

THE WEST LONDON FREE SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

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Registered Company No 07493696

THE WEST LONDON FREE SCHOOL ACADEMY TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

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THE WEST LONDON FREE SCHOOL ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 AUGUST 2013

Trustees

Mr Toby Young – Chairman
Ms Louise Allanach
Ms Sarah Gore
Mr Cosmo Lush
Mr Justin Tooth
Ms Caroline Hiske
Ms Kathryn Cooper
Mr John McIntosh (resigned 23 June 2013)

Members

Mr Toby Young
Ms Caroline Bondy
Mr Charles Ben-Nathan
Ms Suzanna Hobart
Mr Stefan Bojanowski

WLFS Secondary School Governing Body

Ms Louise Allanach – Chairman
Mr Stefan Bojanowski
Dr Elisabeth Cook
Mr Charles Ben-Nathan
Ms Caroline Hiske
Mr Zaki Hashmi
Mr Ian Hunter
Dr Jonathan Katz
Mr Justin Tooth

Headmaster

Mr A Naismith

WLFS Primary School Governing Body

Mrs Kathryn Cooper – Chairman
Ms Venetia Butterfield
Ms Miranda Francis
Ms Sarah Gore
Ms Suzanna Hobart
Ms Cecily Dixon-Brown

Headmistress

Ms N de Silva

Principal Address

Cambridge Grove
Hammersmith
London
W6 0LB

Registered Office

17 Shaa Road
London
W3 7LW

Company Secretary

Ms Argentina Barreto

Company Registration Number

07493696

Independent Auditors

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London

NW1 2EP

Bankers

Lloyds Bank
25 Gresham Street
London
LC2V 711N

Solicitors

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

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2013

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2013.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The West London Free School Academy Trust is a non-registered UK Charity and company limited by guarantee, with the registered company no. 07493696. The governing document of the charity is its Memorandum and Articles of Association dated 18 April 2013. The Trust adopted new Articles of Association as part of the process of changing from a single academy trust to a multi academy trust.

The Directors of the Trust act as the Trustees for the charitable activities of the West London Free School Academy Trust Limited and are also the Trustees of the charitable company for the purposes of company law.

Principal Activities

The West London Free School Academy Trust is an independent trust set up to provide children in West London with a classical liberal education, regardless of background or ability. The Trust currently operates two schools, the West London Free School Secondary which opened in 2011, and the West London Free School Primary which opened in 2013. It is planning to open a third school – the Earl's Court Free School Primary – in 2014.

Method of Recruitment and Appointment or Election of Trustees

As specified in the Trust's Articles of Association, up to 12 Trustees may be appointed by Members. New Trustees are appointed by a majority vote of the Members. Potential Trustees' candidatures will be assessed with regard to the needs of the Trust and the particular skills and experience that the candidate can offer.

Policies and Procedures Adopted for the Induction and Training of Trustees

Policies and procedures are under development.

Organisational Structure

Since becoming a multi academy trust, the Trust has established a scheme of delegation that delineates the roles and responsibilities of the Board of Trustees, the Local Governing Bodies and the Headteachers of each school within the Trust.

Risk Management

The Board continues to keep the schools' 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 major risks to which the Trust is exposed, as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks.

Connected Organisations, included within Related Party Relationships

The West London Free School Foundation Trust, which raises funds for the Academy Trust, is a registered charity with the registered company number 07292254.

Members' Liabilities

Each Member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they were a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

OBJECTIVES AND ACTIVITIES

Ensuring our Aims are Met

The Trust's schools are subject to regular inspection by Ofsted. In addition, both schools were required to undergo a pre-opening inspection by Ofsted. Lesson observations take place and a Headteacher performance review system is in place. Academic progress is monitored and the Headteachers of both schools report regularly on progress to their Local Governing Bodies which in turn report to the Board. Other evaluation measures include examination results, half-termly assessments of pupil progress, sporting and other successes, attendance rates and application rates. The secondary school was inspected by Ofsted in July 2013 and was rated 'Good' with outstanding features.

Objects and Aims

The Trust's aims are to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a classical liberal education.

