

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

MONDAY



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COMPANIES HOUSE

Registered Company No 07493696

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

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**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**FOR THE YEAR ENDED 31 AUGUST 2012**

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**Governors (Trustees)**

Ms Louise Allanach (appointed 28 April 2011)  
Mr Charles Ben-Nathan (appointed 14 January 2011, resigned 3 December 2012)  
Mr Stefan Bojanowski (appointed 28 April 2011)  
Ms Caroline Jane Bondy (appointed 14 January 2011, resigned 3 December 2012)  
Dr Elisabeth Cook (appointed 25 May 2011)  
Mrs Kathryn Anne Cooper (appointed 27 June 2012)  
Mrs Caroline Ffiske (appointed 25 May 2011)  
Ms Sarah Louise Gore (appointed 29 April 2011)  
Mr Zak Hashmi (appointed 28 April 2011)  
Mrs Suzanna Louise Hobart (appointed 14 January 2011)  
Mr Ian Michael Curtis Hunter (appointed 3 December 2012)  
Dr Jonathan Katz (appointed 28 April 2011)  
Mr Cosmo Lush (appointed 24 February 2011)  
Mr John Charles McIntosh (appointed 28 April 2011)  
Mr Justin Alexander Tooth (appointed 27 June 2012, appointed to F & GP Committee 28 March 2012)  
Mr Toby Daniel Moorsom Young (appointed 14 January 2011)

**Senior Management Team:**

Education Director	Mr T Packer
Acting Head Master	Mr A Naismith

**Principal Address**

Cambridge Grove  
Hammersmith  
London  
W6 0LB

**Registered Office**

17 Shaa Road  
London  
W3 7LW

**Company Registration Number**

07493696

**Independent Auditors**

Grant Thornton UK LLP  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

**Bankers**

The Co-operative Bank  
P O Box 101  
1 Balloon Street  
Manchester  
M60 4EP

**Solicitors**

Stone King LLP  
16 St John's Lane  
London  
EC1M 4BS

# **THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

## **GOVERNORS REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2012**

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The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2012

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The West London Free School Academy Trust is a non-registered UK Charity and company limited by guarantee, registered company no 07493696. The governing document of the charity is its Memorandum and Articles of Association dated 14 January 2011.

The Governors act as the trustees for the charitable activities of The West London Free School Academy Trust Limited and are also the directors of the charitable company for the purposes of company law. The charitable company is known as The West London Free School ('the School').

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

#### **Members Liability**

The members of the company are the Governors named on page 1. The subscribers of the company are Mr T D M Young, Ms C J Bondy, Mrs S L Hobart and Mr C Ben-Nathan. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per subscriber of the company.

#### **Governors Indemnities**

Employees and Governors are covered by professional indemnity insurance for failings arising from the performance of their duties that may lead to civil liability. There are no other specific third party indemnities beyond this which require reporting in the context of section 236 of the Companies Act 2006.

#### **Principal Activities**

The West London Free School Academy Trust is an independent, taxpayer-funded secondary school set up to provide children of all abilities with a classical liberal education. The objective is to be one of the best schools in the country, renowned for academic excellence and capable of instilling world-beating ambition in all its pupils, no matter what their background.

#### **Recruitment and Appointment or Election of Governors**

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Board of Governors (the Board). Under the requirements of the Memorandum and Articles of Association the members of the Trust are elected to serve for a period of four years after which they must be re-elected at the next Annual General Meeting.

Governors retire by rotation and, being eligible, offer themselves for re-election.

All Governors give their time voluntarily and receive no benefits from the trust.

The Governors seek to ensure that the interests of the Trust are appropriately reflected on the Board.

#### **Policies and Procedures Adopted for the Induction and Training of Governors**

New Governors are inducted into the workings of the School by the Head Master and senior staff and also of the Company including board policy and procedures. Child protection training is made available annually to all Board members and is undertaken at least triennially by the governor designated as the Child Protection Governor. Members may avail themselves of training and introduction courses offered by the National College for School Leadership and other professional organisations. A skills register is maintained to enable the Board to assess the skills required of new Governors.

# **THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

## **GOVERNORS REPORT (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

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### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

#### **Organisational Structure**

The directors meet as a Board at least four times a year to determine the general policy of the company and review its overall management and control for which they are legally responsible. The Finance and General Purpose (F & GP) Committee meets regularly to implement and report back on the requirements of the Board's policy. A Curriculum Committee has been established which meets as required overseeing the School's educational provision.

#### **Risk Management**

The Board continues to keep the School's activities under review, particularly with regard to any major risks that may arise from time to time. It monitors the effectiveness of the system of internal controls and other viable means, including insurance cover where appropriate, by which those risks already identified can best be mitigated. The Risk Management policy is reviewed annually and a Risk Register is maintained which is updated regularly by the F & GP Committee.

