



WEST LONDON FREE SCHOOL ACADEMY TRUST

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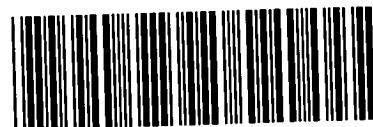
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2016

Company Registration Number: 07493696 (England and Wales)

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Members

Mr Toby Young (resigned 21.04.16)
Ms Caroline Bondy
Ms Suzanna Hobart
Mr Cosmo Lush

Trust Directors (Trustees)

Mr Cosmo Lush (Chairman)*
Mr Toby Young*
Mr Justin Tooth*
Ms Kathryn Cooper* (resigned 20.07.16)
Mr Ian Hunter*
Ms Laura McGaughey
Ms Jane Emmett
Ms Penny Hunt
Ms Chloe Mawson (appointed 13.07.16)
Mr Alexander Conabeare (appointed 13.07.16)
Mr Michael Jeans (appointed 13.07.16)
*Members of the Finance and Operations Committee

Company Secretary

Ms Rachael O'Hara (resigned 05.09.16)
Mr Yusuf Lunat (appointed 06.09.16)

Company Name & registration number

The West London Free School Academy Trust (the WLFSAT)
07493696

Principal address & registered Office

Cambridge Grove, Hammersmith, London, W6 0LB

Trust Senior Management Team:

Chief Executive Officer (Accounting officer)
Finance Director
Operations Director

Mr Toby Young
Ms Rachael O'Hara (resigned 05.09.16)
Mr Yusuf Lunat (appointed 06.09.16)
Ms Stacey Raggett

WLFS Secondary Local Governing Body

Mr Ian Hunter – Chairman*
Mr Charles Ben-Nathan
Ms Caroline Ffiske
Mr Zaki Hashmi
Dr Jonathan Katz
Mr Simon Hix
Ms Nicola Arnold *
Mr Rupert Littlewood*
Mr Anthony Henwood
Mr Stefan Bojanowski* (resigned 19.01.16)
Ms Ann Crighton (resigned 19.01.16)
Mr Mark Feltham (appointed 19.01.16)
Ms Tiffany Hancock (appointed 12.07.16)
Ms Amya Lopez (appointed 12.07.16)
Ms Andrea George-Samuels (appointed 12.07.16)
Ms Katy Whelan (appointed 12.07.16)

*Members of the Finance and General Purposes Committee

Headteacher

Mr Hywel Jones

WLFS Primary and ECFS Primary Local Governing Body

Ms Kathryn Cooper – Chairman* (resigned 20.07.16)
Ms Chloe Mawson – Co-Chair (appointed 20.07.16)
Mr Alex Conabeare* -Co- Chair (appointed 20.07.16)
Ms Venetia Butterfield (resigned 20.07.16)
Ms Suzanna Hobart
Ms Cecily Dixon-Brown*
Mr Gaurav Mathur* (resigned 20.07.16)
Mr Sam Cockerton
Mr James Crawford (appointed 18.01.16)
Mr Oliver Knight (appointed 01.05.16)
Ms Emma Madden *(appointed 01.05.16)

*Members of the Finance and General Purposes Committee

Executive Head

Ms Natalie de Silva (resigned 31.12.15)
Mr Ben McMullen (acting from 01.01.16 to
31.08.16)

Independent Auditor

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

Bankers

Lloyds Bank
25 Gresham Street
London
EC2V 7HN

Solicitors

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

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year from 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The West London Free School Academy Trust (the WLFSAT) is an independent trust set up to provide children in West London with a classical liberal education, regardless of background or ability. The WLFSAT currently has four schools: the West London Free School Secondary (WLFS Secondary), which opened in 2011 and on 31 August 2016, the end of its fifth year of operation, had 600 pupils on roll; the West London Free School Primary (WLFS Primary), which opened in 2013 and on 31 August 2016, the end of its third year of operation, had 180 pupils on roll; and the Earl's Court Free School Primary (ECFS Primary), which opened in September 2014 and on 31 August 2016, the end of its second year of operation, had 60 pupils on roll. In September 2016, The WLFSAT opened a fourth school – the Kensington Primary Academy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The WLFSAT is a non-registered exempt UK Charity and a company limited by guarantee, incorporated on 14 January 2011, with the company registration number 07493696. The primary governing documents of the charity are its Memorandum and Articles of Association dated 18 April 2013, when the WLFSAT 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 WLFSAT act as the Trustees for the charitable activities of the WLFSAT and are also the Trustees of the charitable company, known as the WLFSAT, for the purposes of company law.

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.

Trustees Indemnities

There are no qualifying indemnity provisions in force for the benefit of one or more directors of the company.

Method of Recruitment and Appointment or Election of Trustees

Details of the Trustees who served during the year are included in the Reference and Administration Details on page 1. As specified in the WLFSAT's Articles of Association, the Members may nominate and appoint up to 12 Trustees. New Trustees may also be appointed by a majority vote of the existing Trustees. Potential Trustees are assessed with regard to the needs of the WLFSAT and the particular skills and experience that they offer.

Policies and Procedures Adopted for the Induction and Training of Trustees

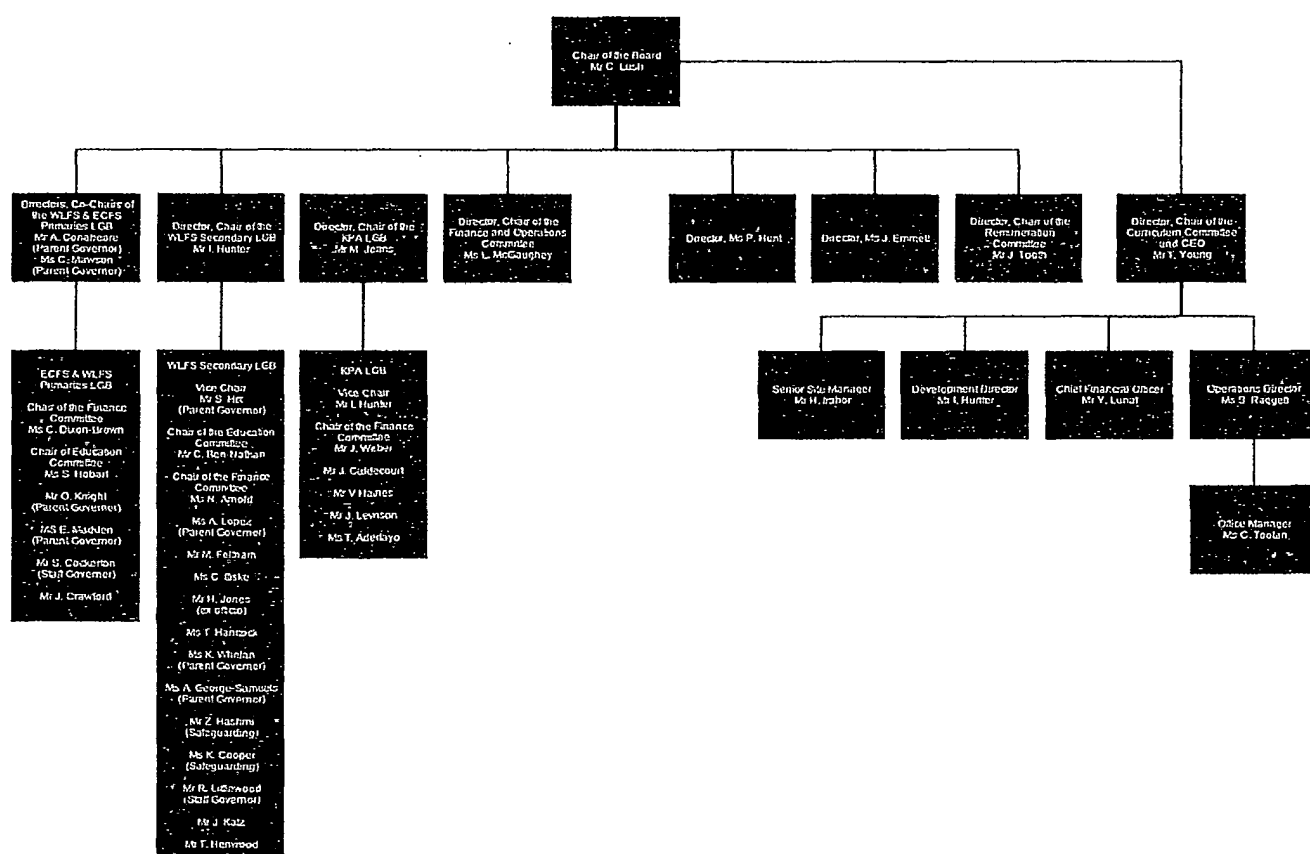
Policies and procedures relating to the induction and training of Trustees are reviewed annually and updated in light of best practice guidance issued by the WLFSAT's regulators. Induction for new Trustees includes visits to the schools in the WLFSAT, meetings with the headteachers and the existing Trustees, as well as meetings and discussions with the WLFSAT's Officers. In addition, existing relevant guidance is given to new Trustees.