Objectives, Strategies and Activities

The Trust's objectives are to continue to offer a classical liberal education to all pupils regardless of background or ability, to ensure the Trust remains in financial surplus, to maintain budgetary discipline, and to ensure all the schools under its umbrella are over-subscribed. Further, Trustees intend to expand the number of schools within the Trust.

ACHIEVEMENTS AND PERFORMANCE

The Trustees are satisfied that these objectives have been attained with a modest budgetary surplus at the end of this financial year, a positive Ofsted inspection report identifying the secondary school as 'Good' with outstanding features, a positive pre-opening Ofsted inspection of the primary, and an oversubscription rate of ten to one in the secondary school and six to one in the primary. Plans are also underway to open more schools.

Public Benefit

In setting the objectives and planning activities of the Trust, the Trustees 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, activities, achievements and performance above explain the ways in which the Trust fulfils this obligation.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the West London Free School Academy Trust has adequate resources to continue to operate 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 Chairman of the Finance and General Purposes Committee of each school's Local Governing Body and on a termly basis by the Board.

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

FINANCIAL REVIEW

Financial Position of the Trust and Principal Sources of Funding

The Trustees take a conservative approach to the financial management of the Trust and consequently the Trust had a small financial surplus after discharging its objects and aims as outlined above. This is in line with Charity Commission guidance and in line with the Trustees' desire that funds be spent for the intended purpose. The Trust's principal source of funds is the Department for Education under the terms of the Trust's funding agreements. The Trust received project development grant funding in respect of the intended opening of the West London Free School Primary in September 2013.

Financial and Risk Management Objectives and Policies

The financial and risk management objective of the Trust is to ensure effective financial management at the schools, such that the schools deliver their objectives within their budgets. To this end, the Trust ensures the schools comply with its Financial Regulations and Scheme of Delegation policy as well as the regulations in the Academies' Financial Handbook.

Principal Risks and Uncertainties

Principal risks and actions to mitigate these risks include:

- Lack of demand for places leading to the schools operating at less than 100% capacity
 - o Mitigation: the schools run an effective marketing and community outreach operation throughout the year and as a result were both full during this financial year.
- Uncertainty around running costs
 - o Mitigation: the Trustees and the senior leadership teams of the schools maintain a rigorous and effective set of financial procedures to support their overall financial and risk management objectives. In addition, contingencies are in place in the schools' budgets that minimise the impact of unforeseen costs during the year.
- Potential delay to the secondary school's move to its permanent site at Palingswick House
 - o Mitigation: the project plan for the Palingswick House move is monitored on an ongoing basis by the Trustees, the secondary's Local Governing Body and the school's Headmaster and reviewed by the Board on a termly basis. Contingency plans to ensure that the education provided to our pupils will not be disrupted are being developed.

Reserves Policy

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

Investment Policy

The Trust has no investments at present.

Plans for Future Periods

The Trustees plan to increase the number of schools within the Trust. In September 2013 the West London Free School Primary opened with its first cohort of 60 Reception pupils. In May 2013, the Trust received approval from the Department for Education to commence the pre-opening phase for the Earl's Court Free School Primary and this school will admit 30 reception pupils in September 2014. Over the medium term, the Trustees intend to increase the number of schools under the Trust's umbrella to six: four primaries and two secondaries, with all of them in West London and all offering an academically rigorous education to children from a variety of backgrounds.

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

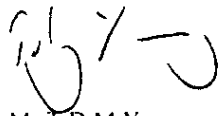
TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

AUDITORS

In so far as the Trustees are aware there is no relevant audit information of which the charitable company's auditor is unaware and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditor is aware of that information

Approved by order of the Board of Trustees and signed on their behalf by



Mr T D M Young
Chairman

Date 20 12 13

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

TRUSTEES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the 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 and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Trust has delegated the day-to-day responsibility to the Accounting Officer for ensuring financial controls meet with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreements with the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that included in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met five times during the year. Attendance during the year at these meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Toby Young -- Chairman	5	5
Ms Louise Allanach	5	5
Mrs Sarah Gore	5	5
Mr Cosmo Lush	5	5
Mr Justin Tooth	3	5
Ms Caroline Hiskell	4	5
Ms Kathryn Cooper	5	5
Mr John McIntosh (resigned 23 June 2013)	3	4
Ms Caroline Bondy (resigned 2 January 2013)	0	2
Ms Elisabeth Cook (resigned 15 April 2013)	2	3
Mr Ian Hunter (appointed 2 January, resigned 15 April 2013)	1	1
Ms Suzanna Hobart (resigned 16 April 2013)	4	5
Mr Stefan Bojanowski (resigned 15 April 2013)	3	3
Mr Zaki Hashmi (resigned 15 April 2013)	3	3
Mr Jonathan Katz (resigned 15 April 2013)	3	3
Mr Charles Ben-Nathan (resigned 2 January 2013)	2	2