#### **Connected Organisations, included Related Party Relationships**

The West London Free School Foundation Trust is a registered charity and registered company number 07292254 which shares common Governors with The West London Free School Academy Trust.

### **OBJECTIVES AND ACTIVITIES**

#### **Objects and Aims**

##### **Our Vision**

The West London Free School is an independent, taxpayer-funded secondary school set up by a group of dedicated teachers and parents to provide children of all abilities with a classical liberal education. The founders want it to be one of the best schools in the country, renowned for academic excellence and capable of instilling world-beating ambition in all its pupils, no matter what their background.

##### **Key Characteristics**

- High aspirations, with a firm emphasis on academic attainment
- A classical curriculum, including compulsory Latin up to the age of 14
- Specialism in Music
- Strong discipline
- A competitive atmosphere
- Outstanding pastoral care
- Active parental and community involvement
- An endowment fund to finance a broad range of extra-curricular activities

#### **Objectives, Strategies and Activities**

##### **Objectives**

- Encourage all children to be confident, hard-working and ambitious
- Transmit a core body of knowledge to all pupils and the ability to think for themselves
- Ensure that pupils pass at least eight GCSEs or IGCSEs at grade C or above, including Maths, English, English Literature, History, Science, and a Foreign Language

# **THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

## **GOVERNORS REPORT (continued)**

### **FOR THE YEAR ENDED 31 AUGUST 2012**

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#### **OBJECTIVES AND ACTIVITIES (continued)**

##### **Ensuring our work delivers our aims**

The School is subject to regular inspection by OFSTED. In addition the School was required to undergo a pre-opening inspection by OFSTED which was successful. The School expects a full OFSTED inspection within eighteen months of opening. Regular lesson observations take place and a performance review system is in place. Academic progress is monitored and the Head Master reports on progress to the Board. Other evaluation measures include examination results, sporting and other successes, attendance rates and application rates.

##### **Public Benefit**

In setting the objectives and planning activities of the Trust, the Governors have complied with the duty in section 17 of the Charities Act 2011 to have due regard for the Charity Commission's general guidance on public benefit. The objectives and activities, achievements and performance below explain the ways in which the Trust fulfils this obligation.

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **Going Concern**

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

#### **KEY FINANCIAL PERFORMANCE INDICATORS**

Key financial performance indicators include

- Balance of incoming and outgoing resources
- Year-to-date spend against forecast
- Spend per pupil
- Distribution of spend across categories (for example salaries, educational supplies, extra-curricular activities)
- Monthly cash flow and cash balance
- Levels of donations to the School
- Ongoing capital investment

These indicators are reviewed on a monthly basis by the Chair of the F & GP Committee and on a quarterly basis by the Board.

#### **FINANCIAL REVIEW**

##### **Financial and Risk Management Objectives and Policies**

The financial and risk management objective of the Academy Trust is to ensure effective financial management at the School such that the School delivers its objectives within the constraints of its budget.

To this end the School has a comprehensive set of Financial Regulations as well as Risk Management and Fraud Prevention policies. These are managed by the F & GP Committee and reviewed annually by the Board.

# THE WEST LONDON FREE SCHOOL ACADEMY TRUST

## GOVERNORS REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2012

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### Principal Risks and Uncertainties

Principal risks and actions to mitigate these risks include

- Lack of demand for places leading to the School operating at less than 100% capacity
  - o Mitigation the School runs an effective marketing and community outreach operation throughout the year, and as a result was 9 times over-subscribed for places allocated during this financial year
- Uncertainty around running costs given the School's recent opening
  - o Mitigation the School's Board and senior leadership team maintain a rigorous and effective set of financial procedures to support its overall financial and risk management objectives. In addition contingencies are in place in the school budget that minimise the impact of unforeseen costs during the year
- Potential delay to the School's transition to its permanent site at Palingswick House
  - o Mitigation the project plan and budget for the Palingswick House move is monitored on an ongoing basis by the Head Master and Chair of Governors and reviewed by the Board on a quarterly basis. Contingency plans for any delay were agreed upfront as part of the initial project scope

These risks are tracked in the School's Risk Register which is reviewed regularly by the Board

### Reserves Policy

The Governors have examined the Trust's requirements for reserves in light of the main risks to the organisation. At this time the Trust's overheads are funded by monthly funding receivable and therefore significant reserves are not an immediate priority.

### Investment Policy

Any assets held which are available for investment purposes will be invested in low risk investments only. There are currently no funds available for long term investment.