Organisational Structure

Since becoming a multi academy trust, the WLFSAT has established a scheme of delegation that delineates the roles and responsibilities of the Board of Trustees, the Local Governing Bodies (LGBs) and the headteachers of the schools within the WLFSAT. The Chief Executive of the WLFSAT is the Accounting officer.

The WLFSAT has enshrined its scheme of delegation in a Terms of Reference document (available on the WLFSAT's website) that describes how responsibilities are distributed between the Board, the LGBs and the head teachers in the following areas: Governance/Management, Education, Employment/Human Resources, Budgets, Sites/Facilities/ICT, Admissions/Exclusions and Marketing/Communications.

The diagram below shows the current organisational structure of the WLFSAT.



Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Trust responsible for directing and controlling the Trust are the Trustees and the Senior Management Team. Trustees are not remunerated for their services as Directors of the Trust, but the Senior Management Team are.

There is a Remuneration Committee consisting of five Trustees that meets from time to time to agree the remuneration of key management personnel (including the headteachers) in line with market rates and the achievement of performance objectives.

Related Parties and other Connected Charities and Organisations

The West London Free School Foundation Trust, a company that raises money for the Academy Trust, is a registered charity with the registered company number 07292254. Related party transactions involving Trustees are set out in notes 11 and 29 to the financial statements.

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

Objectives, Strategies and Activities

The WLFSAT'S objectives are to offer a classical liberal education to all pupils regardless of background or ability; to ensure the WLFSAT remains in financial surplus; to maintain budgetary discipline; and to ensure all the schools under its umbrella are over-subscribed. The WLFSAT opened a fourth school, the Kensington Primary Academy, in September 2016. The Trustees intend to expand the number of schools within the WLFSAT and regularly discusses how to achieve this.

Ensuring our objectives are met

The WLFSAT's schools are subject to regular inspection by Ofsted. In addition, all schools are required to have a pre-opening inspection by Ofsted, as well as receive regular monitoring visits from the Department for Education (DfE). Lesson observations take place and a head teacher performance review system is in place. Academic progress is monitored and the headteachers of the schools report regularly on progress to their LGBs, which in turn report to the Board. Other evaluation measures include examination results, assessments of pupil progress, sporting and other successes, attendance rates and application rates. The WLFS Secondary was inspected by Ofsted in July 2013 and was rated "Good" with "Outstanding" features. The WLFS Primary was inspected by Ofsted in May 2015 and was rated "Outstanding" in every area.

Public Benefit

In setting the objectives and planning the activities of the WLFSAT, 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 in exercising their powers and duties. The objectives, activities, achievements and performance above explain the ways in which the WLFSAT fulfils this obligation.

STRATEGIC REPORT

Achievements and Performance and Key Performance Indicators

The Trustees are satisfied that its key aims and objectives have been attained, including ending the year in surplus.

The WLFS Secondary posted its first set of GCSE results in August 2016. 77% of pupils gained 5 A* to C (including Maths and English). This compared to a forecast of 69% when the same cohort were first tested, using MidYIS, shortly after arriving at the school in 2011. The results in certain subjects, specifically Science, Mathematics, Art, Music and Religious Education, were exceptional. The highlights include:

- 38% of all results were at A*/A and 63% of all results were in the range A* to B
- 83% of all results were at grade C or above
- In Mathematics, 85% of pupils achieved A* to C and 37% achieved A*/A
- Every pupil who took all three sciences achieved an A* to C, with 75% of these achieving A*/A
- Pupils taking English Literature performed well, with 79% achieving an A* to C and 44% achieving A*/A
- 100% of pupils who took Music and Art got a grade C or above, with 57% of Music students and 33% of Art students getting A*/A
- 95% of Religious Education pupils achieved a grade C or above, with 67% gaining A*/A

The pupils' achievements are a testament to their hard work and focus, as well as the efforts of our exceptional teaching and support staff. Progress in Years 7-10 is in line with this level of exam success in future years. Across the whole school, almost two-thirds of the pupils are learning a musical instrument, compared to less than 10% of secondary school pupils nationally. Attendance at the Secondary in 2015-16 was 94%, as it was in 2014-15. The school remains over-subscribed by a ratio of 10:1.

In the WLFS Primary, pupil performance continues to be exceptional. Seventy five per cent of the 60 pupils in Reception had obtained a Good Level of Development, which is nine per cent above the national average. The phonics screening checks for the Reception children were equally impressive, with 97% of pupils meeting the expected standard compared to a national average of 81%.

The pupils in Year 2 also did well in their KS1 SATs (see below), exceeding local and national benchmarks in all subjects, both when it came to Expected Standards (EXS) and Greater Depth Standards (GDS).

| Key Stage 1 results – 2016 | | West London Free School Primary | Local Authority (H&F) | National |
|----------------------------|-----|---------------------------------|-----------------------|----------|
| Reading | EXS | 93% | 78% | 74% |
| | GDS | 62% | 31% | 24% |
| Writing | EXS | 82% | 70% | 66% |
| | GDS | 28% | 18% | 13% |
| Maths | EXS | 93% | 77% | 73% |
| | GDS | 50% | 26% | 18% |
| Science | EXS | 98% | 83% | 82% |
| | GDS | | | |

The ECFS Primary, which shares a site with the WLFS Primary, did equally well at Reception level, with 77% attaining the expected standard and 100% of the pupils meeting the standard in the Phonics screening check. The ECFS Primary's KS1 SATs results will be available at the end of the 2016/17 academic year.