The Finance and General Purposes Committee (F&GPC) is a sub-committee of the main board of Trustees. Its purpose is to ensure that all funds are spent for their proper purpose, that the financial regulations of the Trust are adhered to in all material respects and that budgets are monitored on a monthly and termly basis. The F&GPC has formally met four times during the year. Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr Cosmo Lush – Chairman	4	4
Mr Toby Young	2	4
Ms Louise Allanach	3	4
Ms Sarah Gore	4	4
Mr Justin Tooth	4	4

The changes in the composition of the board of Trustees were in connection with the change from a single academy trust to a multi academy trust structure. In many circumstances, this process involved individuals who were formerly Trustees becoming members of the Local Governing Bodies of either the secondary or the primary school.

The Purpose of the System of Internal Control

The system of internal control is designed to manage and reduce risk to a reasonable level rather than to eliminate all risk of failure completely. 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 and to mitigate them effectively. The system of internal control has been in place in the Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

TRUSTEES REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

Capacity to Handle Risk

The Board has reviewed the key risks to which the Trust is exposed together with the operating financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the Board.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports that are reviewed and agreed by the Local Governing Bodies
- Regular reviews by the Finance and General Purposes Committees of reports which assess financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties,
- Identification and management of risks

The Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Local Governing Body of the secondary has appointed Ms Louise Allanach as RO effective 23 June 2013. Prior to that, the role of RO was performed by Mr John McIntosh. The RO of the Local Governing Body of the primary was not appointed by 31 August 2013 (though Gaurav Mathur has subsequently been appointed). The RO's role includes performing a range of checks on the Academy Trust's financial systems. The secondary's RO reports to the secondary's Local Governing Body on a regular basis on the operation of the systems of control and on the discharge of the Trust's financial responsibilities and the RO of the primary will do likewise. All the ROs have delivered on their schedule of work. There were no material control concerns resulting from the ROs' work.

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

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 RO
- The work of the external auditor
- The financial management and governance self assessment process
- The information supplied by the Trust's accounting services provider

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 Board of Trustees on 20 12 13 and signed on its behalf by



Mr T D M Young
Chairman



Mr A S Naismith
Accounting Officer

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2013

As Accounting Officer of the West London Free School Academy Trust I have considered my responsibility to notify the Trust's Board and the Education Funding Agency of material irregularity, impropriety and non-compliance with The Education Funding Agency (EFA) terms and conditions of funding under the funding agreements in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies' Financial Handbook.

I confirm that I and the Board are able to identify any material irregular or improper use of funds by the Trust or material non-compliance with the terms and conditions of funding under the Trust's funding agreements 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 S Naismith
Accounting Officer

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2013

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

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


- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charity Commission's Statement of Recommended Practice
- Make judgements and estimates that are reasonable and prudent
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable company will continue in business

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

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

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

Approved by order of the Board of Trustees on 20 12 13 and signed on its behalf by



Mr I D M Young
Chairman

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 2013 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 2013 issued by the EFA and applicable law.

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 Trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 11, the Trustees 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.

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 2013 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.
- Have been prepared in accordance with the requirements of the Companies Act 2006.
- Have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' 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 Trustee's remuneration specified by law are not made, or
- We have not received all the information and explanations we require for our audit

A handwritten signature in black ink that reads "David Barnes".