### PLANS FOR FUTURE PERIODS

Major plans for the future include the School's move to its permanent home at Palingswick House in late 2013 and the opening of a 2-form entry primary school on the Cambridge Grove site in September 2013. In addition the School will continue to recruit new pupils in Year 7 each September based on its 10-year growth plan.

### AUDITORS

In so far as the Governors are aware

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

Approved by order of the members of the Governing Body on 29<sup>th</sup> January 2013 and signed on its behalf by



Ms L. Allanach  
Acting Chair

# THE WEST LONDON FREE SCHOOL ACADEMY TRUST

## GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2012

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### Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that The West London Free School Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between The West London Free School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met four times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings Attended	Out of a possible
Ms Louise Allanach	3	4
Mr Charles Ben-Nathan	4	4
Mr Stefan Bojanowski	2	4
Ms Caroline Jane Bondy	0	4
Dr Elisabeth Cook	3	4
Mrs Kathryn Anne Cooper	1	1
Mrs Caroline Ffiske	4	4
Ms Sarah Louise Gore	4	4
Mr Zaki Hashmi	4	4
Mrs Suzanna Louise Hobart	4	4
Mr Ian Michael Curtis Hunter	1	1
Dr Jonathan Katz	2	4
Mr Cosmo Lush	4	4
Mr John Charles McIntosh	3	4
Mr Justin Alexander Tooth	1	1
Mr Toby Daniel Moorsom Young	4	4

The **Finance and General Purposes Committee** is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the School's finances and resources, including proper planning, monitoring and probity. Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Out of a possible
Ms Louise Allanach	3	4
Mr Charles Ben-Nathan	4	4
Mr Stefan Bojanowski	2	4
Ms Sarah Louise Gore	4	4
Mr Cosmo Lush	4	4
Mr Justin Alexander Tooth	2	2
Mr Toby Daniel Moorsom Young	4	4



# THE WEST LONDON FREE SCHOOL ACADEMY TRUST

## GOVERNANCE STATEMENT (continued)

FOR THE YEAR ENDED 31 AUGUST 2012

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### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of The West London Free School Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The West London Free School Academy Trust for the year ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which The West London Free School Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2012 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

### **The Risk and Control Framework**

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the 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.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Mr J C McIntosh, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The RO reports to the Governing Body on a regular basis on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**GOVERNANCE STATEMENT (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

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**Review of Effectiveness**

As Accounting Officer, Mr A Naismith has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

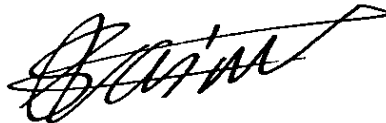
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self assessment process,
- the work of the executive managers within The West London Free School Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the Governing Body on 29<sup>th</sup> January 2013 and signed on its behalf by



Ms L Allanach  
Acting Chair



Mr A Naismith  
Accounting Officer

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

**FOR THE YEAR ENDED 31 AUGUST 2012**

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As accounting officer of The West London Free School Academy Trust, I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Governing Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's Funding Agreement and the Academies Financial Handbook.

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



Mr A Naismith  
Accounting Officer

# THE WEST LONDON FREE SCHOOL ACADEMY TRUST

## STATEMENT OF GOVERNORS RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2012

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The Governors (who act as trustees for charitable activities of The West London Free School Academy Trust Limited and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Young People's Learning Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and, expenditure, for that period. In preparing these financial statements, the Governors are required to

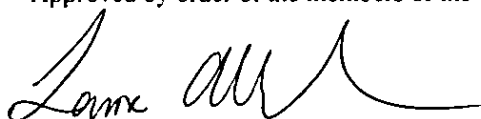
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 Charitable Company will continue in business

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

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

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

Approved by order of the members of the Governing Body on 29<sup>th</sup> January 2013 and signed on its behalf by



Ms L Allanach  
Acting Chair

## Independent auditor's report to the members of The West London Free School Academy Trust

We have audited the financial statements of The West London Free School Academy Trust for the year ended 31 August 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

This report is made solely to the charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Governors and auditor**

As explained more fully in the Statement of Governors' responsibilities set out on page 10, the Governors (who are also the directors of the charitable Company for the purposes of Company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable Company's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- have been prepared in accordance with the financial reporting requirements of the Academies Accounts Direction 2011/12 issued by the Education Funding Agency.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent auditor's report to the members of The West London Free School Academy Trust (continued)

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Grant Thornton UK LLP*

**David Barnes**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

*31 January 2013*



# Independent reporting accountant's assurance report on Regularity to The West London Free School Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 23 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The West London Free School Academy Trust during the period 1 September 2011 to 31 August 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to The West London Free School Academy Trust and the EFA. Our review work has been undertaken so that we might state to The West London Free School Academy Trust and the EFA those matters we are required to state to them in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The West London Free School Academy Trust and the EFA, for our review work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of The West London Free School Academy Trust's Accounting Officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The West London Free School Academy Trust's funding agreement with the Secretary of State for Education dated 28 February 2011 and the Academies Financial Handbook as published by DfES in 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.



