

Company Registration No. 4444278 (England and Wales)

WEST LONDON ACADEMY
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2005



Saffery Champness
CHARTERED ACCOUNTANTS

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WEST LONDON ACADEMY

LEGAL AND ADMINISTRATIVE INFORMATION

Governors

* = members of the Finance and General
Purposes committee

Chair	Professor Alec Reed CBE FCMA FCIPD
Clerk	Rachel Grogan

Company Directors/Governors

Louise Allanach (Resigned 7 Sep 2005)
*Derek Beal BA ACA
Lawrence Carter MA MICPD
Professor Chris Husbands MA PhD PGCE
Tom Lovell BA(Hons)
Alec Reed CBE FCMA FCIPD
Dr Caroline Whalley DEd
Parent Governor (To be Elected)
Staff Governor (To be Appointed)

Secretary

Louise Allanach (Resigned 7 Sep 2005)
Christine Priestley (Appointed 7 Sep 2005)

Registered office

6 Sloane Street
London
SW1X 9LE

020 7201 9980

Company registration number

4444278

Charity registration number

1094171

Auditors

Saffery Champness
Lion House
Red Lion Street
London
WC1R 4GB

Bankers

HSBC
202 Sloane Street
London
SW1X 9RG

Solicitors

Wilsons
Steynings House
Fisherton Street
Salisbury, SP2 7RJ

WEST LONDON ACADEMY

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2005

The Governors' present their report and the audited financial statements for the year ended 31 August 2005. The Academy commenced operation on 1 September 2003.

Constitution and principal activities

The Academy is a company limited by guarantee (no 4444278) and a registered charity (no 1094171). The company's memorandum and articles of association are the primary governing documents of the Academy. Members of the company are nominated by Alec Reed CBE, the main sponsor of the Academy. The articles of association require the members of the company to appoint at least 3 and not more than 15 governors to be responsible for the affairs of the company and the management of the Academy.

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of foregoing by establishing, maintaining carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to, enterprise and sport.

Organisation and objectives

The sole activity of the Trust is the operation of the West London Academy to provide education for pupils of different abilities between the ages of 3 and 19 with an emphasis on enterprise. The main objectives of the Academy are summarised below:

- introduce an exciting curriculum and a broad range of qualifications
- embed good practice in all our teaching and learning
- develop programmes for employability and enterprise skills
- teach and practice emotional intelligences
- encourage creativity and broaden students' cultural awareness
- improve students' independence and involvement
- ensure the sports specialism impacts across the curriculum
- offer excellent development opportunities for staff
- provide personal learning plans for all staff and students
- work with other providers for community regeneration
- place the Academy at the heart of an enterprise network.

**GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2005**

Organisation and objectives (continued)
SCHOOL ACTION – PRIORITIES 2004 /05:

- Raising achievement at GCSE, with a minimum target of 30% in all subjects
- Improving teaching and learning, with a particular emphasis on classroom management
- Improving behaviour out of class.
- Creating better provision for vulnerable and disaffected students
- Putting clear information and communication systems in place
- Firming up schemes of work, resources and assessment.
- Providing all staff with individual training plans
- Improving attendance to an average of 90%.
- Developing student involvement

Management Structures:

During the year, a new management structure was developed in order to cope with a much broader age range of students within the Academy, together with inclusion of some of the John Chilton School students within the Secondary School. The management structure also took into account the completion of the new building and which, with effect from September 2005 accommodates, Primary School, High School and John Chilton School

Developments, activities and achievements

This was the second year of operation for the Academy. It was again able to recruit a full complement of 180 students in Year 7, which meant that Year 7 and Year 8 had 70 to 180 students. However, higher years, 9, 10 and 11 only had 100 to 120 students in each of the years. Furthermore, integration of the Primary School (previously Northolt Primary), meant that additional 360 students joined the Academy.

To ensure that standards are raised the Academy operates a programme of observation of lessons, visits from inspectors, comparison for results from entry to Key Stage 3 to GCSE and from GCSE to A Level to assess the added value. The Academy also participates in national programmes looking at added value through the key stages.

One of the main objectives of the Academy development plan is to provide the opportunity for enterprise education to a greater number of students. To achieve this we are in the process of drawing up a community development plan, based on an identification and analysis of need. The aim is to establish ways to benefit the wider community (from links with mainly local secondary and primary schools) and direct access to the Academy's specialist facilities, curricular material and the expertise of Academy staff.

**GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2005**

Policies

The Governors have set the following policy objectives.

Reserves policy

The Governors have reviewed the reserves of the school. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors will meet shortly to decide the appropriate level of reserves which are not invested in tangible fixed assets. The policy is likely to be to continue to build up reserves to the set levels.