David Barnes
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

20th December 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 EFA as included in the Academies' Accounts Direction 2013 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 2012 to 31 August 2013 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 LFA. Our review work has been undertaken so that we might state to the West London Free School Academy Trust and the LFA 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 LFA, 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 agreements with the Secretary of State for Education and the Academies' Financial Handbook 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 2013. 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 2012 to 31 August 2013 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 2013 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 2012 to 31 August 2013 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
Statutory Auditor
London

204 December 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 2013

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed asset Funds £	Total 2013 £	Total 2012 £
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income	3	50,913	-	-	50,913	51,442
Activities for generating funds	4	28,731	-	-	28,731	5,516
Investment income	5	1,018	-	-	1,018	244
<i>Incoming resources from</i>						
<i>Charitable activities</i>						
Funding for the Trust's educational operations	6	-	2,455,419	1,104,160	3,559,579	1,637,969
Other incoming resources						
Total incoming resources		<u>80,662</u>	<u>2,455,419</u>	<u>1,104,160</u>	<u>3,640,241</u>	<u>1,695,171</u>
Resources expended						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		-	-	-	-	-
<i>Charitable activities</i>						
Trust's educational operations	8	-	2,285,979	136,800	2,422,779	1,349,428
Governance costs	9	-	88,742	-	88,742	28,240
Total resources expended	7	<u>-</u>	<u>2,374,721</u>	<u>136,800</u>	<u>2,511,521</u>	<u>1,377,668</u>
Net incoming/(outgoing) resources before transfers		<u>80,662</u>	<u>80,698</u>	<u>967,360</u>	<u>1,128,720</u>	<u>317,503</u>
Gross transfers between funds	17	<u>(80,662)</u>	<u>(26,833)</u>	<u>107,495</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year		<u>-</u>	<u>53,865</u>	<u>1,074,855</u>	<u>1,128,720</u>	<u>317,503</u>
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	17-27	-	(2,000)	-	(2,000)	(5,000)
Net movement in funds		<u>-</u>	<u>51,865</u>	<u>1,074,855</u>	<u>1,126,720</u>	<u>312,503</u>
Reconciliation of funds						
Funds brought forward at 1 September 2012		<u>-</u>	<u>(30,103)</u>	<u>342,688</u>	<u>312,585</u>	<u>82</u>
Funds carried forward at 31 August 2013		<u>-</u>	<u>21,762</u>	<u>1,417,543</u>	<u>1,439,305</u>	<u>312,585</u>

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

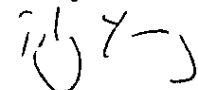
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

BALANCE SHEET

AS AT 31 AUGUST 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	13	1,417,543	342,688
Current assets			
Stock	14	13,707	3,353
Debtors	15	258,812	77,813
Cash at bank and in hand		168,499	117,523
		<u>441,018</u>	<u>198,689</u>
Creditors: amounts falling due within one year	16	<u>416,256</u>	<u>227,792</u>
Net current (liabilities)/assets		<u>24,762</u>	<u>(29,103)</u>
Total assets less current liabilities		<u>1,442,305</u>	<u>313,585</u>
Net assets excluding pension liability			
Pension scheme liability	27	<u>(3,000)</u>	<u>(1,000)</u>
Net assets including pension liability		<u>1,439,305</u>	<u>312,585</u>
Funds of the Trust:-			
Restricted funds			
Fixed asset funds	17	1,417,543	342,688
General funds	17	24,762	(25,103)
Pension reserve	17	<u>(3,000)</u>	<u>(5,000)</u>
Total restricted funds		<u>1,439,305</u>	<u>312,585</u>
Unrestricted funds			
General funds	17	-	-
Total unrestricted funds		<u>-</u>	<u>-</u>
Total funds		<u>1,439,305</u>	<u>312,585</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 20 12 13 and signed on its behalf by



Mr I D M Young
Chairman



Mr A S Naismith
Accounting Officer

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	21	49,958	82,258
Returns on investments and servicing of finance	22	1,018	244
Capital expenditure	23	-	-
Increase in cash in the year	24	50,976	82,502
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		117,523	35,021
Increase in cash in the year		50,976	82,502
Net funds at 31 August 2013		168,499	117,523

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

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 Trustees 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 Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The Trustees consider the going concern assumption is appropriate for the year ended 31 August 2013.

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 2013

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
Motor Vehicles	– 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 2013

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 26, 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 Trustees.

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 2013

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2013.