## Independent reporting accountant's assurance report on Regularity to The West London Free School Academy Trust and the Education Funding Agency (continued)

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2011 to 31 August 2012 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them

Grant Thornton UK LLP

Grant Thornton UK LLP  
Chartered Accountants  
London

31 January 2013



THE WEST LONDON FREE SCHOOL ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

FOR THE YEAR ENDED 31 AUGUST 2012

		Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total 2012	Total 14 January – 31 August 2011
	Notes	£	£	£	£	£
<b>Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary income	3	46,442	-	5,000	51,442	
Activities for generating funds	4	5,516	-	-	5,516	
Investment income	5	244	-	-	244	10
<i>Incoming resources from Charitable activities</i>						
Funding for the Trust's educational operations		-	1,224,179	413,790	1,637,969	117,659
<b>Other incoming resources</b>	6					
<b>Total incoming resources</b>		<u>52,202</u>	<u>1,224,179</u>	<u>418,790</u>	<u>1,695,171</u>	<u>117,669</u>
<b>Resources expended</b>						
<i>Cost of generating funds</i>						
Costs of generating voluntary Income		-	-	-	-	-
<i>Charitable activities</i>						
Trust's educational operations	8	-	1,236,518	112,910	1,349,428	116,187
<i>Governance costs</i>	9	-	28,240	-	28,240	1,400
<b>Total resources expended</b>	7	<u>-</u>	<u>1,264,758</u>	<u>112,910</u>	<u>1,377,668</u>	<u>117,587</u>
<b>Net incoming/(outgoing) resources before transfers</b>		52,202	(40,579)	305,880	317,503	82
Gross transfers between funds	17	<u>(52,202)</u>	<u>15,394</u>	<u>36,808</u>	<u>-</u>	<u>-</u>
<b>Net income/(expenditure) for the year</b>		-	(25,185)	342,688	317,503	82
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	17,27	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
<b>Net movement in funds</b>		-	(30,185)	342,688	312,503	82
<b>Reconciliation of funds</b>						
<b>Funds brought forward at 1 September 2011</b>		-	82	-	82	-
		-	-	-	-	-
<b>Funds carried forward at 31 August 2012</b>		<u>-</u>	<u>(30,103)</u>	<u>342,688</u>	<u>312,585</u>	<u>82</u>

All of the Trust's activities derive from continuing operations during the above two financial periods

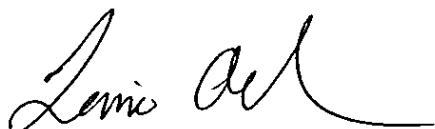
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

## BALANCE SHEET

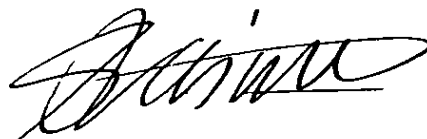
AS AT 31 AUGUST 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	13	342,688	-
<b>Current assets</b>			
Stock	14	3,353	-
Debtors	15	77,813	44,377
Cash at bank and in hand		117,523	35,021
		<u>198,689</u>	<u>79,398</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>227,792</u>	<u>79,316</u>
<b>Net current (liabilities)/assets</b>		(29,103)	82
<b>Total assets less current liabilities</b>		<u>313,585</u>	<u>82</u>
<b>Net assets excluding pension liability</b>			
Pension scheme liability	27	(1,000)	-
<b>Net assets including pension liability</b>		<u>312,585</u>	<u>82</u>
<b>Funds of the Trust:-</b>			
<b>Restricted funds</b>			
Fixed asset funds	17	342,688	-
General funds	17	(25,103)	82
Pension reserve	17	(5,000)	-
<b>Total restricted funds</b>		<u>312,585</u>	<u>82</u>
<b>Unrestricted funds</b>			
General funds	17	-	-
<b>Total unrestricted funds</b>		<u>-</u>	<u>-</u>
<b>Total funds</b>		<u>312,585</u>	<u>82</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29<sup>th</sup> January 2013 and signed on its behalf by



Ms L Allanach  
Acting Chair



Mr A Naismith  
Accounting Officer

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2012**

	Notes	2012 £	2011 £
Net cash inflow from operating activities	21	82,258	35,011
Returns on investments and servicing of finance	22	244	10
Capital expenditure	23	-	-
<b>Increase in cash in the year</b>	24	<u>82,502</u>	<u>35,021</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2011		35,021	-
Increase in cash in the year		<u>82,502</u>	<u>35,021</u>
<b>Net funds at 31 August 2012</b>		<u>117,523</u>	<u>35,021</u>

# THE WEST LONDON FREE SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2012

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### 1. STATEMENT OF ACCOUNTING POLICIES

#### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' (SORP 2005), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### **Going concern**

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements. The Governors consider the going concern assumption is appropriate for the year ended 31 August 2012.