Tangible fixed assets are held for use by West London Academy. The Academy has a number of designated and restricted funds. The purpose of these funds is set out in note 1.3.

Investments policy

The Governors' investment powers are governed by the memorandum and articles of association, which permit the Academy's fund to be held in or upon such investments, securities or property as may be thought fit, to hold the same as investments and to sell, exchange, carry and dispose of the same. The Governors can also delegate the management of investments to a financial expert only where the investment policy is set down in writing by the Governors and where every transaction is reported promptly to the Governors.

Risk management

The Governors confirm that they are in the process of assessing the major risks to which the Academy is exposed, and that these risks will be regularly reviewed and that systems have already been established to mitigate those risks.

Statement of governors' responsibilities for the financial statements

Company law requires the governors' to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that Year. In preparing these financial statements, the governors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standard; and
- prepared the financial statements on the going concern basis.

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on the system of internal financial controls

As Governors, we acknowledge we have overall responsibility for ensuring that West London Academy has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- the Academy is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;

WEST LONDON ACADEMY

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2005

- the proper records are maintained and financial information used within the Academy or for publication is reliable;
- the charity complies with relevant law and regulations.

The Academy'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 yearly financial reports which are reviewed and agreed by the governing body;
- regular reviews 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.

Legal status

The Academy is a company limited by guarantee and a registered charity. The company does not have a share capital. Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up while he/she is a member, or within one year after he/she ceases to be a member such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

Equal opportunities

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

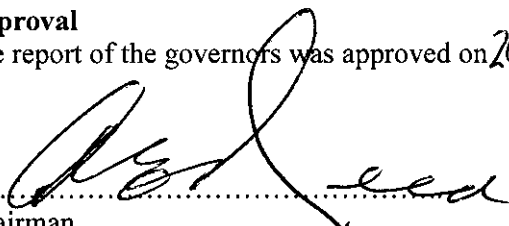
The new school building is fully accessible to disabled persons. Inclusion underpins the educational and social ethos of the Academy.

Auditors

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

Approval

The report of the governors was approved on 20 December 2005 and signed on its behalf by:


.....
Chairman

**AUDITORS' REPORT TO THE MEMBERS OF WEST LONDON ACADEMY
FOR THE YEAR ENDED 31 AUGUST 2005**

We have audited the financial statements on pages 10 to 27 which have been prepared on the basis of the accounting policies set out on pages 15 to 17.

Respective responsibilities of governors and auditors

The Trustees who are also directors of West London Academy for the purpose of Company Law are responsible for preparing the Annual Report. As described on page 6, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We review whether we are satisfied that the Academy's systems of internal controls are such as to comply with the obligations placed on the Governing Body by the Secretary of State for Education and Skills.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

WEST LONDON ACADEMY

**AUDITORS' REPORT TO THE MEMBERS OF WEST LONDON ACADEMY
FOR THE YEAR ENDED 31 AUGUST 2005**

Opinion

In our opinion:

- a) the financial statements give a true and fair view of the state of affairs of the Academy at 31 August 2005, and of its incoming resources and application of resources including its income and expenditure, cash flows and recognised gains and losses in the year then ended and have been properly prepared in accordance with the Companies Act 1985;
- b) the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education and Skills in respect of the relevant financial year;
- c) proper accounting records have been kept by the Academy throughout the financial year;
- d) grants made by the Department for Education and Skills have been applied for the purposes intended;

Saffery Champness

Saffery Champness

Chartered Accountants and Registered Auditors

Lion House

Red Lion Street

London

WC1R 4GB

21.12. 2005

WEST LONDON ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2005

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2005 £	Total 2004 £
Incoming resources						
Activities in furtherance of the charity's objectives:						
Grants receivable		-	7,893,240	20,593,738	28,486,978	23,164,021
Donations and gifts in kind	5,6	721	-	1,700,169	1,700,890	3,792
Investment income	6	76,065	-	-	76,065	20,826
Other income	6	89,180	-	-	89,180	152,450
Activities for generating funds:						
Hire of facilities	6	8,988	-	-	8,988	1,671
Total incoming resources		<u>174,954</u>	<u>7,893,240</u>	<u>22,293,907</u>	<u>30,362,101</u>	<u>23,342,760</u>
Charitable expenditure						
Costs of activities in furtherance of charitable objectives:						
Provision of education		63,780	5,585,250	4,152,316	9,801,346	8,111,049
Academy set-up + new building costs		-	36,400	-	36,400	557,967
Support costs		-	1,540,604	600,950	2,141,554	1,615,031
Management and administration		-	18,445	54,325	72,770	63,260
Total resources expended	7,8	<u>63,780</u>	<u>7,180,699</u>	<u>4,807,591</u>	<u>12,052,070</u>	<u>10,347,307</u>
Net incoming/(outgoing) resources before transfers		111,174	712,541	17,486,316	18,310,031	12,995,453
Transfers between funds:						
Fixed assets purchased		-	-	-	-	-
Net movement in funds		<u>111,174</u>	<u>712,541</u>	<u>17,486,316</u>	<u>18,310,031</u>	<u>12,995,453</u>
Fund balances brought forward at 1 September 2004	16	30,130	515,792	15,515,144	16,061,066	3,065,613
Fund balances carried forward at 31 August 2005	17	<u>141,304</u>	<u>1,228,333</u>	<u>33,001,460</u>	<u>34,371,097</u>	<u>16,061,066</u>