During the year, the WLFSAT, together with the Education Funding Agency (EFA), continued to manage the required investment and refurbishment programmes needed to accommodate all the pupils in the WLFSAT. Palingswick House, the WLFS Secondary's permanent home for years 7 to 11, was completed in January 2016, so all five year groups were co-located for the final two terms of the school year. Meanwhile, the WLFSAT oversaw renovations of its Bridge Avenue site to prepare it for use as the school's sixth form from September 2016. Building works at Cambridge Grove, to increase the number of classrooms in order to be able to accommodate the ECFS Primary pupils, were delayed by a year due to planning issues and will not begin until January 2017. The building for Kensington Primary Academy, the WLFSAT's third primary school, was delivered in time for the school to open in September 2016, as planned.

The WLFSAT continues to review its recruitment and infrastructure needs in light of forecast growth.

Key Financial Performance Indicators

The schools' LGBs, as well as the Board, regularly review the following financial performance indicators:

- Balance of incoming and outgoing resources
- Year-to-date spend against forecast
- Spend per pupil
- Distribution of spend across categories (e.g. salaries, educational supplies, extra-curricular activities)
- Monthly cash flow and cash balance
- Levels of donations to the schools

- On-going capital investment

Going Concern

After making appropriate enquiries, the Board has a reasonable expectation that the WLFSAT 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.

FINANCIAL REVIEW

The Trustees take a cautious approach to the financial management of the WLFSAT and consequently the WLFSAT had a financial surplus after discharging its objects and aims as outlined above. This is in line with Charity Commission guidance, DfE guidance and with the Trustees' desire that funds be spent for the intended purpose. The WLFSAT's principal source of funds is the DfE under the terms of the WLFSAT's funding agreements. The WLFSAT also received project development grant funding for Kensington Primary Academy in instalments through the financial year.

Reserves policy

Unrestricted General fund Reserves

At 31 August 2016, the value of the free reserves held as unrestricted general funds was £47,217 (2015: £21,174). There is currently no target for level of unrestricted reserves held. As and when this reserve grows, the Trustees will review reserves held to target necessary improvements throughout its property portfolio and to its operational and organisational structure that improve the teaching facilities and environment throughout the schools.

The WLFSAT holds no other unrestricted reserves.

Restricted Reserves

The WLFSAT aims to set a budget each year that will achieve a cumulative revenue (general restricted funds) surplus after all costs of between 2% and 5%. It is intended that the reserves will be held to allow the WLFSAT in future periods to target necessary improvements throughout its property portfolio and to its operational and organisational structure that improve the teaching facilities and environment throughout the schools.

On 31 August 2016, the level of reserves held as restricted general funds was £193,094 (31 August 2015: £519,239) and the level of reserves held as restricted fixed asset funds, was £33,666,502 (31 August 2015: £30,837,139), as shown in the Balance Sheet.

Pension Reserve

At 31 August 2016, the WLFSAT's share of the underlying Local Government Pension Scheme assets and liabilities was in deficit by £625,000 (31 August 2015: £107,000).

Investment Policy

The WLFSAT manages and holds its bank and petty cash balances and makes investment decisions with regards to use of those funds which are directed towards the provision of educational activities in line with the curricula of the schools and the identified support needs. The surplus cash reserves are prudently invested in interest-bearing bank deposits or similar. The WLFSAT has no other investments.

Principal Risks and Uncertainties

The Board continues to keep the schools' activities under review to identify principal risks and regularly reviews the WLFSAT's risk register. The Board monitors the effectiveness of the system of internal controls (including insurance cover as appropriate), by which those risks already identified can best be mitigated. The major risks to which the WLFSAT is exposed,

as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks.

The financial and risk management objective of the WLFSAT is to ensure effective financial management at the schools, such that the schools deliver their objectives within their budgets. To this end, the WLFSAT ensures the schools comply with the Trust's Financial Regulations and Scheme of Delegation document, the guidance in the Academies' Financial Handbook, wider government guidance (e.g. on procurement) and charities regulation.

Principal risks and actions to mitigate these risks include:

- Lack of demand for places leading to the schools operating at less than 100% capacity
 - Mitigation: the schools ran an effective marketing and community outreach operation throughout the year and as a result were full during this financial year.
- Uncertainty around running costs
 - Mitigation: the Trustees and the business and finance managers 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.
- The management of financial risks such as credit risk, cash flow and liquidity risks are not considered principal risks due to the nature of The WLFSAT's funding profile. These areas are closely monitored at the schools and at Trust level on a monthly basis.
- As disclosed above, the WLFSAT's share of the underlying Local Government Pension Scheme assets and liabilities was in deficit by £625,000 at 31 August 2016.

Plans for Future Periods

In September 2016, The Kensington Primary Academy was opened with its first cohort of 30 Reception pupils. Over the medium term (2016-20), the Trustees intend to increase the number of schools under the WLFSAT's umbrella.

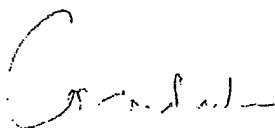
Auditor

In so far as the Trustees are aware:

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

A Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 13 December 2016 and signed on the Board's behalf by:

Signature:



Date:

13/12/16

Mr Cosmo Lush
Chair and Trustee

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that the WLFSAT 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 Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to them in the funding agreements between the WLFSAT and the Secretary of State for Education. The Chief Executive is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees formally met three 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)* | 3 | 3 |
| Mr Toby Young* | 3 | 3 |
| Mr Justin Tooth* | 2 | 3 |
| Ms Kathryn Cooper* | 3 | 3 |
| Mr Ian Hunter* | 2 | 3 |
| Ms Penny Hunt | 3 | 3 |
| Ms Laura McGaughey | 3 | 3 |
| Ms Jane Emmett | 3 | 3 |
| Ms Chloe Mawson | 0 | 0 |
| Mr Michael Jeans | 0 | 0 |
| Mr Alexander Conabear | 0 | 0 |

*Members of the Finance and Operations Committee

Governance Reviews

The WLFSAT reviews its governance on an annual basis and has undertaken a self-evaluation during the year. As a result of this review, the Board has strengthened and widened its skills in the areas of finance and legal advice.

The WLFSAT intends to conduct its next self-evaluation in the year to 31 August 2017.

The Finance and Operations Committee 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 financial regulations are adhered to in all material respects and that budgets are monitored on a monthly and termly basis. The F&OC has formally met three times during the year. Attendance during the year at meetings of the F&OC was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Ms Laura McGaughey (Chair) | 3 | 3 |
| Mr Cosmo Lush | 2 | 3 |
| Mr Toby Young | 1 | 3 |
| Ms Kathryn Cooper* | 0 | 3 |
| Ms Cecily Dixon Brown (<i>*attending for Ms Kathryn Cooper</i>) | 3 | 3 |
| Mr Ian Hunter | 2 | 3 |
| Mr Justin Tooth | 2 | 3 |

Review of Value for Money

As accounting officer, the Chief Executive has responsibility for ensuring that the Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the WLFSAT's use of its resources has provided good value for money during each academic year and reports to the Board of Trustees.

Economies of Scale

The opening of a second school during 2013-14, a third in 2014-15 and a fourth in 2016-17, means that the Trust has been able to centralise some of the schools' management functions and use the resulting economies of scale to employ three officers using a robust, competitive recruitment process – a part-time Chief Executive Officer and a part-time Finance Director – both recruited part way through the year ended 31 August 2014 – and a full-time Operations Director recruited from 1 September 2015. These officers have been able to relieve the head teachers of some of the work they had been burdened with in connection with capital projects, site management, finance and human resources, enabling them to concentrate on their core educational responsibilities.