#### **Incoming Resources**

All incoming resources are recognised when The West London Free School Academy Trust has entitlement to the funds, certainty of receipts and the amount can be measured with sufficient reliability.

- **Grants receivable**

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

- **Sponsorship income**

Sponsorship income provided to The West London Free School Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

- **Donations**

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

- **Other income**

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

- **Donated services and gifts in kind**

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

#### **Resources Expended**

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

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

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**1 STATEMENT OF ACCOUNTING POLICIES (continued)**

**Resources Expended (continued)**

- **Costs of generating funds**  
These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds
- **Charitable activities**  
These are costs incurred on the Trust's educational operations
- **Governance costs**  
These include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses

All resources expended are inclusive of irrecoverable VAT

**Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful lives, as follows

Fixtures, fittings and equipment	– 4 to 10 years
ICT equipment	– 4 years

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

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

# THE WEST LONDON FREE SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 AUGUST 2012

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#### 1. STATEMENT OF ACCOUNTING POLICIES (continued)

##### **Stock**

Catering stocks are valued at the lower of cost and net realisable value

##### **Taxation**

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

##### **Pensions**

Retirement benefits to employees of The West London Free School Academy Trust are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme (SERPS), and the assets are held separately from those of the Academy Trust

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with The West London Free School Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi employer scheme and The West London Free School Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year

The LGPS is a funded scheme and the assets are held separately from those of The West London Free School Academy Trust in a separate governor administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses

##### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of The West London Free School Academy Trust at the discretion of the Governors

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

2. GENERAL ANNUAL GRANT (GAG)		2012	14 January – 31 August 2011	
		£	£	
a) Results and Carry Forward for the years				
GAG brought forward from previous year		-	-	
GAG allocation for current year		1,068,263	-	
		<hr/>	<hr/>	
Total GAG available to spend		1,068,263	-	
Recurrent expenditure from GAG		1,108,842	-	
Fixed assets purchased from GAG		36,808	-	
		<hr/>	<hr/>	
GAG carried forward to next year		(77,387)	-	
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)		128,192	-	
		<hr/>	<hr/>	
GAG to surrender to EFA (12% rule breached if result is positive)		Nil	-	
		<hr/> <hr/>	<hr/> <hr/>	
		No breach	No breach	
3. VOLUNTARY INCOME	Unrestricted Funds	Restricted Funds	Total 2012	Total 14 January – 31 August 2011
	£	£	£	£
Other donations	46,442	5,000	51,442	-
	<hr/>	<hr/>	<hr/>	<hr/>
	46,442	5,000	51,442	-

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

<b>4. ACTIVITIES FOR GENERATING FUNDS</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2012</b>	<b>Total 14 January – 31 August 2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Hire of facilities	5,516	-	5,516	-
	<u>5,516</u>	<u>-</u>	<u>5,516</u>	<u>-</u>
		<b>=</b>		<b>=</b>
<b>5. INVESTMENT INCOME</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2012</b>	<b>Total 14 January – 31 August 2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Short term deposits	244	-	244	10
	<u>244</u>	<u>-</u>	<u>244</u>	<u>10</u>
		<b>=</b>		<b>=</b>
<b>6. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2012</b>	<b>Total 14 January – 31 August 2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>EFA capital grant</b>				
Trust main building grants	-	413,790	413,790	-
	<u>-</u>	<u>413,790</u>	<u>413,790</u>	<u>-</u>
<b>EFA revenue grants</b>				
General Annual Grant (GAG) (note 2)	-	1,068,263	1,068,263	-
Start up grants	-	-	-	117,659
Other EFA grants	-	-	-	-
	<u>-</u>	<u>1,482,053</u>	<u>1,482,053</u>	<u>117,659</u>
<b>Other income</b>				
Music income	-	36,390	36,390	-
Trips income	-	65,294	65,294	-
Catering income	-	54,232	54,232	-
	<u>-</u>	<u>155,916</u>	<u>155,916</u>	<u>-</u>
	<u>-</u>	<u>1,637,969</u>	<u>1,637,969</u>	<u>117,659</u>