The Statement of Financial Activities analyses all the capital and income resources and expenditures of the West London Academy during the year and reconciles the movements in funds. Further analysis of income and expenditure for the year is shown on page 11 and the overall financial position at the year-end is summarised in the balance sheet on page 12.

WEST LONDON ACADEMY**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2005**

	Notes	2005 £	2004 £
Income			
DfES General Annual Grant	2	6,867,038	4,985,285
DfES Capital grants	3	16,437,669	5,995,362
Other DfES grants	3	-	491,274
Other Government grants	4	5,182,271	2,268,058
LBE Compton transfer	4	-	9,312,200
Private sector sponsorship	5	1,700,169	111,842
Other income	6	174,954	178,739
Total income		<u>30,362,101</u>	<u>23,342,760</u>
Expenditure			
General Annual Grant related expenditure		6,707,703	4,554,872
Other DfES grant related expenditure		37,426	420,163
Other government grant expenditure		435,567	670,811
Private sector sponsorship expenditure		-	111,842
Depreciation and profit or loss on disposal of fixed assets		4,807,591	4,452,710
Other expenditure		63,783	136,909
Total expenditure	7	<u>12,052,070</u>	<u>10,347,307</u>
Excess of income over expenditure		<u>18,310,031</u>	<u>12,995,453</u>
Net transfer to/(from) funds			
Unrestricted funds		111,174	29,199
Restricted fixed assets funds		17,486,316	12,456,138
Restricted general funds		712,541	510,116
	16	<u>18,310,031</u>	<u>12,995,453</u>

The Income and Expenditure account is derived from the Statement of Financial Activities on page 10 which, together with the notes to the accounts on pages 15 to 27 provides full information on the movements during the Year on all the funds of the West London Academy.

All items dealt with in arriving at the excess of income over expenditure in both years relate to continuing operations.

The company has no recognised gains or losses other than those included in the above results and therefore no separate statement of gains and losses has been presented.

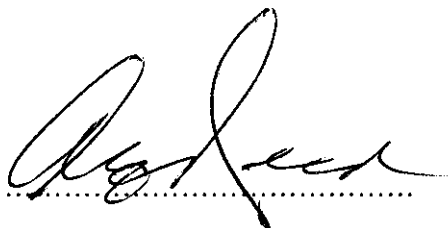
WEST LONDON ACADEMY

BALANCE SHEET AS AT 31 AUGUST 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	12	32,783,339	15,515,144
Current assets			
Stock	13	-	5,880
Debtors	14	2,919,240	153,638
Cash at bank and in hand		<u>1,795,417</u>	<u>1,352,145</u>
		4,714,657	1,511,663
Creditors: Amounts falling due within one year	15	<u>3,126,899</u>	<u>965,741</u>
Net current assets		1,587,758	545,922
Net assets		<u>34,371,097</u>	<u>16,061,066</u>
Funds			
Unrestricted funds		141,304	30,130
Restricted general funds		1,228,333	515,792
Restricted fixed asset funds		<u>33,001,460</u>	<u>15,515,144</u>
	17	<u>34,371,097</u>	<u>16,061,066</u>

The notes on pages 15 to 27 form part of these financial statements.

The financial statements were approved by the Board on 20/12/05 and signed on its behalf by:



Chairman

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2005

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WEST LONDON ACADEMY

NOTES TO THE CASHFLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2005

	Notes	2005 £	2004 £
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		443,272	1,340,706
Net funds brought forward 1 September 2004		<u>1,352,145</u>	<u>11,439</u>
Net funds at 31 August 2005		<u>1,795,417</u>	<u>1,352,145</u>
 Analysis of changes in net funds			
Cash at bank and in hand		<u>1,795,417</u>	<u>1,352,145</u>
Total		<u>1,795,417</u>	<u>1,352,145</u>

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

1. Accounting Policies

1.1. Format of accounts

The standard format for the accounts as required by the Companies Act 1985 schedule 4 part I has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities,' effective October 2000, and reflects the activities of the company.