3 VOLUNTARY INCOME	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Other donations	50,913	-	50,913	51,442
	<u>50,913</u>	<u>-</u>	<u>50,913</u>	<u>51,442</u>
4. ACTIVITIES FOR GENERATING FUNDS	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Hire of facilities	28,731	-	28,731	5,516
	<u>28,731</u>	<u>-</u>	<u>28,731</u>	<u>5,516</u>
5. INVESTMENT INCOME	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Short term deposits	1,018	-	1,018	244
	<u>1,018</u>	<u>-</u>	<u>1,018</u>	<u>244</u>

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

6

FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
DfE / EFA Grants				
Capital Grants	-	1,104 160	1,104 160	413 790
General Annual Grant (GAG)	-	1 543 963	1 543 963	1,068 263
Start up grants	-	552,000	552 000	-
Other DfE / EFA grants	-	111,730	111 730	-
	-	3 311 853	3,311,853	1 482 053
Other Government Grants				
Local authority grants		21 500	21 500	
Other income				
Music income	-	44,386	44 386	36,390
Trips income	-	68,532	68 532	65,294
Catering income	-	96,372	96,372	54 232
Other income	-	11,936	11,936	-
Other grants received	-	5,000	5,000	-
	-	226,226	226,226	155,916
	-	3,559,579	3 559,579	1,637 969

7

RESOURCES EXPENDED	Staff costs £	Non Pay Premises £	Expenditure Other costs £	Total 2013 £	Total 2012 £
Trust's educational operations					
- Direct costs	1,287,477	-	605,528	1,893,005	1,034,048
- Allocated support costs	192 763	56 087	280,924	529 774	315 380
	1,480 240	56,087	886,452	2,422,779	1,349,428
Governance costs including allocated support costs	-	-	88 742	88 742	28,240
	1 480 240	56 087	975,194	2 511 521	1 377,668
Incoming/outgoing resources for the year include				2013 £	2012 £
Fees payable to auditor - audit				9 000	7 500
- other services				1,250	-

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

8	CHARITABLE ACTIVITIES - Trust's educational operations	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
	Direct costs				
	Teaching and educational support staff costs	-	1 287 477	1,287,477	732,255
	Depreciation	-	136 800	136 800	112 910
	Educational supplies	-	84,134	84,134	33 614
	Staff development	-	24,719	24,719	4 811
	Educational consultancy	-	62,889	62,889	-
	Other direct costs	-	296,986	296,986	150,458
		-	1 893 005	1,893,005	1 034 048
	Allocation support costs				
	Support staff costs	-	192 763	192,763	100,281
	Recruitment and support	-	50,588	50,588	8 786
	Maintenance of premises and equipment	-	40 245	40 245	42 065
	Cleaning	-	15,842	15,842	16 237
	Security and transport	-	6 817	6 817	4,754
	Catering	-	152,491	152 491	92 415
	Bank interest and charges	-	1,415	1,415	566
	Insurance	-	13,134	13 134	3,938
	Other support costs	-	56 479	56 479	46 338
		-	529 774	529,774	315,380
		-	2 422 779	2,422 779	1 349,428
9.	GOVERNANCE COSTS Trust's educational operations	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
	Legal and professional fees	-	66,492	66,492	8 740
	Auditor s remuneration				
	- other services	-	1 250	1 250	-
	- audit of financial statements	-	9,000	9 000	7,500
	Support costs	-	12 000	12,000	12 000
		-	88 742	88,742	28 240

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

10 STAFF COSTS	2013 £	2012 £
Staff costs during the period were		
Wages and salaries	1,085,415	606,373
Social Security costs	99,815	54,084
Pensions costs	158,434	85,093
	<u>1,343,664</u>	<u>745,550</u>
Extra-curricular teacher costs	136,576	86,986
Compensation payments	-	-
	<u>1,480,240</u>	<u>832,536</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

	2013 No.	2012 No.
Charitable activities		
Teachers	20	9
Administration and support	9	4
Management	5	2
	<u>34</u>	<u>15</u>

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

£60,001 to £70,000	1	-
£70,001 to £80,000	-	1
£90,001 to £100,000	1	-
£120,001 to £130,000	1	1
	<u>3</u>	<u>2</u>

Twenty (2012: Eleven) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £114,976 (2012: £69,398). The other employees participated in the Local Government Pension Scheme, pension contributions amounted to £43,458 (2012: £19,695).