The WLFS Secondary

At the WLFS Secondary, actions to continually improve educational outcomes, include setting aspirational GCSE grade targets, keeping class sizes small, making Latin compulsory and setting across academic subjects in KS3, encouraging all children to learn a musical instrument and expecting all children to participate in our ambitious extra-curricular programme. The Trustees' Report describes key outcomes and achievements to illustrate that this approach is having a positive impact.

The WLFS Secondary also has various measures in place to narrow the attainment gap between disadvantaged groups and their peers, including stretch and support classes in Maths and English, learning mentors to provide in-class support, one-on-one tutors and subsidised music lessons for students eligible for the Pupil Premium.

The focus during 2015-16 was to ensure that the school's Year 11 cohort made good progress and exceeded their targets in their GCSE exams. The first set of GCSE results were impressive and are reported in more depth in the Strategic Report.

The WLFS Primary and ECFSP Primary

At the WLFS Primary, measures are also in place to continually improve educational outcomes, such as setting high expectations, working with the children in small groups, organising them into ability groupings in phonics and teaching an innovative, knowledge-based curriculum, which the school has developed in partnership with Civitas, the education think tank. Again, there is evidence that this approach is having a beneficial impact.

The WLFS Primary was inspected by Ofsted in May 2015 and was ranked "Outstanding" in every area.

At the ECFS Primary, exactly the same measures are in place to continually improve educational outcomes.

Prudent Financial Management

Since opening in 2011, the WLFSAT has adopted a policy of insisting that all pupils have a hot school lunch on the premises; packed lunches are not permitted. This ensures that all pupils are properly fed, creates a sense of community and enables the WLFSAT to bring down the cost of catering. Due to the near 100% take-up of school meals, the Trust has kept to a minimum the amount by which it has to subsidise its catering contract during the schools' start-up phases.

Since 2011, the WLFSAT has used its facilities efficiently by generating extra income from the premises. Two free schools conferences have been run which have generated a total of £27,000 in additional funding. The Trust has also let out its premises and recently appointed a lettings agency to manage this. In addition, a charitable after-school childcare provider has been licensed to use the WLFS Primary's premises to provide low-cost childcare for working parents, although the Trust doesn't charge this provider any rent. In 2016-17, the WLFSAT expects to see a significant increase in lettings income.

Where possible, essential services are secured at a Trust level rather than at an individual school level in order to save money. For example, catering and cleaning services were procured during 2014-15 at Trust level, which has resulted in savings for all the schools within the Trust. All budget holders within the schools are required to familiarise themselves with the WLFSAT's internal financial guidance document, the Financial Regulations and Scheme of Delegation, and follow the policies and procedures it sets out.

At WLFSAT level, excessive salaries are not authorised. At the end of 2015-16, the highest-paid employee across the Trust was paid £60,000 for working three days a week, a full time equivalent salary of £100,00.

Better procurement

Both revenue and capital budgets are subjected to close budgetary monitoring and value for money tests, with the schools' expenditure being overseen by the Finance and General Purposes Committees of their Local Governing Bodies and the Finance and Operations Committee of the Trust. The Trust reviews available frameworks and assesses suitability on a case-by-case basis. Where there is no suitable framework, bespoke tenders are produced and/or value for money exercises are undertaken.

For the procurement of furniture, fittings and equipment (FF&E) for the WLFS Secondary's permanent site at 241 King Street in 2014-15 all budget holders were required to produce evidence of best value for money in their purchasing decisions. All furniture procurement was tested for value for money and a variety of providers were chosen ranging from Internet vendors to specialist educational equipment suppliers to high street chains such as IKEA. Information and Communication Technology (ICT) budgets are also carefully stewarded.

Staff at all the Trust's schools are provided with 'fit for purpose' IT equipment in order to maximise the longevity of the Trust's one-off ICT capital budget. All senior staff are aware that FF&E and ICT budgets are one-off capital budgets to be drawn down over an extended period. They know that once these budgets are depleted, FF&E and ICT refreshment must be financed from General Annual Grant budgets and they moderate their spending accordingly.

In the WLFS Secondary, department heads are allocated departmental capitation budgets decided by a formula based on pupil numbers and a multiplier to take account of the equipment needs of their departments. Additional departmental capitation budgets are available, but budget holders must bid for funds by producing a business case. This means staff have to evaluate whether a purchase is really necessary to support teaching and learning.

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 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 on-going process designed to identify and prioritise the risks to the achievement of WLFSAT 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. A system of internal control has been in place in the WLFSAT for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board has reviewed the key risks which the WLFSAT is exposed to, 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 on-going process for identifying, evaluating and managing the WLFSAT's significant risks that has been in place for the year ending 31 August 2016 and up to the date of the approval of the annual report and financial statements. The Board regularly reviews this process.

The Risk and Control Framework

The WLFSAT'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 LGBs
- Regular reviews by the LGBs' 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

Robust key financial controls are crucial to ensure that the schools are complying with EFA requirements and expectations in relation to regularity, propriety and the safeguarding of public funds.

The Board considered the need for a specific internal audit function and decided not to appoint an internal auditor. However, since April 2014, RSM has been engaged to undertake termly reviews of key financial controls across the WLFSAT.

RSM reviews each school and identifies any weaknesses in the design of the overall control framework, which the WLFSAT addresses. RSM visits the schools and the Finance Director and the schools continue to monitor and report on the implementation of any recommendations. The checks that RSM carried out in the year to 31 August 2016, within its programme of work, included:

- Review and testing of payroll system and personnel files
- Review of access levels to accounting systems and controls over data amendments and transactions
- Review and testing of purchasing systems and supporting documentation
- Review and testing of income systems and supporting documentation
- Review and testing of inventory systems
- Review of bank reconciliations and procedures
- Review and testing of IT recovery procedures

Review of Effectiveness

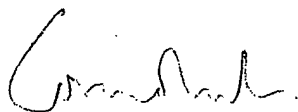
As accounting officer, Mr Toby Young has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- The work of the external auditor
- The work of RSM's termly reviews of financial controls
- The financial management and governance self-assessment process
- The information supplied by the WLFSA's finance teams led by the Finance Director
- The work of the WLFSA's Senior Management Team which has responsibility for the development and maintenance of the internal control framework

The Finance and Operations Committee has advised the accounting officer of the implications of RSM's programme of works on the system of internal control. Plans are in place to address any weaknesses identified and to ensure continuous improvement of the system.

Approved by order of the members of the Board of Trustees on 13 December 2016 and signed on its behalf by:

Signature:

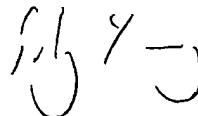


Date:

13/12/16

Mr Cosmo Lush
Chair and Trustee

Signature:



Date:

13/12/16

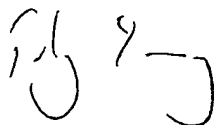
Mr Toby Young
Accounting Officer and CEO

As accounting officer of The West London Free School Academy Trust I have considered my responsibility to notify the Trust's Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with 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 2015.

I confirm that I and the WLFSAT Board of Trustees 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 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and the EFA.