1.2. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.3. Fund accounting

General Funds are those monies which may be used towards meeting the objectives of the West London Academy at the discretion of the Governors. Designated Funds comprise amounts set aside by Governors out of the General Fund, for specific purposes.

Restricted Funds comprise grants from DfES and other Government departments to be used for specific purposes.

1.4. Grants receivable

Fixed asset grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not matched to relevant expenditure during the Year is shown in the restricted income fund on the balance sheet. The annual recurrent grant from DfES which is intended to meet recurrent costs, is credited direct to the statement of financial activities.

1.5. Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and receivable by the balance sheet date.

1.6. Donated services and gifts in kind

The value of donated services and gifts in kind provided to the West London Academy is recognised in the statement of financial activities at their value to the WLA, as determined by the Governors, in the year in which they are receivable, and where the benefit is both quantifiable and material.

1.7. Sponsorship

The value of sponsorship provided to the West London Academy is recognised in the statement of financial activities in the year in which it is receivable.

1.8. Costs of generating funds

The costs of generating funds include all expenditure attributable to those activities. They are included in the financial statements on an accruals basis.

1.9. Management and administration

Management and administration costs include expenditure on administration of the West London Academy and compliance with constitutional and statutory requirements, and an appropriate apportionment of indirect costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2005

1. **Accounting Policies** (continued)

1.10. **Allocation of costs**

Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned, these include:

Cost category	Basis of apportionment
Maintenance of premises	Capacity of accommodation utilised
Other occupancy costs	Capacity of accommodation utilised
Depreciation	Capacity of accommodation utilised

1.11. **Tangible fixed assets**

Tangible fixed assets are included in the accounts at cost. 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. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet) and are released over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets are capitalised where their cost is over £500 or where they belong to an appropriate group of items costing more than £500. Items of less than this value are taken to the SOFA in the year of purchase.

1.12. **Depreciation**

Depreciation is provided on the cost of tangible fixed assets, to write them off over their expected useful lives. No depreciation is provided on freehold land. The expected lives of assets held are:

Furniture and equipment	4 years
Computer equipment and software	3 years

On 1st September 2003 the land and buildings occupied by the former Compton High School was transferred to the trust from the London Borough of Ealing. This building has been demolished in September 2005 and so has been written off over two years.

1.13. **Leased assets**

Rentals payable under operating leases are charged to the income and expenditure account as incurred.

1.14. **Stocks**

Stocks are valued at the lower of cost or net realisable value.

1.15. **Taxation**

The company is a registered charity and as such is exempt from Income and Corporation taxes under the provisions of the Income and Corporation Taxes Act 1988. The cost of Value Added Tax incurred by the company has been included in the Statement of Financial Activities and the Income and Expenditure Account.

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

1. Accounting Policies (continued)

1.16. Pensions

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department of Education and Skills. Other staff employed under a contract of service are eligible to contribute to the Local Government Pension Scheme (LGPS), which is also a final salary scheme.

Both schemes are multi employer schemes and therefore it is not possible to identify the assets and liabilities attributable to the West London Academy. Therefore in accordance with FRS 17 the schemes are accounted for as defined contribution schemes.

The West London Academy contributes to the TPS at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. The applicable rate from April 2004 was 13.5% and the contributions made in the year under review amounted to £322,336. The WLA contributes to the LGPS at rates set by the Scheme Actuary and the applicable rate from April 2004 was 18.3% which fell to 12.3% from April 2005. The amount of WLA contributions to the LGPS made in the year under review amounted to £138,134.

2. General Annual Grant

	GAG £	Start up £	Total 2005 £	Total 2004 £
Maximum annual per capita grant permitted	6,176,546	690,492	6,867,038	4,985,285
Carry over from previous year	20,557	292,266	312,823	-
Total GAG available to spend	6,197,103	982,758	7,179,861	4,985,285
Net GAG revenue expenditure	6,403,789	303,913	6,707,702	4,553,022
Fixed assets purchased from GAG	-	-	-	119,440
Underspent GAG	(206,686)	678,845	472,159	312,823

3. Other DfES grants

	2005 £	2004 £
Capital grants	16,437,669	5,995,362
Implementation grant	-	305,528
Other grants (non fixed asset capital grant)	-	185,746
	16,437,669	6,486,636

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

4. Other government grants

	2005 £	2004 £
London Borough of Ealing		
transfer of Compton High School – land and buildings	-	8,752,068
transfer of Compton High School – other assets	-	560,132
	-	9,312,200
London Borough of Ealing Capital Grants	4,156,070	1,446,982
Standards Funds	772,625	584,287
Sports college funds	253,576	236,789
	5,182,271	11,580,258

