	6,181
		Legal and Professional fees	10,739	10,739
		Miscellaneous (specify)		
20,935		ICT & office equipment expenses	40,210	40,210
		Total of Admin expenses		376,102
	Other Charges	Bank charges		
		Depreciation		
		Sums written off		
		Affiliation fees		
		Donations		
		Conference and meeting fees	3,341	3,341
		Expenses	9,421	9,421
		Miscellaneous (specify)		
1,420,579		Consultancy and Direct costs	1,501,003	1,501,003
2,678		Publishing and marketing materials	11,438	11,438
		Total of other charges		1,525,203
		Taxation		
		Total expenditure		1,901,305
		Interfund Transfers OUT		
		Surplus/Deficit for year		654
		Amount of fund at beginning of year		-5,263,267
		Amount of fund at end of year		-9,607,299

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

Account 2		Fund Account	
Name of account:		£	£
Income			
From members			
Investment income			
Other Income (specify)			
	Total Income		
Interfund Transfers IN			
Expenditure			
Administrative expenses			
Other expenditure (specify)			
	Total Expenditure		
Interfund Transfers OUT			
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

Account 3		Fund Account	
Name of account:		£	£
Income			
From members			
Investment income			
Other income (specify)			
	Total Income		
Interfund Transfers IN			
Expenditure			
Administrative expenses			
Other expenditure (specify)			
	Total Expenditure		
Interfund Transfers OUT			
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

Account 6		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
		Total Income	
	Interfund Transfers IN		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
			Total Expenditure
	Interfund Transfers OUT		
			Surplus (Deficit) for the year
			Amount of fund at beginning of year
			Amount of fund at the end of year (as Balance Sheet)

Account 7		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
		Total Income	
	Interfund Transfers IN		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
			Total Expenditure
	Interfund Transfers OUT		
			Surplus (Deficit) for the year
			Amount of fund at beginning of year
			Amount of fund at the end of year (as Balance Sheet)

Balance Sheet as at [31 March 2020]

(see notes 19 and 20)

Previous Year		£	£
	Fixed Assets (as at Page 8)		
	Investments (as per analysis on page 9)		
	Quoted (Market value £) as at Page 9		
	Unquoted (Market value £) as at Page 9		
	Total Investments		
	Other Assets		
	Sundry debtors		
	Cash at bank and in hand	946,497	946,497
	Stocks of goods		
	Others (specify)		
266,882	Income receivable	357,784	
52,215	Prepayments	60,054	
928	Staff loans	1,152	
12,202	Other debtors (VAT asset)	9,691	
	Total of other assets	1,375,178	1,375,178
	Total Assets		1,375,178
	Revenue Account/ General Fund		
39,384	Revaluation Reserve		
	General fund	39,384	
627,019	Designated fund	595,101	#
178,330	WMC liability reserve	159,216	#
-6,108,000	Pension reserve	-10,401,000	#
	Liabilities		
	Creditors balances	225,250	
	Other project funds	108,962	
	Accrued expenses and deferred income	247,265	
	Pension scheme liabilities	10,401,000	
	Total Liabilities		10,982,477
	Total Assets		1,375,178

Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
Cost or Valuation				
At start of period		35,535		35,535
Additions during period				
Less: Disposals				
Less: Depreciation		-35,535		-35,535
Total to end of period				
Book Amount at end of period				
Freehold				
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
Total of Fixed Assets				

Analysis of Investments

(see note 22)

Quoted		Other Funds
	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	Total Quoted (as Balance Sheet)	
	Market Value of Quoted Investments	
Unquoted	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted investments (to be specified)	
	Total Unquoted (as Balance Sheet)	
	Market Value of Unquoted Investments	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

Analysis of investment income (Controlling interests)

(see note 23)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?

Yes		No	X
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If Yes name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)

Incorporated Employers' Associations

Are the shares which are controlled by the association registered in the association's name

Yes		No	X
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If NO, please state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders

Unincorporated Employers' Associations

Are the shares which are controlled by the association registered in the names of the association's trustees?

Yes		No	X
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If NO, state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders

Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
	£	£
Income		
From Members	262,915	262,915
From Investments	7,031	7,031
Other Income (including increases by revaluation of assets)	1,632,013	1,632,013
Total Income	1,901,959	1,901,959
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	6,245,991	6,245,991
Funds at beginning of year (including reserves)	-5,263,267	-5,263,267
Funds at end of year (including reserves)	-9,607,299	-9,607,299
ASSETS		
Fixed Assets		
Investment Assets		
Other Assets		1,375,178
Total Assets		1,375,178
Liabilities		
Total Liabilities		10,982,477
Net Assets (Total Assets less Total Liabilities)		-9,607,299

Notes to the accounts

(see note 34)

All notes to the accounts must be entered on or attached to this part of the return.