Signature:



Date:

13/12/16

Mr Toby Young
Accounting Officer and CEO

Statement of Trustees' Responsibilities

Year ended 31 August 2016

The Trustees (who act as Governors of The West London Free School Academy Trust and are also the Directors 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 Direction published by the Education Funding Agency, 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 Charities SORP 2005
- Make judgments and accounting 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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

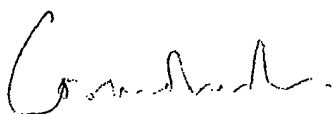
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE 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 members of the Board of Trustees on 13 December 2016 and signed on its behalf by:

Signature:



Date:

13/12/16

Mr Cosmo Lush
Chair and Trustee



Independent auditor's report to the members of The West London Free School Academy Trust Year ended 31 August 2016

We have audited the financial statements of The West London Free School Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities (including the income and expenditure account), 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2015 to 2016 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 governing body and auditor

As explained more fully in the governing body's responsibilities statement [**set out on page [**]**], the governing body (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 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

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 2016 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; and
- have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('Charities SORP (FRS 102)') and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the governing body's report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.



Grant Thornton

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

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

William Devitt
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

16 December 2016



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 5 December 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 in accordance with the terms of our engagement letter. Our 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 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 15 and 16 May 2013 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 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 [****name of Academy Trust****] and the Education Funding Agency (continued)

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Reporting Accountant

Grant Thornton UK LLP
Chartered Accountants
Milton Keynes

16 December 2016

Statement of Financial Activities: Income and Expenditure Account and Statement of Total Recognised Gains and Losses

Year ended 31 August 2016

| | Notes | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed asset Funds £ | Total 2016 £ |
|---|-------|----------------------------|-------------------------------------|---|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 4,058 | 152,262 | 3,799,883 | 3,956,203 |
| Charitable activities | | | | | |
| Funding for the Trust's educational operations | 4 | - | 6,712,369 | - | 6,712,369 |
| Other trading activities | 5 | 19,986 | - | - | 19,986 |
| Investments | 6 | 1,999 | - | - | 1,999 |
| Total | | 26,043 | 6,864,631 | 3,799,883 | 10,690,557 |
| Expenditure on: | | | | | |
| <i>Charitable activities</i> | | | | | |
| Trust's educational operations | 7,8 | - | 6,625,686 | 1,103,609 | 7,729,295 |
| Net incoming resources before transfers | | 26,043 | 238,945 | 2,696,274 | 2,961,262 |
| Gross transfers between funds | 17 | - | (133,089) | 133,089 | - |
| Net income for the year | | 26,043 | 105,856 | 2,829,363 | 2,921,262 |
| Other recognised gains and losses | | | | | |
| Actuarial losses on defined benefit pension schemes | 28 | - | (432,000) | - | (432,000) |
| Net movement in funds | | 26,043 | (326,144) | 2,829,363 | 2,529,262 |
| Reconciliation of funds | | | | | |
| Funds brought forward at 1 September 2015 | | 21,174 | 519,239 | 30,837,139 | 31,377,552 |
| Funds carried forward at 31 August 2016 | | 47,217 | 193,095 | 33,666,502 | 33,906,814 |

All of the academy trust's activities derive from continuing operations during 2014-15 and 2015-16.

Statement of Financial Activities: Income and Expenditure Account and Statement of Total Recognised Gains and Losses

Year ended 31 August 2016

| | Notes | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed asset Funds £ | Total 2015 £ |
|---|-------|----------------------------|-------------------------------------|---|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 730 | 41,538 | 14,762,892 | 14,805,160 |
| <i>Charitable activities</i> | | | | | |
| Funding for the Trust's educational operations | 4 | - | 5,503,472 | - | 5,503,472 |
| Other trading activities | 5 | 4,870 | - | - | 4,870 |
| Investments | 6 | 1,763 | - | - | 1,763 |
| Total | | 7,363 | 5,545,010 | 14,762,892 | 20,315,265 |
| Expenditure on: | | | | | |
| <i>Charitable activities</i> | | | | | |
| Trust's educational operations | 7,8 | - | 5,257,611 | 719,354 | 5,976,965 |
| Net incoming resources before transfers | | 7,363 | 287,399 | 14,043,538 | 14,338,300 |
| Gross transfers between funds | 17 | - | (32,092) | 32,092 | - |
| Net income for the year | | 7,363 | 255,307 | 14,075,630 | 14,338,300 |
| Other recognised gains and losses | | | | | |
| Actuarial gain on defined benefit pension schemes | 28 | - | 8,000 | - | 8,000 |
| Net movement in funds | | 7,363 | 263,307 | 14,075,630 | 14,346,300 |
| Reconciliation of funds | | | | | |
| Funds brought forward at 1 September 2014 | | 13,811 | 255,932 | 16,761,509 | 17,031,252 |
| Funds carried forward at 31 August 2015 | | 21,174 | 519,239 | 30,837,139 | 31,377,552 |

All of the academy trust's activities derive from continuing operations during 2014-15 and 2015-16.

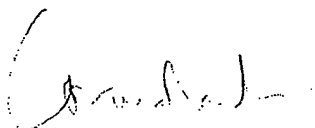
The West London Free School Academy Trust
Balance Sheet as at 31 August 2016

07493696

| | Notes | 2016 £ | 2015 £ |
|---|-------|-------------------|-------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 33,666,502 | 30,837,139 |
| Current assets | | | |
| Stock | 14 | - | 757 |
| Debtors | 15 | 828,888 | 2,158,741 |
| Cash at bank and in hand | | 1,289,031 | 1,804,138 |
| | | <u>2,117,919</u> | <u>3,963,636</u> |
| Creditors: amounts falling due within one year | 16 | <u>1,252,607</u> | <u>3,316,223</u> |
| Net current assets | | <u>865,312</u> | <u>647,413</u> |
| Total assets less current liabilities | | <u>34,531,814</u> | <u>31,484,552</u> |
| Net assets excluding pension liability | | | |
| Pension scheme liability | 28 | (625,000) | (107,000) |
| Net assets including pension liability | | <u>33,906,814</u> | <u>31,377,552</u> |
| Funds of the Trust: - | | | |
| Restricted funds | | | |
| Fixed asset funds | 17 | 33,666,502 | 30,837,139 |
| General funds | 17 | 818,095 | 626,239 |
| Pension reserve | 17 | (625,000) | (107,000) |
| Total restricted funds | | <u>33,859,597</u> | <u>31,356,378</u> |
| Unrestricted funds | | | |
| General funds | 17 | 47,217 | 21,174 |
| Total unrestricted funds | | <u>47,217</u> | <u>21,174</u> |
| Total funds | | <u>33,906,814</u> | <u>31,377,552</u> |

The financial statements on pages 20 to 22 were approved by the Trustees and authorised for issue on 13 December 2016 and are signed on their behalf by:

Signature:



Date:

13/11/16

Mr C Lush
Chairman and Trust

Cash flow statement

For the year ended 31 August 2016

| | Notes | 2016 £ | 2015 £ |
|---|-------|-----------|-----------|
| Net cash (outflow)/inflow from operating activities | 22 | (517,106) | 1,403,164 |
| Returns on investments and servicing of finance | 23 | 1,999 | 1,763 |
| Capital expenditure | 24 | - | - |
| (Decrease)/Increase in cash in the year | 25 | (515,107) | 1,404,927 |
| Reconciliation of net cash flow to movement in net funds | | | |
| Net funds at 1 September 2015 | | 1,804,138 | 399,211 |
| Net funds at 31 August 2016 | | 1,289,031 | 1,804,138 |

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

The financial statements of The WLFSAT, a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP(FRS102)), the Academies Accounts Direction 2015 to 2016 Issued by the EFA, the Charities act 2011 and the Companies Act 2006.