5. Private sector sponsorship

	2005 £	2004 £
Alec Reed – grant	1,700,169	111,842

6. Other income

	2005 £	2004 £
Donations and gifts in kind	721	3,792
Interest receivable	76,065	20,826
Miscellaneous income	89,180	152,450
Lettings income	8,988	1,671
	174,954	178,739

7. Total resources expended	Staff costs £	Deprecia- tion £	Other costs £	Total 2005 £	Total 2004 £
Provision of education	4,773,756	4,152,316	875,274	9,801,346	8,111,049
Academy set-up costs	-	-	36,400	36,400	556,967
Support costs	1,134,194	600,950	406,410	2,141,554	1,615,031
Management and administration	-	54,325	18,445	72,770	63,260
	5,907,950	4,807,591	1,336,529	12,052,070	10,346,307

WEST LONDON ACADEMY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2005****8. Cost of activities in furtherance of charitable objectives**

	2005	2004
	£	£
Provision for education costs		
Teaching and educational support staff	4,773,756	3,539,599
Consultancy	87,430	55,082
Books, apparatus, stationery and equipment	348,464	248,298
Advertising and recruitment	64,782	78,053
Exam fees	57,681	54,707
Maintenance	58,343	111,174
Occupancy costs	200,230	144,133
Other	18,595	34,484
Legal and professional fees	39,749	-
	<u>5,649,030</u>	<u>4,265,530</u>
Depreciation (charged to restricted fixed asset fund)	<u>4,152,316</u>	<u>3,845,519</u>
	<u>9,801,346</u>	<u>8,111,049</u>
Academy set-up costs	£	£
Project management fees	2,820	278,024
Legal and professional fees	33,580	67,678
Staff costs and recruitment	-	174,486
School uniform	-	632
Publicity	-	34,393
Stationery and consumables	-	2,754
	<u>36,400</u>	<u>557,967</u>
Depreciation (charged to restricted fixed asset fund)	-	-
Loss on asset disposal (charged to restricted fixed asset fund)	-	-
	<u>36,400</u>	<u>557,967</u>

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

8. Cost of activities in furtherance of charitable objectives (continued)

	2005 £	2004 £
Support costs		
Support staff	1,134,194	606,513
Advertising and recruitment	8,176	10,395
Maintenance costs	8,443	16,153
Occupancy costs	28,975	20,941
Postage, stationery, printing and consumables	34,138	32,801
Telephone	32,742	24,523
School meals	84,591	70,956
Cleaning and hygiene materials	11,127	13,937
Transport, travel and subsistence	6,258	1,829
Publications and subscriptions	1,926	3,566
Publicity	6,737	10,341
Equipment leasing	27,502	11,705
Furniture and equipment minor purchases	8,260	8,561
Technology costs	56,319	92,116
Staff training and development	44,570	96,383
Other expenditure	46,646	35,603
	<u>1,540,604</u>	<u>1,056,323</u>
Depreciation (charged to restricted fixed asset fund)	600,950	538,554
Loss on asset disposal (charged to restricted fixed asset fund)	-	20,154
	<u>2,141,554</u>	<u>1,615,031</u>
Management and administration	£	£
Audit and accountancy fees	15,089	9,281
Maintenance costs	756	1,455
Occupancy costs	2,600	1,887
Bank interest and charges	-	304
	<u>18,445</u>	<u>12,927</u>
Depreciation (charged to restricted fixed asset fund)	54,325	50,333
	<u>72,770</u>	<u>63,260</u>
Audit and accounting fees comprise	£	£
Current year statutory audit	10,281	8,500
Prior year under provision	3,015	-
Other work performed by the auditors	<u>1,763</u>	<u>787</u>

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

9. Staff costs

The average number of persons (including senior post holders) employed by the West London Academy during the year expressed as full time equivalents was:

	2005	2004
Teaching staff	87	70
Educational support	36	15
Other support staff	36	24
	<u>159</u>	<u>109</u>

	2005 £	2004 £
Wages and salaries	4,393,451	2,979,821
Social security costs	355,871	242,874
Pension costs	<u>460,469</u>	<u>413,963</u>
Direct staff costs	5,209,791	3,636,658
Freelance and other staff costs	<u>698,159</u>	<u>509,454</u>
Total staff costs	<u>5,907,950</u>	<u>4,146,112</u>

Five employees earned more than £50,000 p.a. during 2004/05. The total emoluments of these employees were in the following ranges.

	2005	2004
£50,001 - £60,000	3	3
£60,001 - £70,000	1	-
£90,001 - £100,000	1	1

All employees earning more than £50,000 participated in the Teachers' Pension Scheme. The total paid by the school into the scheme on behalf of these employees was £43,148 (2004: £36,804).