11 TRUSTEES' REMUNERATION AND EXPENSES

During the year ended 31 August 2013, travel and subsistence expenses totalling £157 (2012: £nil) were reimbursed. None of the Trustees receive any remuneration in respect of their services as Trustees.

Related party transactions involving the Trustees 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 2013

12 TRUSTEES' AND OFFICERS INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees 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 2013 was included in the total premium paid by the charity of £13,134.

13. TANGIBLE FIXED ASSETS

	Leasehold Property	Motor Vehicles	Furniture And Equipment £	Computer Equipment £	Total £
Cost					
At 1 September 2012	-	-	142,513	313,085	455,598
Additions	1,027,889	42,740	73,684	67,342	1,211,655
Disposals	-	-	-	-	-
At 31 August 2013	1,027,889	42,740	216,197	380,427	1,667,253
Depreciation					
At 1 September 2012	-	-	34,878	78,032	112,910
Charged in year	-	10,685	41,280	84,835	136,800
Disposals	-	-	-	-	-
At 31 August 2013	-	10,685	76,158	162,867	249,710
Net Book Value					
At 31 August 2013	1,027,889	32,055	140,039	217,560	1,417,543
At 31 August 2012	-	-	107,635	235,053	342,688

14. STOCK

	2013 £	2012 £
Catering	3,353	3,353
Uniform	10,354	-
	13,707	3,353

15 DEBTORS

	2013 £	2012 £
Prepayments and accrued income	48,848	58,790
VAT	161,964	16,149
Other debtors	48,000	2,874
	258,812	77,813

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

16	CREDITORS amounts falling due within one year	2013 £	2012 £
	Trade creditors	144,436	30,159
	Other taxation and social security	32,897	17,237
	Pension	18,817	11,735
	Other creditors	119,841	82,758
	Accruals and deferred income	100,265	85,903
		<u>416,256</u>	<u>227,792</u>
	Deferred income	2013 £	
	Deferred income at 1 September 2012	67,850	
	Resources deferred in the year	49,892	
	Amount released from previous years	(67,850)	
	Deferred income at 31 August 2013	<u>49,892</u>	

Deferred income held at 31 August 2013 includes funding received for the year ending 31 August 2014, deposits held for school trips which had not taken place by 31 August 2013 and catering income received in advance of September 2013

17.	FUNDS	Balance at 1 September 2012 £	Incoming resources £	Resources expended £	Gains, Losses and transfers £	Balance at 31 August 2013 £
	Restricted general funds					
	General Annual Grant (GAG)	(25,103)	1,543,963	1,530,444	(2,565)	(14,149)
	Start up Grant	-	552,000	484,821	(28,268)	38,911
	Other EFA grants	-	111,730	111,730	-	-
	Other income	-	247,726	247,726	-	-
	Pension reserve	(5,000)	-	-	2,000	(3,000)
		<u>(30,103)</u>	<u>2,455,419</u>	<u>2,374,721</u>	<u>(28,833)</u>	<u>21,762</u>
	Restricted fixed assets funds					
	EFA grants	301,380	1,104,160	136,300	-	1,269,240
	Capital expenditure from other funds	36,808	-	-	107,495	144,303
	Private capital donation	4,500	-	500	-	4,000
		<u>342,688</u>	<u>1,104,160</u>	<u>136,800</u>	<u>107,495</u>	<u>1,417,543</u>
	Total restricted funds	<u>312,585</u>	<u>3,559,579</u>	<u>2,511,521</u>	<u>78,662</u>	<u>1,439,305</u>
	Unrestricted funds					
	Unrestricted funds	-	80,662	-	(80,662)	-
	Total unrestricted funds	<u>-</u>	<u>80,662</u>	<u>-</u>	<u>(80,662)</u>	<u>-</u>
	Total funds	<u>312,585</u>	<u>3,640,241</u>	<u>2,511,521</u>	<u>(2,000)</u>	<u>1,439,305</u>

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

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

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2013

Unrestricted funds at 31 August 2013 have been transferred to the restricted fixed asset fund to fund the purchase of fixed assets not met by capital grants