The West London Free School Academy Trust meets the definition of public benefit under FRS 102.

Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of the WLFSAT, prepared in accordance with FRS 102 and the Charities SORP 2015. The financial statements of The West London Free School Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

It is the first year that the WLFSAT has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the governors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliation and descriptions of the effect of the transition to FRS 102 and SORP 2015 on net expenditure for the comparative period reported under previous UK GAAP and SORP 2005 is given below. The transition to FRS 102 did not affect the total funds of the Academy Trust as previously stated under the former UK GAAP.

The only change on the transition to FRS102 relate to the reclassification between finance cost and actuarial valuation of £9,000. This does not affect total funds.

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. Following this assessment, the trustees have determined that the accounts have been prepared on a going concern basis.

Income

All incoming resources are recognised when the WLFSAT 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general funds.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship Income**

Sponsorship income provided to the WLFSAT, 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 and is measurable.

- **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 goods, facilities and services and gifts in kind**

The value of donated services and gifts in kind provided to the WLFSAT are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the 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 WLFSAT's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefit will be required in settlement and the amount of obligation can be measured reliably. Expenditure is classified by activity. The cost of each activity are made up of total of direct cost and shared cost, including support cost involved in undertaking each activity. Direct cost attributable to a single activity, are allocated directly to that activity. Shared costs, which contribute to more than one activity and support cost, which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Charitable activities**

These are costs incurred on the WLFSAT's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Fixed assets costing more than £1,000 are assessed according to their nature and 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 EFA's capital budgets 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 WLFSAT's depreciation policy.

Where fixed assets have been donated to the WLFSAT, the asset is recognized at fair value and depreciated over the useful economic life of the related asset on a basis consistent with the WLFSAT'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:

| | |
|---------------------------------------|---------------|
| Freehold and long leasehold buildings | 50 years |
| 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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of settlement can be estimated reliably. Liabilities are recognised at the amount that the WLFSAT anticipates it will pay to settle the debt or the amount it has received as advance payments for the goods or service it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefit and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligations. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risk specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

Stock

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

Taxation

The WFLSAT 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 WFLSAT are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes and the assets are held separately from those of the WFLSAT.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the WFLSAT 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 28, the TPS is a multi-employer scheme and the WFLSAT 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 WFLSAT in a separate trustee 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 that may be used towards meeting any of the charitable objects of the WFLSAT at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the EFA/DfE.

Critical accounting estimates and areas of judgement.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The WLFSAT makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Trust was not subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next.

| 3. | DONATIONS AND CAPITAL GRANTS | Unrestricted | Restricted | Total | Total |
|----|--|---------------|------------------|------------------|-------------------|
| | | Funds | Funds | 2016 | 2015 |
| | | £ | £ | £ | £ |
| | Capital Grants | - | 3,799,883 | 3,799,883 | 14,762,892 |
| | Donations | 4,058 | 152,262 | 156,320 | 42,268 |
| | | <u>4,058</u> | <u>3,952,145</u> | <u>3,956,203</u> | <u>14,805,160</u> |
| | | | | | |
| 4. | FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS | Unrestricted | Restricted | Total | Total |
| | | Funds | Funds | 2016 | 2015 |
| | | £ | £ | £ | £ |
| | DfE/EFA grants | | | | |
| | General Annual Grant (GAG) | - | 5,738,479 | 5,738,479 | 4,098,090 |
| | Start-up Grants | - | 105,000 | 105,000 | 483,500 |
| | Other DfE/EFA grants | - | 475,761 | 475,761 | 471,634 |
| | | <u>-</u> | <u>6,319,240</u> | <u>6,319,240</u> | <u>5,053,224</u> |
| | | | | | |
| | Other Government grants | | | | |
| | Local authority grants | - | 117,511 | 117,511 | 44,399 |
| | | | | | |
| | Other Income | | | | |
| | Music Income | - | 94,057 | 94,057 | 87,221 |
| | Trips Income | - | 151,105 | 151,105 | 141,382 |
| | Catering Income | - | - | - | 134,977 |
| | Other Income | - | 30,456 | 30,456 | 42,269 |
| | | <u>-</u> | <u>6,712,369</u> | <u>6,712,369</u> | <u>5,503,472</u> |
| | | | | | |
| 5. | OTHER TRADING ACTIVITIES | Unrestricted | Restricted | Total | Total |
| | | Funds | Funds | 2016 | 2015 |
| | | £ | £ | £ | £ |
| | Hire of Facilities | 19,986 | - | 19,986 | 4,870 |
| | | <u>19,986</u> | <u>-</u> | <u>19,986</u> | <u>4,870</u> |
| | | | | | |
| 6. | INVESTMENT INCOME | Unrestricted | Restricted | Total | Total |
| | | Funds | Funds | 2016 | 2015 |
| | | £ | £ | £ | £ |
| | Short Term Deposits | 1,999 | - | 1,999 | 1,763 |
| | | <u>1,999</u> | <u>-</u> | <u>1,999</u> | <u>1,763</u> |

| 7. EXPENDITURE | Staff costs | Non Pay Expenditure | | Total | Total |
|--|------------------|---------------------|------------------|------------------|------------------|
| | £ | Premises £ | Other costs £ | 2016 £ | 2015 £ |
| Trust's educational operations | | | | | |
| - Direct costs | 3,512,883 | - | 1,861,397 | 5,374,280 | 4,246,208 |
| - Allocated support costs | 1,509,917 | 42,933 | 802,165 | 2,355,015 | 1,730,757 |
| | <u>5,022,800</u> | <u>42,933</u> | <u>2,663,562</u> | <u>7,729,295</u> | <u>5,976,965</u> |
| | | | | 2016 | 2015 |
| | | | | £ | £ |
| Net Income / expenditure for year include: | | | | | |
| Fees payable to auditor | | | | | |
| - audit of financial statements | | | | 24,195 | 25,578 |
| - other audit services | | | | 3,700 | 8,600 |
| Depreciation | | | | 1,103,608 | 719,354 |
| Operating lease rentals | | | | 8,538 | - |
| | | | | <u></u> | <u></u> |
| | | | | | |
| 8. CHARITABLE ACTIVITIES | | | | Total | Total |
| Trust's educational operations | | | | 2016 | 2015 |
| | | | | £ | £ |
| Direct costs | | | | | |
| Teaching and educational support staff costs | | | | 3,512,883 | 2,787,075 |
| Depreciation | | | | 1,103,608 | 719,354 |
| Technology costs | | | | 89,211 | 105,582 |
| Educational supplies | | | | 271,914 | 276,959 |
| Examination fees | | | | 51,313 | 13,959 |
| Staff development | | | | 26,090 | 31,165 |
| Educational consultancy | | | | - | 3,127 |
| Other direct costs | | | | 319,261 | 308,987 |
| | | | | <u>5,374,280</u> | <u>4,246,208</u> |
| Allocated support costs | | | | | |
| Support staff costs | | | | 1,509,917 | 908,737 |
| Recruitment and support | | | | 83,481 | 101,623 |
| Maintenance of premises and equipment | | | | 42,933 | 37,177 |
| Cleaning | | | | 93,704 | 73,118 |
| Rent and rates | | | | 94,552 | 74,114 |
| Energy | | | | 83,322 | 50,810 |
| Security and transport | | | | 692 | 506 |
| Catering | | | | 194,553 | 311,235 |
| Bank interest and charges | | | | 2,486 | 450 |
| Insurance | | | | 37,466 | 18,633 |
| Other support costs | | | | 126,632 | 77,197 |
| Governance costs | | | | 85,277 | 77,157 |
| | | | | <u>2,355,015</u> | <u>1,730,757</u> |
| Total resources expended on Trust's educational operations | | | | <u>7,729,295</u> | <u>5,976,965</u> |