**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

<b>7. RESOURCES EXPENDED</b>	<b>Staff costs</b>	<b>Non Pay Premises</b>	<b>Expenditure Other costs</b>	<b>Total 2012</b>	<b>Total 14 January – 31 August 2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trust's educational operations					
- Direct costs	732,255	-	301,793	1,034,048	116,187
- Allocated support costs	100,281	58,302	156,797	315,380	-
	<u>832,536</u>	<u>58,302</u>	<u>458,590</u>	<u>1,349,428</u>	<u>116,187</u>
Governance costs including allocated support costs	-	-	28,240	28,240	1,400
	<u>832,536</u>	<u>58,302</u>	<u>486,830</u>	<u>1,377,668</u>	<u>117,587</u>
<b>Incoming/outgoing resources for the year include.</b>				<b>2012</b>	<b>2011</b>
				<b>£</b>	<b>£</b>
Fees payable to auditor - audit				7,500	-
- other services				-	-
				<u></u>	<u></u>

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2012

8. CHARITABLE ACTIVITIES - Trust's educational operations	Unrestricted Funds	Restricted Funds	Total 2012	Total 14 January – 31 August 2011
	£	£	£	£
<b>Direct costs</b>				
Teaching and educational support staff costs	-	732,255	732,255	94,114
Depreciation	-	112,910	112,910	-
Educational supplies	-	33,614	33,614	16,042
Staff development	-	4,811	4,811	-
Educational consultancy	-	-	-	4,517
Other direct costs	-	150,458	150,458	1,514
	-	1,034,048	1,034,048	116,187
<b>Allocation support costs</b>				
Support staff costs	-	100,281	100,281	-
Recruitment and support	-	8,786	8,786	-
Maintenance of premises and equipment	-	42,065	42,065	-
Cleaning	-	16,237	16,237	-
Security and transport	-	4,754	4,754	-
Catering	-	92,415	92,415	-
Bank interest and charges	-	566	566	-
Insurance	-	3,938	3,938	-
Other support costs	-	46,338	46,338	-
	-	315,380	315,380	-
	-	1,349,428	1,349,428	116,187
<b>9 GOVERNANCE COSTS</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2012</b>	<b>Total 14 January – 31 August 2011</b>
<b>Trust's educational operations</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Legal and professional fees	-	8,740	8,740	1,400
Auditor s remuneration	-	7,500	7,500	-
- audit of financial statements	-	12,000	12,000	-
Support costs	-	28,240	28,240	1,400

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

<b>10 STAFF COSTS</b>	<b>2012</b>	<b>14 January – 31 August 2011</b>
	<b>£</b>	<b>£</b>
Staff costs during the period were		
Wages and salaries	606,373	74,910
Social Security costs	54,084	8,642
Pensions costs	85,093	10,562
	<u>745,550</u>	<u>94,114</u>
Extra-curricular teacher costs	86,986	-
Compensation payments	-	-
	<u>832,536</u>	<u>94,114</u>

The average number of persons (including senior management team) employed by The West London Free School Academy Trust during the year expressed as full time equivalents was as follows

	<b>2012</b>	<b>14 January – 31 August 2011</b>
	<b>No.</b>	<b>No.</b>
<b>Charitable activities</b>		
Teachers	9	-
Administration and support	4	-
Management	2	2
	<u>15</u>	<u>2</u>

The number of employees whose emoluments fell within the following bands was

£70,001 to £80,000	1	0
£120,001 to £130,000	1	0
	<u>1</u>	<u>0</u>

Eleven (2011 One) of the above employees participated in the Teachers' Pension Scheme During the year ended 31 August 2012, pension contributions for these staff amounted to £69,398 (2011 10,562) The other employees participated in the Local Government Pension Scheme, pension contributions amounted to £19,695 (2011 £nil)

**11. GOVERNORS' REMUNERATION AND EXPENSES**

During the year ended 31 August 2012, travel and subsistence expenses totalling £nil (2011 £nil) were reimbursed

Related party transactions involving the Governors are set out in note 28

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

**12 GOVERNORS' AND OFFICERS INSURANCE**

In accordance with normal commercial practice the Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2012 was included in the total premium paid by the charity of £3,938.

**13. TANGIBLE FIXED ASSETS**

	<b>Furniture And Equipment £</b>	<b>Computer Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 September 2011	-	-	-
Additions	142,513	313,085	455,598
Disposals	-	-	-
	<u>142,513</u>	<u>313,085</u>	<u>455,598</u>
At 31 August 2012	142,513	313,085	455,598
<b>Depreciation</b>			
At 1 September 2011	-	-	-
Charged in year	34,878	78,032	112,910
Disposals	-	-	-
	<u>34,878</u>	<u>78,032</u>	<u>112,910</u>
At 31 August 2012	34,878	78,032	112,910
<b>Net Book Value</b>			
At 31 August 2012	<u>107,635</u>	<u>235,053</u>	<u>342,688</u>
At 31 August 2011	<u>-</u>	<u>-</u>	<u>-</u>