Restricted general funds of £26,833 have been transferred to the restricted fixed asset fund to fund the purchase of fixed assets not met by capital grants

Analysis of academies by fund balance

Fund balances as 31 August 2013 were allocated as follows

	2013 £	2012 £
West London Free School Secondary	(14,149)	(25,103)
West London Free School Primary	38,911	-
Total before fixed assets and pension reserve	24,762	(25,103)
Restricted fixed asset fund	1,417,543	342,688
Pension reserve	(3,000)	(5,000)
Total	1,439,305	312,585

West London Free School Secondary is carrying a net deficit of £14,149 on these funds because on account of some unexpected additional costs required to support the educational needs of some of the pupils

West London Free School Primary is carrying a net surplus of £38,911 as a result of the Trust's commitment to the pursuit of value for money in all procurement decisions and robust financial management in the pre-opening period. This is in line with best practice as outlined in the Academies' Financial Handbook

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other costs (excluding Depreciation) £	Total £
West London Free School Secondary	1,236,775	185,721	84,134	710,252	2,216,882
West London Free School Primary	50,702	7,042	-	100,095	157,839
West London Free Academy Trust	1,287,477	192,763	84,134	810,347	2,374,721

THE WEST LONDON FREE SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2013 are represented by

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed assets Funds £	Total Funds £
Intangible fixed assets	-	-	1,417,543	1,417,543
Current assets	-	441,018	-	441,018
Current liabilities	-	(416,256)	-	(416,256)
Pension scheme liability	-	(3,000)	-	(3,000)
Total net assets	-	21,762	1,417,543	1,439,305

19 CAPITAL COMMITMENTS

	2013 £	2012 £
Contracted for, but not provided in the financial statements	20,466	-

20 FINANCIAL COMMITMENTS

Operating leases

At 31 August 2013 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 2013

21	RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2013	2012
		£	£
	Net income	1,128,720	317,503
	Depreciation (note 13)	136,800	112,910
	Capital grants from EFA and other capital income	(1,211,655)	(455,598)
	Interest receivable (note 5)	(1,018)	(244)
	FRS 17 pension cost less contributions payable (note 27)	(1,000)	(4,000)
	FRS 17 pension finance income (note 27)	1,000	
	(Increase) in stocks	(10,354)	(3,353)
	(Increase) in debtors	(180,999)	(33,436)
	Increase in creditors	188,464	148,476
	Net cash inflow from operating activities	49,958	82,258
22.	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2013	2012
		£	£
	Interest received	1,018	244
	Net cash inflow from returns on investment and servicing of finance	1,018	244
23	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2013	2012
		£	£
	Purchase of tangible fixed assets	(1,211,655)	(455,598)
	Capital grants from EFA	1,104,160	413,790
	Capital funding received from sponsors and others	107,495	36,808
	Private donation received	-	5,000
	Net cash outflow from capital expenditure and financial investment	-	-
24	ANALYSIS OF CHANGES IN NET FUNDS	At 1 September 2012	At 31 August 2013
		£	£
	Cash in hand and at bank	117,523	168,499

25. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 August 2013

26. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up 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 2013

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 £nil (2012: £2,275) to the LGPS and £18,817 (2012: £9,460) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory contributory defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers 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 which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was 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 review, 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 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 WEST LONDON FREE SCHOOL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2013

27 PENSION AND SIMILAR OBLIGATIONS (continued)

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection tapered over a three and a half year period for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy 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 academy has set out above the information available on the scheme.

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 2013 was £53,000, of which employer's contributions totalled £42,000 and employees' contributions totalled £11,000. The agreed contribution rates for future years are 24.7 per cent for employers and 5.9 - 6.5 per cent for employees.