9.1. Pensions

	2005 £	2004 £
Pension costs comprise:		
Defined benefit scheme – Teachers' Pensions	322,335	297,560
Defined benefit scheme – LGPS	<u>138,134</u>	<u>116,403</u>
	<u>460,469</u>	<u>413,963</u>

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

9.1 Pensions (continued)

There are two pension schemes available to certain employees of the West London Academy, the Teachers' Pension Scheme (TPS), and the Local Government Pension Scheme (LGPS).

Both Schemes are unfunded schemes. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments.

Under the definitions set out in Financial Reporting Standard 17 *Retirement Benefits*, the Schemes are multi-employer pension schemes. The West London Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the WLA has taken advantage of the exemption in FRS 17, and has accounted for its contributions to the schemes as if they were defined contribution schemes. The WLA has set out below the information available on the schemes and the implications for the WLA in terms of the anticipated contribution rates.

The pensions cost are assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Teachers' Pension Scheme

Latest actuarial valuation	31 March 2001
Value of assets (estimated future contributions together with the proceeds from the notional investments held at valuation date)	£142,880 million

Local Government Pension Scheme

Latest actuarial valuation	31 March 2001
Value of assets (estimated future contributions together with the proceeds from the notional investments held at valuation date)	£365,528 million

For the TPS, contributions have remained at 13.5% from April 2004.

For the LGPS during the period from 1 April 2004 to 31 March 2005, the employer contribution was 18.3%. From 1 April 2005, the employer contribution decreased to 12.3%.

10. Emoluments of Governors

The governors of the West London Academy did not receive any direct payment from the WLA in the year. In respect of Governors who are members of the teaching staff neither were remunerated by the WLA directly in the year ended 31 August 2005. Details of emoluments paid to one trustee from the Reed Charity are disclosed in 10.1 below.

No out of pocket expenses were reimbursed to any Governors.

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

10. Emoluments of Governors (continued)

10.1 Interests in transactions

Alec Reed is Chairman of Reed Charity, to which the West London Academy paid £2,965 (2004: £58,572) during the year in respect of project management. The services were provided to the company at arm's length value and in full consultation with the DfES. Alec Reed is also a director of Reed Personnel, Reed Learning and Reed Training, to which the West London Academy paid £0 (2004: £633), £188 (2004: £0) and £467 (2004: £0) respectively for project management and training services, again in full consultation with the DfES.

Louise Allanach, a trustee of the West London Academy, received £33,333 remuneration for project management services directly from the academy. She also received £2,965 indirectly through Reed Charity.

Lawrence Carter and Derek Beal are also Governors of the West London Academy and directors of Reed Learning, Reed Training and trustees of Reed Charity.

11. Governors' and officers' insurance

Public liability insurance was purchased during the year to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on West London Academy business. This provides cover up to £10,000,000 and cost £9,704.

The WLA also provides fidelity insurance against any losses of money or goods resulting from fraud or dishonesty by WLA employees or governors. The insurance provides cover up to £250,000 and cost £660.

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

12. Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Computer equipment and software £	Assets under construction £	Total £
Cost acquired since incorporation					
At 1 September 2004	8,752,068	522,555	281,365	10,411,400	19,967,388
Capital expenditure	-	1,091,781	1,005,206	19,978,799	22,075,786
Disposals	-	-	-	-	-
At 31 August 2005	<u>8,752,068</u>	<u>1,614,336</u>	<u>1,286,571</u>	<u>30,390,199</u>	<u>42,043,174</u>
Depreciation					
At 1 September 2004	4,224,534	133,263	94,447	-	4,452,244
Charged in year	4,224,534	380,786	202,271	-	4,807,591
Disposals	-	-	-	-	-
At 31 August 2005	<u>8,449,068</u>	<u>514,049</u>	<u>296,718</u>	<u>-</u>	<u>9,259,835</u>
Net book value					
At 31 August 2005	<u>303,000</u>	<u>1,100,287</u>	<u>989,853</u>	<u>30,390,199</u>	<u>32,783,339</u>
At 31 August 2004	<u>4,527,534</u>	<u>389,292</u>	<u>186,918</u>	<u>10,411,400</u>	<u>15,515,144</u>

Land and Buildings represents the transfer of Compton High School amounting to £8,752,068 which includes the sum of £303,000 being the apportioned historic cost of the land.

This building has been demolished after the year end and so has been written off over two years.

Assets in the course of construction are represented by the new building on the West London academy site. It was brought into use during September 2005 and will be depreciated from that date.