See tab P12-1 (the form will not allow an object to be embedded to this return, or copied into the cells)

WEST MIDLANDS EMPLOYERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2a	Surplus/(deficit) per service centre	2020	2019
		£	£
	Employers Services (REO)	105,749	129,585
	Consultancy Services	62,527	2,939
	Jobs Board Services	77,484	73,372
	e-Recruitment Platform	(116,987)	(80,394)
	Coaching & Mentoring Pool	5,128	27,436
	Leadership & OD Prods/Services	(68,172)	(72,958)
	Events	(65,075)	(28,538)
		<u>654</u>	<u>51,442</u>
		<u><u>654</u></u>	<u><u>51,442</u></u>
2b	Overhead costs	2020	2019
		£	£
	Staff costs	290,457	256,006
	Travel and subsistence	9,421	6,993
	Establishment expenses	26,704	26,688
	ICT & office equipment expenses	40,210	20,935
	Professional fees; audit, legal, etc	10,739	9,506
	Copying, stationery and postage	1,811	1,659
	Publishing and marketing materials	11,438	2,678
	Meetings and hospitality	3,341	874
	Communication costs	6,181	4,075
		<u>400,302</u>	<u>329,414</u>
		<u><u>400,302</u></u>	<u><u>329,414</u></u>

In 2020 overheads are apportioned across cost centres.

WEST MIDLANDS EMPLOYERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3	Tangible fixed assets	Office equipment £	Total £
	Cost		
	At 31 March 2019 and 31 March 2020	35,535	35,535
		<hr/>	<hr/>
	Depreciation		
	At 31 March 2019 and 31 March 2020	35,535	35,535
		<hr/>	<hr/>
	Net book value		
	31 March 2020	-	-
		<hr/>	<hr/>
	31 March 2019	-	-
		<hr/>	<hr/>

4	Project Funds held on account	01/04/19 Total £	Income £	Expenditure £	Transfers £	31/03/20 Total £
	Epaycheck	68,512	2,800	(9,407)	(13,456)	48,449
	Public Health England	1,001	-	-	-	1,001
	Regional Monitoring Funds	30,557	-	-	-	30,557
	NHS Grant for XPS*	14,209	-	-	(14,209)	-
	CM Pilot Fund*	-	-	(4,772)	33,727	28,955
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		114,279	2,800	(14,179)	6,062	108,962
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The project fund balances are held on account to support project activity in 2020-21.

*As a result of the early cessation of the XPS project in the previous year, the project balance and shareholder fund of £19,518 was repurposed in 2019-20 to the CM Pilot Fund. WME secured the authorisation of the grantor body, the NHS, to repurpose the project funds.

5(a)	General Reserve	£
	At 1 April 2019	39,384
	Net income before pension adjustments and exceptional items (page 9)	654
	Transfer to designated reserves (5b)	(654)
	At 31 March 2020	<hr/>
		39,384
		<hr/>

WEST MIDLANDS EMPLOYERS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5(b) WME Designated Reserves	01/04/19	Transfer (to)/from other reserve	Expenditure	Transfers to WME liability reserve	31/03/20
	£	£	£	£	£
WME Business Improvement	20,000	-	-	-	20,000
Operational Deficit	37,960	-	-	-	37,960
WME Severance Top Up Product/Service	241,284	-	(25,599)	-	215,685
Development funds (ex PLT)	251,967	-	-	-	251,967
GDPR Implementation	4,848	-	(911)	-	3,937
Project Reserve	19,518	(19,518)	-	-	-
Deficit Budget Reserve	51,442	14,110	-	-	65,552
	<u>627,019</u>	<u>(5,408)</u>	<u>(26,510)</u>	<u>-</u>	<u>595,101</u>
 					£
5(c) WMC Severance Liability Reserve					
At 31 March 2019					178,330
Expenditure in the year					(19,114)
At 31 March 2020					<u>159,216</u>

6 Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Land and buildings		
Not later than one year	18,920	18,920
	<u>18,920</u>	<u>18,920</u>

WEST MIDLANDS EMPLOYERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7 Pension scheme – Local Government Pension Scheme

WME via its host employer Staffordshire County Council operates a defined benefit pension scheme in the UK for all qualifying employees.