**14 STOCK**

	<b>2012 £</b>	<b>2011 £</b>
Catering	3,353	-
	<u>3,353</u>	<u>-</u>

**15. DEBTORS**

	<b>2012 £</b>	<b>2011 £</b>
Prepayments and accrued income	58,790	42,411
VAT	16,149	1,966
Other debtors	2,874	-
	<u>77,813</u>	<u>44,377</u>

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2012

16	CREDITORS: amounts falling due within one year	2012 £	2011 £
	Trade creditors	30,159	6,935
	Other taxation and social security	17,237	6,827
	Pension	11,735	3,246
	Other creditors	82,758	-
	Accruals and deferred income	85,903	62,308
		<u>227,792</u>	<u>79,316</u>

Deferred income	2012 £
Deferred income at 1 September 2011	60,000
Resources deferred in the year	67,850
Amount released from previous years	(60,000)
	<u>67,850</u>
Deferred income at 31 August 2012	<u>67,850</u>

Deferred income held at 31 August 2012 includes amounts received in respect of a start up grant for the primary school due to open in September 2013 and deposits held for school trips which had not taken place by 31 August 2012

17	FUNDS	Balance at 1 September 2011 £	Incoming resources £	Resources expended £	Gains, Losses and transfers £	Balance at 31 August 2012 £
	<b>Restricted general funds</b>					
	General Annual Grant (GAG)	-	1,068,263	1,108,842	15,476	(25,103)
	Start up Grant	82	-	-	(82)	-
	Other EFA grants	-	155,916	155,916	-	-
	Pension reserve	-	-	-	(5,000)	(5,000)
		<u>82</u>	<u>1,224,179</u>	<u>1,264,758</u>	<u>10,394</u>	<u>(30,103)</u>
	<b>Restricted fixed assets funds</b>					
	EFA grants	-	413,790	112,410	-	301,380
	Capital expenditure from GAG	-	-	-	36,808	36,808
	Private capital donation	-	5,000	500	-	4,500
		<u>-</u>	<u>418,790</u>	<u>112,910</u>	<u>36,808</u>	<u>342,688</u>
	<b>Total restricted funds</b>	<u>82</u>	<u>1,642,969</u>	<u>1,377,668</u>	<u>47,202</u>	<u>312,585</u>
	<b>Unrestricted funds</b>					
	Unrestricted funds	-	52,202	-	(52,202)	-
	<b>Total unrestricted funds</b>	<u>-</u>	<u>52,202</u>	<u>-</u>	<u>(52,202)</u>	<u>-</u>
	<b>Total funds</b>	<u>82</u>	<u>1,695,171</u>	<u>1,377,668</u>	<u>(5,000)</u>	<u>312,585</u>

# THE WEST LONDON FREE SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 AUGUST 2012

#### 17 FUNDS (Continued)

The specific purposes for which the funds are to be applied are as follows

The General Annual Grant (GAG) is funding from the EFA for the School's operating costs  
EFA Capital Grants is funding for the purchase of fixed assets

Unrestricted funds at 31 August 2012 have been transferred to the restricted general fund to alleviate the deficit at 31 August 2012

Restricted general funds of £36,808 have been transferred to the restricted fixed asset fund to fund the purchase of fixed assets not met by capital grants

The brought forward start-up grant of £82 has been transferred to the GAG fund

The restricted general funds show a deficit as at 31 August 2012. The Governors expect this deficit to be met by future funding. The deficit is due to relatively high levels of investment in educational supplies during the School's first year of operation (in particular, equipment for P.E., Music and Science) that are expected to be lower in future years.

#### 18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2012 are represented by

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed assets Funds £	Total Funds £
Tangible fixed assets	-	-	342,688	342,688
Current assets	-	198,689	-	198,689
Current liabilities	-	(227,792)	-	(227,792)
Pension scheme liability	-	(1,000)	-	(1,000)
<b>Total net assets</b>	<b>-</b>	<b>(30,103)</b>	<b>342,688</b>	<b>312,585</b>

#### 19. CAPITAL COMMITMENTS

	2012 £	2011 £
Contracted for, but not provided in the financial statements	-	-

#### 20 FINANCIAL COMMITMENTS

##### *Operating leases*

At 31 August 2012 the Trust had no annual commitments under non-cancellable operating leases