The net book value at 31 August 2005 represents fixed assets used for:

	Land and buildings £	Furniture and equipment £	Computer equipment and software £	Assets under construction £	Totals £
Educational provision	261,701	953,321	854,935	30,390,199	32,460,156
Support services	37,875	134,782	123,732	-	296,389
Management and administration	3,424	12,184	11,186	-	26,794
	<u>303,000</u>	<u>1,100,287</u>	<u>989,853</u>	<u>30,390,199</u>	<u>32,783,339</u>

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

12. Tangible fixed assets (continued)

Source of funding for assets acquired (cumulative)

	£
DfES capital grants	25,445,444
Other Dfes grants	125,416
Other government grants	14,908,889
Private sector capital sponsorship	1,550,794
Other income	12,631
	<u>42,043,174</u>

13. Stock	2005 £	2004 £
Stocks for resale	-	5,880
	<u>-</u>	<u>5,880</u>
14. Debtors	2005 £	2004 £
Trade debtors	64,845	13,509
Capital project debtors	2,854,395	-
Prepayments	-	14,100
Sundry debtors	-	126,029
	<u>2,919,240</u>	<u>153,638</u>

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

15. Creditors: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	229,233	106,878
Sundry creditors and deferred income	-	693,653
Accruals	2,711,776	45,555
Taxes and social security costs	129,746	82,485
Pensions	56,144	37,170
	<u>3,126,899</u>	<u>965,741</u>

16. Restricted funds

The income funds of the West London Academy comprise the following balances of grants to be applied for specific purposes.

	Balances at 1 September 2004 £	Incoming resources £	Expenditure gains, losses & transfers £	Balances at 31 August 2005 £
Restricted general funds	515,792	7,893,240	(7,180,699)	1,228,333
Government capital grant	6,386,609	4,156,070	(4,334,302)	6,208,377
Private sector capital sponsorship	45,650	1,700,169	(38,895)	1,706,924
DfES capital expenditure	9,082,885	16,437,668	(434,394)	25,086,159
	<u>16,030,936</u>	<u>30,187,147</u>	<u>(11,988,290)</u>	<u>34,229,793</u>

17. Analysis of net asset between funds

Fund balances at 31 August 2005 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted capital funds £	Capital private funds £	Total £
Tangible fixed assets	-	-	31,303,953	1,479,386	32,783,339
Current assets	141,304	4,345,815	-	227,538	4,714,657
Current liabilities	-	(3,117,482)	(9,417)	-	(3,126,899)
Totals	<u>141,304</u>	<u>1,228,333</u>	<u>31,294,536</u>	<u>1,706,924</u>	<u>34,371,097</u>

18. Capital commitments

	2005 £'000	2004 £'000
Contracted for, but not provided for in the accounts		
Authorised by governors, but not yet contracted	4,761	26,696

WEST LONDON ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

19.	Lease commitments	2005	2004
		£	£

Operating leases

The payments which the company is committed to in respect of non-cancellable operating leases of computers, photocopiers and plants are as follows:

within one year	11,182	18,724
one to five years	<u>-</u>	<u>11,182</u>

20. **Contingent liabilities**

In the event, during the year of the Funding Agreement of the sale or disposal by other means, of any asset for which a capital grant was received, the company shall if it does not re-invest the proceeds, repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates to 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 company serving notice, the company shall repay to the Secretary of State sums determined by reference to:

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

The building works are not yet complete and the Governors have identified a potential overrun on costs. They therefore consider it prudent to disclose a contingent liability of £500,000.

WEST LONDON ACADEMY

DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2005

		2005 £	2004 £
INCOME			
Line			
32	General Annual Grant	6,867,038	4,985,285
33	Dfes Capital grants	16,437,669	6,181,108
34	Other Dfes grants		
	Implementation grant	-	305,528
	Other	-	-
		-	305,528
35	Other Government grants		
	LBE transfer of Compton	-	9,312,200
	LBE capital grants	4,156,070	1,446,982
	Standards funds	772,625	584,287
	Sports college funds	253,576	236,789
		5,182,271	11,580,258
36	Private Sector sponsorship		
	Sponsor's capital projects grant	1,700,169	111,843
37	Other income		
	Lettings income	8,988	1,671
	Miscellaneous income	89,180	152,450
	Interest receivable	76,065	20,826
	Donations and gifts in kind	721	3,792
		174,954	178,739
38	TOTAL INCOME	<u>30,362,101</u>	<u>23,342,761</u>
EXPENDITURE			
GENERAL ANNUAL GRANT			
STAFF COSTS			
39	Teachers' salaries	3,634,966	2,897,641
40	Educational support salaries	684,140	186,661
41	Other support staff salaries	1,077,638	409,444
42	TOTAL GAG STAFF COSTS	<u>5,396,744</u>	<u>3,493,746</u>