In June 2012 the organisation ceased to be an employing body when it completed a TUPE transfer of its staff to Staffordshire County Council who now acts as host employer. WME (WMC) therefore now has a liability to the WMPF for past pension liabilities and to the SPF for ongoing pension commitments.

The funding of the scheme is assessed in accordance with advice received from independent actuaries.

7a West Midlands Pension Fund

An actuarial valuation as at 1 June 2012 was completed in relation to the WMPF in order that the actuary could provide calculations and valuations to form the basis of a planned buy-out and settlement of the liability as at 1 June 2012.

Subsequent to this valuation, the member authorities were informed of their liabilities in respect of the WMPF and invoices for contributions for the period to 31 March 2016 were raised and issued to them. Contributions have been collected and paid over to the WMPF.

Future contributions from April 2016 onwards are calculated by the actuary. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The most recent actuarial valuation of the fund was carried out as at 31 March 2018 and will set contributions for the period from April 2018 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial assumptions.

	At year end 31/03/20 £'000	At year end 31/03/19 £'000
Amounts recognised in the balance sheet		
Present value of obligations	(17,897)	(18,294)
Fair value of plan assets	8,893	12,213
Funded status	(9,004)	(6,081)
Net amount recognised as a liability	(9,004)	(6,081)
Components of pension cost		
Interest cost	432	467
Expected return on assets	(293)	(306)
Total pension cost recognised in the revenue account	139	161

WEST MIDLANDS EMPLOYERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7a West Midlands Pension Fund (continued)

	At year end 31/03/20 £'000	At year end 31/03/19 £'000
Remeasurement of the net assets/(defined liability)	(3,295)	384
Admin expenses	(8)	(5)
	At year end 31/03/20 £'000	At year end 31/03/19 £'000
Change in benefit obligations		
Benefit obligations at beginning of year	18,294	18,535
Interest cost	(432)	(467)
Change in financial and demographic assumptions	878	(246)
Experience (gain)/loss on defined benefit obligation	(600)	-
Benefits paid	(551)	(462)
Benefit obligation at end of year	17,897	18,294
	At year end 31/03/20 £'000	At year end 31/03/19 £'000
Changes in plan assets		
Fair value of assets at beginning of year	12,213	12,217
Return of assets less interest	(795)	138
Interest on assets	293	306
Other actuarial gains/(losses)	(2,778)	-
Employer contribution	519	19
Admin expenses	(8)	(5)
Benefits paid	(551)	(462)
Fair value of assets at end of year	8,893	12,213

WEST MIDLANDS EMPLOYERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7a West Midlands Pension Fund (continued)

Expected return on assets

For accounting years beginning on or after 1 January 2016, the expected return and the interest cost has been placed with a single net interest cost, which effectively sets the expected return equal to the discount rate.

Weighted average assumptions used to determine benefit obligations at:

	31/03/20	31/03/19
Discount rate	2.35%	2.40%
Rate of pension increase	1.95%	2.45%
CPI inflation assumption	1.95%	2.45%
Further life expectancies from age 65:		
<i>Retiring today</i>		
Males	21.9	20.9
Females	24.1	23.2
<i>Retiring in 20 years</i>		
Males	23.8	22.6
Females	26.0	25.0

Five Year History	31/03/20	31/03/19	31/03/18	31/03/17	31/03/16
	£'000	£'000	£'000	£'000	£'000
Benefit obligation at end of year	17,897	18,294	18,535	22,117	18,143
Fair value of plan asset at end of year	8,893	12,213	12,217	16,773	14,105
Deficit	<u>(9,004)</u>	<u>(6,081)</u>	<u>(6,318)</u>	<u>(5,344)</u>	<u>(4,038)</u>

WEST MIDLANDS EMPLOYERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 20120

7(b) Staffordshire Pension Fund	At year end 31/03/20 £'000	At year end 31/03/19 £'000
Amounts recognised in the balance sheet		
Present value of funded obligations	(8,204)	(8,293)
Fair value of plan assets	6,807	8,266
	(1,397)	(27)
Funded status	(1,397)	(27)
Net amount recognised as a (liability)/asset	(1,397)	(27)
Components of pension cost		
Current service cost	296	182
Past service cost	13	-
Interest cost	211	200
Expected return on assets	(209)	(202)
	311	180
Total pension cost recognised in the revenue account	311	180
	(1,270)	(118)
Total remeasurements recognised in the revenue account	(1,270)	(118)
	At year end 31/03/20 £'000	At year end 31/03/19 £'000
Changes in benefit obligations		
Benefit obligations at beginning of year	8,293	7,332
Current service cost	296	182
Past service cost	13	-
Interest cost	211	200
Member contributions	55	37
Changes in assumptions	(1,124)	601
Other experience	569	-
Benefits paid	(109)	(59)
	8,204	8,293
Benefit obligation at end of year	8,204	8,293