9. STAFF COSTS

| | Total 2016 £ | Total 2015 £ |
|---|-----------------------------|-----------------------------|
| Staff costs during the period were: | | |
| Wages and salaries | 3,425,404 | 2,669,507 |
| Social Security costs | 330,305 | 220,466 |
| Pensions costs | 572,725 | 463,749 |
| | <u>4,328,434</u> | <u>3,353,722</u> |
| Extra-curricular/Contractor teacher costs | 694,366 | 342,090 |
| | <u>5,022,800</u> | <u>3,695,812</u> |

STAFF SEVERANCE PAYMENTS

Included in staff costs are payments for termination of employment totalling £nil (2015: £6,507). Individually the payment was £nil (2015: £6,507).

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:

STAFF NUMBERS

| | 2016 No. | 2015 No. |
|----------------------------|---------------------|---------------------|
| Charitable activities | | |
| Teachers | 48 | 42 |
| Administration and support | 47 | 34 |
| Management | 10 | 10 |
| | <u>105</u> | <u>86</u> |

Higher paid staff

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

| | | |
|----------------------|----------|----------|
| £60,001 to £70,000 | 1 | 1 |
| £70,001 to £80,000 | 3 | 2 |
| £80,001 to £90,000 | - | 1 |
| £90,001 to £100,000 | 1 | - |
| £100,001 to £110,000 | - | - |
| £110,001 to £120,000 | 1 | - |
| | <u>1</u> | <u>-</u> |

Four of the above employees participated in the Teachers Pension Scheme and two participated in the Local Government Pension Scheme. During the year ended 31 August 2016 pension contributions for higher paid staff amounted to £77,383 (2015: £45,739).

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £349,322 (2015 - £287,767)

10. RELATED PARTY TRANSACTIONS – TRUSTEES' REMUNERATION AND EXPENSES

One Trustee has been paid remuneration from an employment with the WLFSAT. The CEO is a Trustee and only receives remuneration in respect of services provided undertaking the role of CEO under his contract of employment and not in respect of his role as Trustee. The value of the CEO's remuneration and other benefits was as follows:

Mr T Young (CEO and Trustee)

Remuneration: £50,000 – £60,000 (2015: £50,000 – £60,000)

Employer's pension contributions: £10,000 – £15,000 (2015: £10,000 – £15,000)

None of the other Trustees received any remuneration in respect of their services as Trustees.

During the year ended 31 August 2016, travel and subsistence expenses totalling £nil (2015: £60) were reimbursed to one Trustee.

Other related party transactions involving the Trustees are set out in note 29.

11. CENTRAL SERVICES

The WLFSAT has provided the following central services to its academies during the year:

Financial, accounting, auditing and compliance services

Legal services

Educational support services

Project management of capital sites projects and new schools

Procurement management services

Human resources services

During the year, the WLFSAT charged for these services on a % of annual school's allocation income basis, 1/12 of which is remitted monthly by the schools to the WLFSAT. For the WLFS Secondary this was 4.5% (2015: 4.5%) and for the WLFS & ECFS Primaries, this was 4.0% (2015: 3.5%). These charges were recommended and approved by the LGBs of each academy. The actual amounts charged to the academies and the % of schools allocation levied during the year were:

| CENTRAL SERVICES CHARGE | 2016 £ | 2015 £ |
|-------------------------|----------------|----------------|
| WLFS Secondary | 190,159 | 156,973 |
| WLFS Primary | 38,792 | 25,574 |
| ECFSP | 17,389 | 11,249 |
| Total | 246,340 | 193,796 |

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the WLFSAT 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 2016 was included in the total premium paid by the charity of £20,925 (2015: £16,389).

13. TANGIBLE FIXED ASSETS

| | Freehold land and buildings £ | Assets in construction £ | Leasehold Property £ | Motor Vehicles £ | Fixtures, fittings & equipment £ | ICT Equipment £ | Total £ |
|-----------------------|--|--------------------------------|----------------------------|------------------------|---|-----------------------|------------|
| Cost | | | | | | | |
| At 1 September 2015 | 15,889,902 | 8,873,584 | 5,772,542 | 63,406 | 534,252 | 1,017,224 | 32,150,910 |
| Additions | 57,943 | 3,203,848 | 687 | 9,373 | 491,379 | 169,742 | 3,932,972 |
| Transfers | 11,849,281 | (11,849,281) | - | - | - | - | - |
| At 31 August 2016 | 27,797,126 | 228,151 | 5,773,229 | 72,779 | 1,025,631 | 1,186,966 | 36,083,882 |
| Depreciation | | | | | | | |
| At 1 September 2015 | 201,798 | - | 230,366 | 41,097 | 284,741 | 555,769 | 1,313,771 |
| Charged in year | 560,506 | - | 115,465 | 18,195 | 208,501 | 200,942 | 1,103,609 |
| Transfers | - | - | - | - | - | - | - |
| At 31 August 2016 | 762,304 | - | 345,831 | 59,292 | 493,242 | 756,711 | 2,417,380 |
| Net Book Value | | | | | | | |
| At 31 August 2016 | 27,034,822 | 228,151 | 5,427,398 | 13,487 | 532,389 | 430,255 | 33,666,502 |
| At 31 August 2015 | 15,668,104 | 8,873,584 | 5,542,176 | 22,309 | 249,511 | 461,455 | 30,837,139 |

The WLFSAT's transactions relating to land and buildings included:

Leasehold improvements at the Cambridge Grove site (long leasehold property) were £687 (2015- £26,781) and additions to Freehold property at the Bridge Avenue site were £57,943 (2015-£221,640) during the year to 31 August 2016.

During the year an additional £3,203,848 (2015: £8,184,274) was spent on refurbishment works at Palingswick House. The works have now completed and the value of £11,849,281 has been transferred to Freehold Land and Building.