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

<b>21. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
Net income		317,503	82
Depreciation (note 13)		112,910	-
Capital grants from EFA and other capital income		(455,598)	-
Interest receivable (note 5)		(244)	(10)
FRS 17 pension cost less contributions payable (note 27)		(4,000)	-
(Increase) in stocks		(3,353)	-
(Increase) in debtors		(33,436)	(44,377)
Increase in creditors		148,476	79,316
<b>Net cash inflow from operating activities</b>		<b>82,258</b>	<b>35,011</b>
<b>22. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
Interest received		244	10
<b>Net cash inflow from returns on investment and servicing of finance</b>		<b>244</b>	<b>10</b>
<b>23. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
Purchase of tangible fixed assets		(455,598)	-
Capital grants from EFA		413,790	-
Capital funding received from sponsors and others		36,808	-
Private donation received		5,000	-
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>-</b>	<b>-</b>
<b>24. ANALYSIS OF CHANGES IN NET FUNDS</b>	<b>At 1 September</b>		<b>At 31 August</b>
	<b>2011</b>	<b>Cashflows</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand and at bank	35,021	82,502	117,523
<b>25. CONTINGENT LIABILITIES</b>			
There were no contingent liabilities at 31 August 2012			
<b>26. MEMBERS' LIABILITY</b>			
Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member			

# THE WEST LONDON FREE SCHOOL ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2012

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### 27 PENSION AND SIMILAR OBLIGATIONS

The Trust's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by The London Borough of Hammersmith and Fulham Both are defined-benefit schemes

The pension costs are assessed in accordance with advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

Contributions amounting to £2,275 (2011 £Nil) to the LGPS and £9,460 (2011 £3,246) were payable to the schemes at 31 August and are including within creditors

#### Teachers' Pension Scheme

The TPS is a statutory, contributory, defined benefit scheme The regulations under which the TPS operate are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in the future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

The last valuation of the TPS related to the period 1 April 2001 – 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years) This resulted in a total contribution rate of 20.5% which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable



**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2012**

**27 PENSION AND SIMILAR OBLIGATIONS (continued)**

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's full time equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme and the implications for the Trust in terms of the anticipated contribution rates.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate governor-administered funds. The total contribution made for the year ended 31 August 2012 was £25,007, of which employer's contributions totalled £19,695 and employees' contributions totalled £5,313. The agreed contribution rates for future years are 24.7 per cent for employers and 5.9 - 6.5 per cent for employees.

**Principal Actuarial Assumption**

**At 31 August  
2012**

Rate of increase in salaries	4.1%
Rate of increase for pensions in payment/inflation	1.9%
Discount rate for scheme liabilities	3.9%
Inflation assumption (CPI)	1.9%

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

**At 31 August  
2012**

*Retiring today*

Males	20.0
Females	24.0

*Retiring in 20 years*

Males	22.0
Females	25.9

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**27 PENSION AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

The Trust's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return At 31 August 2012 %	Fair value At 31 August 2012 £
Equities	5.8	15,000
Bonds	2.8	4,000
Cash	0.5	0
Other	5.8	7,000
<b>Total market value of assets</b>		<b>26,000</b>
Present value of scheme liabilities		
- Funded		(27,000)
<b>(Deficit) in the scheme</b>		<b>(1,000)</b>

The actual return on scheme assets was £1,000

Amounts recognised in the statement of financial activities	2012 £
Current service cost (net of employee contributions)	16,000
Total operating charge	16,000
<b>Analysis of pension finance income</b>	
Expected return on pension scheme assets	(1,000)
Interest on pension liabilities	1,000
<b>Pension finance income</b>	<b>-</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £5,000 loss.

**THE WEST LONDON FREE SCHOOL ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2012**

**27 PENSION AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

<b>Movements in the present value of defined benefit Obligations were as follows</b>	<b>2012 £</b>
<b>At 1 September 2011</b>	
Current service cost	16,000
Interest cost	1,000
Employee contributions	5,000
Actuarial loss	5,000
<b>At 31 August 2012</b>	<b>27,000</b>

<b>Movements in the fair value of Trust's share of scheme assets</b>	<b>2012 £</b>
<b>At 1 September 2011</b>	
Expected return on assets	1,000
Employer contributions	20,000
Employee contributions	5,000
<b>At 31 August 2012</b>	<b>26,000</b>

The estimated value of employer contributions for the year ended 31 August 2013 is £20,000

The history of experience adjustments is as follows

	<b>2012 £</b>
<b>Present value of defined benefit obligations</b>	<b>(27,000)</b>
<b>Fair value of share of scheme assets</b>	<b>26 000</b>
<b>Deficit in the scheme</b>	<b>(1,000)</b>
<b>Experience adjustments on share of scheme assets</b>	<b>-</b>
<b>Experience adjustments on scheme liabilities</b>	<b>-</b>

**28. RELATED PARTY TRANSACTIONS**

During the year ended 31 August 2012 The West London Free School Academy Trust received donations totalling £39,000 from the West London Free School Foundation Trust, a company and registered charity which shares common Governors with The West London Free School Academy Trust