WEST LONDON ACADEMY

DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2005

	2005 £	2004 £
43 MAINTENANCE OF PREMISES		
Redecoration	-	10,878
Repairs and maintenance – general	61,086	62,898
Repairs and maintenance – buildings	945	25,654
Grounds maintenance	5,511	9,160
	67,542	108,590
44 OTHER OCCUPANCY COSTS		
Gas	34,614	33,532
Electricity	26,292	24,016
Water	12,000	11,849
Rates	1,251	1,497
Insurance	100,899	81,352
Security services	55,431	10,699
Refuse disposal	902	4,014
Building occupancy costs	411	-
	231,800	166,959
45 EDUCATIONAL SUPPLIES & SERVICES		
Use of leisure services	2,077	733
Consultants' fees	87,430	55,082
Advertising - educational staff	30,692	36,813
Recruitment fees - educational staff	34,090	41,240
Exam fees	57,681	54,707
Educational equipment and materials	211,956	167,035
School trips and field study	43,800	3,571
Sickness and maternity insurance	24,005	17,569
SMSA staff meals	2,262	3,103
Licenses	2,572	546
Educational equipment leasing	543	440
School uniform and PE kit costs	24,514	29,237
Travel and subsistence	5,920	1,954
	527,542	412,030
46 OTHER SUPPLIES & SERVICES		
Postage	6,634	8,802
Stationery and consumables	16,064	17,022
Printing and reprographics	11,240	6,776
Admin equipment leasing	22,652	11,705
Travel and subsistence - Admin	6,258	970
Licenses and contracts	4,851	961
Telephone	32,742	24,523
Cleaning equipment and materials	8,186	11,397
Hygiene services	2,272	2,539
First aid materials	669	685

WEST LONDON ACADEMY

DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2005

	2005 £	2004 £
Advertising - admin staff	-	3,962
Recruitment fees - admin staff	8,176	6,433
School meals	84,591	70,956
School inspection service	-	-
Personnel support	-	1,639
Publications and subscriptions	1,926	3,568
	206,261	171,938
47 FURNITURE & EQUIPMENT		
F & E minor purchase – educational	2,214	5,540
F & E minor purchase – admin	2,100	2,196
F & E repairs – educational	1,977	825
F & E repairs – admin	1,969	-
	8,260	8,561
48 TECHNOLOGY COSTS		
Computer software (not capitalised)	1,479	1,840
Computer licenses and support	16,178	37,904
Computer equipment leasing	11,184	11,184
Computer - minor purchase	23,820	25,864
Computer equipment repairs	434	-
	53,095	76,792
49 STAFF DEVELOPMENT		
Training and materials	42,604	94,417
50 OTHER EXPENDITURE		
Miscellaneous expenses	46,646	2,178
Marketing, promotion and client entertainment	6,737	5,341
Staff entertainment and welfare	17,347	393
Legal fees	18,576	-
Audit and accountancy fees	14,839	13,731
Other professional fees	69,487	-
Finance charges	223	196
Profit on disposal of a fixed asset	-	(1,850)
Loss on disposal of a fixed asset	-	-
	173,855	19,989
51 TOTAL GAG EXPENDITURE	6,707,703	4,553,022

WEST LONDON ACADEMY

DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2005

	2005 £	2004 £
52 OTHER DfES GRANT-RELATED EXPENDITURE		
Other supplies and services	-	1,271
Technology costs	-	12,100
Other expenditure	28,184	6,667
Project mgmt fees	-	130,254
Legal and prof fees	2,820	67,678
Staff costs and recruitment	6,422	174,486
Stationery and consumables	-	2,753
Publicity	-	34,393
School uniform	-	633
	37,426	430,235
53 OTHER GOVERNMENT GRANT-RELATED EXPENDITURE		
Staff costs	414,385	592,447
Educational supplies and services	15,548	36,796
Other supplies and services	200	200
Technology costs	3,224	3,224
Staff development	1,966	1,966
Other expenditure	250	10,332
Project management fees	-	35,928
	435,573	680,893
54 OTHER EXPENDITURE		
Staff costs	63,780	59,919
Maintenance of premises	-	20,192
Educational supplies and services	-	21,798
Other expenditure	-	35,000
Sponsor's expenditure on project management	-	111,843
	63,780	248,752
55 DEPRECIATION		
Depreciation - Land and buildings	4,224,534	4,224,534
Depreciation - Furniture & equipment	380,786	129,764
Depreciation - Computer equipment	202,271	80,108
	4,807,591	4,434,406
56 TOTAL EXPENDITURE	12,052,070	10,347,308