WEST MIDLANDS EMPLOYERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7(b) Staffordshire Pension Fund (continued)

	At year end 31/03/20 £'000	At year end 31/03/19 £'000
Changes in plan assets		
Fair value of assets at beginning of year	8,266	7,391
Expected return on assets	(1,825)	483
Interest income/(expense) on assets	209	202
Employer contribution	211	212
Member contributions	55	37
Benefits Paid	(109)	(59)
	6,807	8,266

Weighted average assumptions used to determine benefit obligations at:

	31/03/20	31/03/19
Discount rate	2.30%	2.50%
Rate of salary increase	2.20%	2.80%
Rate of pension increase	1.80%	2.40%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. for males and females. Based on these assumptions the average future life expectancies at age 65 are summarised below:

	At year end 31/03/20 £'000	At year end 31/03/19 £'000
<i>Current Pensioners</i>		
Males	21.2	22.1
Females	23.6	24.4
<i>Future Pensioners</i>		
Males	22.1	24.1
Females	25.0	26.4

WEST MIDLANDS EMPLOYERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7(b) Staffordshire Pension Fund (continued)

Life expectancies for the prior year end are based on the Fund's VitaCurves. The allowance for future life expectancies are shown below:

Period ended	Prospective Pensioners	Pensioners
31 March 2018	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long-term rate of 1.25% p.a.	CMI 2013 model assuming the current rate of improvements has peaked and will converge to a long-term rate of 1.25% p.a.

Note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are identical to those used to value the Obligations in the Employer's Opening Position.

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

8 Related party transactions

WME has entered into a lease agreement with the Borough Council of Sandwell (SMBC) to sub-let offices within the Council Buildings.

9 Contingent asset note

As at the balance sheet date, Staffordshire County Council acts as host employer for West Midlands Employers' staff who belong to the Staffordshire Pension Fund following a TUPE transfer. WME is responsible for all liabilities held by Staffordshire County Council in relation to WME staff.

West Midlands Employers and its 33 councils have signed a Supplemental Pensions Agreement with West Midlands Pension Fund in respect of the settlement of WME's past pension liabilities. Progress against the Supplemental Pension Agreement was reviewed in February 2018 and a further review will take place in 2026 (10 years before the planned end date of the Agreement) to consider progress and the level of deficit remaining.

Both liabilities are reflected in these financial statements.

10 Financial commitments

	2020	2019
	£	£
Contracted but not provided for in these financial statements	8,808	-
	8,808	-

Accounting policies



(see notes 35 & 36)

See tab P13-1 (the form will not allow an object to be embedded to this return, or copied into the cells)

Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

Secretary's Signature:		Chairman's Signature:	
			(or other official whose position should be stated)
Name:	Rebecca Davis	Name:	Cllr Ken Meeson
Date:	14.7.20	Date:	14.7.20

Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes	X	No	
Has the list of officers been completed? (see Page 2A)	Yes	X	No	
Has the return been signed? (see Note 37)	Yes	X	No	
Has the auditor's report been completed? (see Note 41)	Yes	X	No	
Is the rule book enclosed? (see Note 39)	Yes	X	No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes	X	No	

WEST MIDLANDS EMPLOYERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting Policies

General information

West Midlands Employers ("WME") is the regional employers' organisation (REO) for the West Midlands and is domiciled in the United Kingdom. The address of the registered office is shown on the general information page.

The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice as it applies from 1 April 2015, the Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Trade Union and Labour Relations (Consolidation) Act 1992.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Going concern

At the balance sheet date the organisation had a significant cash balance. At the time of signing these accounts, the members have considered the effect of the Coronavirus on the going concern position, and consider that this does indicate that the organisation will continue to operate for a period of at least 12 months from the date of signing the accounts due to the level of subscriptions already secured for the 2020/21 and 2021/22 financial years. The organisation has significant revenue reserves which can be re-purposed to assist finance short term deficits if required.

At the balance sheet date, the combined pension scheme deficits had moved £4,293,000 further into deficit. £10,390,000 was recognised in provisions at the balance sheet date. Although the combined pension scheme liabilities had decreased by £486,000, the combined pension scheme assets were significantly impacted by the effects of Coronavirus, which affected stock markets globally, contributing heavily to devaluation of the underlying scheme assets which totalled £4,779,000. Since the balance sheet date, there has been some recovery in global stock markets, an interim valuation has not been obtained.

b) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the organisation and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax.

c) Fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided at rates designed to write off the costs, less estimated residual values of the assets over their expected useful lives. The bases adopted are as follows:

Expenditure on office furniture and equipment	-	straight line over 10 years
Expenditure on computer equipment	-	straight line over 12 months

d) Operating leases

Rentals charged on operating leases are written off to the Income and Expenditure Account over the period of the lease.