THE WEST LONDON FREE SCHOOL ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

27 PENSION AND SIMILAR OBLIGATIONS (continued)

Principal Actuarial Assumption	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	5.1%	4.1%
Rate of increase for pensions in payment/inflation	2.9%	1.9%
Discount rate for scheme liabilities	4.7%	3.9%
Inflation assumption (CPI)	2.9%	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 2013	At 31 August 2012
<i>Retiring today</i>		
Males	20.1	20.0
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	22.1	22.0
Females	26.0	25.9

THE WEST LONDON FREE SCHOOL ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

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 2013 %	Fair value At 31 August 2013 £	Expected return At 31 August 2012 %	Fair value At 31 August 2012 £
Equities	6.5	47,000	5.8	15,000
Bonds	3.5	14,000	2.8	4,000
Cash	0.5	2,000	0.5	0
Other	6.5	23,000	5.8	7,000
Total market value of assets		86,000		26,000
Present value of scheme liabilities				
- Funded		(89,000)		(27,000)
(Deficit) in the scheme		(3,000)		(1,000)

The actual return on scheme assets was £7,000

Amounts recognised in the statement of financial activities	2013 £	2012 £
Current service cost (net of employee contributions)	43,000	16,000
Total operating charge	<u>43,000</u>	<u>16,000</u>
Analysis of pension finance income		
Expected return on pension scheme assets	(3,000)	(1,000)
Interest on pension liabilities	2,000	1,000
Pension finance income	<u>(1,000)</u>	<u>-</u>

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 £7,000 (2012: £5,000) loss.

THE WEST LONDON FREE SCHOOL ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

27 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Movements in the present value of defined benefit Obligations were as follows	2013 £	2012 £
At 1 September	27 000	
Current service cost	43,000	16,000
Interest cost	2,000	1,000
Employee contributions	11 000	5,000
Actuarial loss	6,000	5,000
At 31 August	89,000	27,000
Movements in the fair value of Trust's share of scheme assets	2013 £	2012 £
At 1 September	26,000	
Expected return on assets	3 000	1,000
Actuarial gain	4 000	-
Employer contributions	42 000	20,000
Employee contributions	11,000	5,000
At 31 August	86 000	26 000

The estimated value of employer contributions for the year ended 31 August 2014 is £44 000 (2013 £20,000)

The history of experience adjustments is as follows

	2013 £	2012 £
Present value of defined benefit obligations	(89,000)	(27,000)
Fair value of share of scheme assets	86,000	26,000
Deficit in the scheme	(3,000)	(1,000)
Experience adjustments on share of scheme assets	4,000	-
Experience adjustments on scheme liabilities	-	-

THE WEST LONDON FREE SCHOOL ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2013

28 RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust's operations and the fact that the Board's Trustees are drawn in part from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted on an arm's length basis, i.e. any Trustees with an interest in the organisations concerned are not involved in the decision of whether to engage in those transactions, and in accordance with the Trust's financial regulations and normal procurement procedures, i.e. the Board follows the procedures set out in the company's Articles of Association regarding the purchase of goods or services from Trustees and complies with company law and charity law.

The following related party transactions took place in the period:

During the year ended 31 August 2013 the West London Free School Academy Trust had donations receivable totalling £44,000 (2012: £39,000) from the West London Free School Foundation Trust, a company and registered charity which shares some common Trustees with the West London Free School Academy Trust. £44,000 (2012: £nil) is included within other debtors at 31 August 2013.

During the year ended 31 August 2013, the West London Free School Academy Trust incurred charges for project management services provided by SLG Consulting Limited, a company solely owned and controlled by Ms Sarah Gore, a Director of the Trust, totalling £43,645, of which £43,551 was funded from additional grant monies provided by the Department for Education in connection with the set up of the West London Free School Primary. The contract was agreed on terms that were favourable to the Trust at close to 50% of the price of the nearest competing like for like tender. At 31 August 2013 the West London Free School Academy Trust owed £14,693 to SLG Consulting Limited. This balance is included in trade creditors.

During the year ended 31 August 2013, SLG Consulting Limited paid the West London Free School Academy Trust £27,228 for the hire of the school's premises in connection with two conferences.

During the year ended 31 August 2013, the West London Free School Academy Trust incurred charges for marketing and consultation services provided by Ms Kathryn Cooper, a Director of the Trust, totalling £7,622. Kathryn Cooper operates as a sole trader using the brand name Azaris Marketing. This marketing and consultation service contract was funded from additional grant monies provided by the Department for Education in connection with the set up of the West London Free School Primary. The contract was agreed on terms that were favourable to the Trust at a lower cost than the price of the nearest competing like for like tender.