WEST MIDLANDS EMPLOYERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting Policies (continued)

e) Pension costs and liabilities

The amount charged to the Income and Expenditure account as part of staff costs in respect of the defined benefit pension scheme comprises current and past service costs. All costs and gains and losses in respect of the pension scheme are shown within the Income and Expenditure account.

Pension assets are measured at fair value and pension liabilities are measured on an actuarial basis using the projected unit basis. Full actuarial valuations are obtained on a triennial basis and updated at each balance sheet date in the intervening years. The defined benefit pension asset or liability is presented separately on the balance sheet.

In 2011-12 WMC ceased to act as an employing body and executed a TUPE transfer of staff to Staffordshire County Council. WME (and WMC) therefore now has a liability to the West Midlands Pension Fund "WMPF" for past pension liabilities (being administered under a Supplemental Agreement) and to the Staffordshire Pension Fund "SPF" for ongoing pension commitments.

f) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

g) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible into known amounts of cash with insignificant risk of change in value.

h) Financial instruments

The Association enters into only basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

i) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

j) Special projects

In seeking to meet its objectives, WME manages various projects. The income and expenditure relating to these projects is not reflected within these accounts other than the financial contributions made by or to WME from these projects.

WEST MIDLANDS EMPLOYERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting Policies (continued)

k) Judgements in applying accounting policies and key sources of estimation uncertainty

WME makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the organisations accounting policies. 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.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The following are the organisation's key sources of estimation uncertainty:

Recoverability of trade debtors. Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain. Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyse historical bad debts, making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the Income and Expenditure account

Depreciation and residual values. Management have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

Checklist for auditor's report

(see notes 41 to 44)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate? (See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

Please explain in your report overleaf or attached.

2. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:

- a. kept proper accounting records with respect to its transactions and its assets and liabilities; and
- b. established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.

(See section 36(4) of the 1992 Act set out in note 43)

Please explain in your report overleaf or attached.


3. Your auditors or auditor must include in their report the following wording:

In our opinion the financial statements:

- **give a true and fair view of the matters to which they relate to.**
- **have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.**

Auditor's report (continued)

See tab P15-1 (the form will not allow an object to be embedded to this return, or copied into the cells)

Signature(s) of auditor or auditors:		
Name(s):	Simon Atkins	
Profession(s) or Calling(s):	FCA	
Address(es)	Park View One Central Boulevard Blythe Valley Business Park B90 8BG	
Date:	17 July 2020	
Contact name for enquiries and telephone number:		

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WEST MIDLANDS EMPLOYERS**

Opinion

We have audited the financial statements of West Midlands Employers ("the organisation") for the year ended 31 March 2020 which comprise the Income and Expenditure account, the Balance Sheet, and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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.'

In our opinion, the financial statements:

- give a true and fair view of the state of the organisation's affairs as at 31 March 2020 and of the income and expenditure, for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

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

Conclusions relating to going concern

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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the organisation'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 members are responsible for the other information. The other information comprises the information included in the Report of the Management Board, other than the financial statements and our audit 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WEST MIDLANDS EMPLOYERS**

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the organisation and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Board.

We have nothing to report in respect of the following matters in relation to which the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the organisation, or returns adequate for our audit have not been received from branches not visited by us; or
- the organisation's financial statements are not in agreement with the accounting records and returns; or
- a satisfactory system of control over transactions has not been maintained throughout the year; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Statement of WME Full Member Body Responsibilities set out on page 1, the members 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 members 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 members are responsible for assessing the organisation'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 members either intend to liquidate the organisation 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

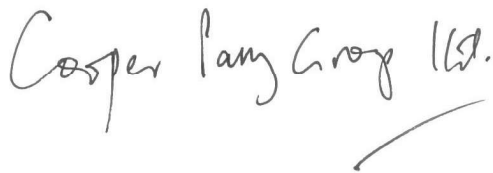
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WEST MIDLANDS EMPLOYERS**

- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report is made solely to the REO's members, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the REO's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the REO and the REO's members as a body, for our audit work, for this report, or for the opinions we have formed.



COOPER PARRY GROUP LIMITED
Chartered Accountants
Statutory Auditors

Date: 14 July 2020

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