14. STOCK

| | 2016 £ | 2015 £ |
|----------|-----------|-----------|
| Catering | - | 757 |
| Uniform | - | - |
| | - | 757 |

| 15. DEBTORS | 2016 | 2015 |
|---|------------------|------------------|
| | £ | £ |
| VAT | 187,572 | 719,465 |
| Other debtors | 415,900 | 126,324 |
| Prepayments and accrued income | 225,416 | 1,312,952 |
| | <u>828,888</u> | <u>2,158,741</u> |
| 16. CREDITORS: amounts falling due within one year | 2016 | 2015 |
| | £ | £ |
| Trade creditors | 666,720 | 223,876 |
| Taxation and social security | 178,070 | 79,186 |
| Other creditors | 171,342 | 1,186,364 |
| Accruals and deferred income | 236,475 | 1,817,797 |
| | <u>1,252,607</u> | <u>3,316,223</u> |
| Deferred Income (included within accruals and deferred income of £130,468) | | 2016 |
| | | £ |
| Deferred income at 1 September 2015 | | 394,086 |
| Resources deferred in the year | | 117,913 |
| Amount released from previous years | | (381,491) |
| Deferred income at 31 August 2016 | | <u>130,468</u> |

Deferred income held at 31 August 2016 includes capital and general funding received and related to the year ending 31 August 2016, deposits held for school trips that had not taken place by 31 August 2015, catering and music income received in advance of September 2015.

| 17. FUNDS | Balance at 1 September 2015 £ | Incoming Resources £ | Resources (expended) £ | Gains, Losses and Transfers £ | Balance at 31 August 2016 £ |
|--------------------------------------|--|----------------------------|------------------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 578,207 | 5,738,479 | (5,413,534) | (133,089) | 770,063 |
| Start up Grant | 139,788 | 105,000 | (105,000) | - | 139,788 |
| Other DfE/EFA grants | - | 593,272 | (593,272) | - | - |
| Other income | (91,756) | 427,880 | (427,880) | - | (91,756) |
| Pension reserve | (107,000) | - | (518,000) | - | (625,000) |
| | <u>519,239</u> | <u>6,864,631</u> | <u>(7,057,686)</u> | <u>(133,089)</u> | <u>193,095</u> |
| Restricted fixed assets funds | | | | | |
| DfE/EFA capital grants | 30,617,675 | 3,799,883 | (1,048,690) | - | 33,368,868 |
| Capital expenditure from other funds | 215,464 | - | (54,919) | 133,089 | 293,634 |
| Private capital donation | 4,000 | - | - | - | 4,000 |
| | <u>30,837,139</u> | <u>3,799,883</u> | <u>(1,103,609)</u> | <u>133,089</u> | <u>33,666,502</u> |
| Total restricted funds | <u>31,356,378</u> | <u>10,664,514</u> | <u>(8,161,295)</u> | <u>-</u> | <u>33,859,597</u> |
| Unrestricted funds | | | | | |
| Unrestricted funds | 21,174 | 26,043 | - | - | 47,217 |
| Total unrestricted funds | <u>21,174</u> | <u>26,043</u> | <u>-</u> | <u>-</u> | <u>47,217</u> |
| Total funds | <u>31,377,552</u> | <u>10,690,557</u> | <u>(8,161,295)</u> | <u>-</u> | <u>33,906,814</u> |

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 Trust's operating costs in the schools and the central services team, in accordance with its charitable activities. EFA Capital Grants are funds for the purchase of fixed assets.

Under the funding agreements with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2016.

Analysis of academies by fund balance

Fund balances as 31 August 2016 were allocated as follows:

| | Unrestricted | Restricted | Total | Total |
|--|---------------|----------------|-------------------|-------------------|
| | £ | funds | 2016 | 2015 |
| | £ | £ | £ | £ |
| West London Free School Secondary | 19,475 | 218,092 | 237,567 | 300,285 |
| West London Free School Primary | 6,777 | 235,770 | 242,547 | 142,735 |
| Earl's Court Free School Primary | 2,933 | 170,487 | 173,420 | 129,375 |
| Central Services Team | 18,032 | 193,746 | 211,778 | 75,018 |
| Total before fixed assets and pension reserve | 47,217 | 818,095 | 865,312 | 647,413 |
| Restricted fixed asset fund | | | 33,666,502 | 30,837,139 |
| Pension reserve | | | (625,000) | (107,000) |
| Total | | | 33,906,814 | 31,377,552 |
| | | | ===== | ===== |

The WLFS Secondary is carrying a net surplus of £237,566 (2015: £300,285) on these funds as a result of regular monitoring of costs, the pursuit of value for money in all procurement and surpluses brought forward from previous years. The budget process has planned future use of the funds to ensure they are appropriately used on school operations and capital projects to support the operational, resourcing and capital expenditure needs of the school.

The WLFS Primary is carrying a net surplus of £242,546 (2015: £142,735) on these funds as a result of regular monitoring of costs, the pursuit of value for money in all procurement and surpluses brought forward from previous years. Additionally a difficult recruitment market has delayed the forecast recruitment of some senior leadership appointments, causing a larger than expected surplus. The budget process has planned future use of the funds to enable leadership support in 2016, as well as ensuring funds are appropriately used on school operations and capital projects to support the operational, resourcing and capital expenditure needs of the school.

The ECFS Primary is carrying a net surplus of £173,420 (2015: £129,375) as a result of regular monitoring of costs and the pursuit of value for money in all procurement. Additionally a difficult recruitment market has delayed the forecast recruitment of some senior leadership appointments, causing a larger than expected surplus. The budget process has planned future use of the funds to enable leadership support in 2016, as well as ensuring funds are appropriately used on school resources and capital projects to support the operational, resourcing and capital expenditure needs of the school in the future.

The WLFSAT's Central Services Team is carrying a surplus of £211,778 (2015: £75,017) as a result of prudent financial management.

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 |
|-----------------------|--|---------------------------|----------------------|--------------------------------------|------------------|
| | £ | £ | £ | £ | £ |
| WLFS Secondary | 3,144,493 | 804,602 | 211,387 | 969,870 | 5,130,352 |
| WLFS Primary | 613,039 | 282,506 | 41,306 | 102,133 | 1,038,984 |
| ECFS Primary | 187,351 | 14,082 | 19,219 | 207,590 | 428,242 |
| Central Services Team | - | 408,727 | - | 51,381 | 460,108 |
| Total | 3,944,883 | 1,509,917 | 271,912 | 1,330,974 | 7,057,686 |

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed assets Funds | Total Funds |
|--------------------------|-----------------------|--------------------------------|-------------------------------------|-------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 33,666,502 | 33,666,502 |
| Current assets | 26,043 | 2,091,876 | - | 2,117,919 |
| Current liabilities | - | (1,252,607) | - | (1,252,607) |
| Pension scheme liability | - | (625,000) | - | (625,000) |
| Total net assets | 26,043 | 214,269 | 33,666,502 | 33,906,814 |

19. CAPITAL COMMITMENTS

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Contracted for, but not provided in the financial statements | - | - |

20. FINANCIAL COMMITMENTS

Operating leases

At 31 August 2016 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2016 £ | 2015 £ |
|--|---------------|------------|
| Amounts due within one year | 7,127 | 757 |
| Amounts due between one and five years | 8,808 | - |
| Amounts due after five years | - | - |
| | 15,935 | 757 |

21. EVENTS AFTER THE BALANCE SHEET DATE

The Kensington Primary Academy was open on 1 September 2016 and will be operated by the WLFSAT. The school site has been constructed under a Section 106 agreement between the Royal Borough of Kensington and Chelsea (RBKC) and a Developer. At 31 August 2016, the Trust had not signed an agreement to lease the school site from RBKC. This is expected to become a long leasehold agreement at peppercorn that will be granted by RBKC to the WLFSAT.

| | | | | |
|-----|---|-----------------------------|-------------------------|---------------------------|
| 22. | RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES | 2016 £ | 2015 £ | |
| | Net income | 2,529,262 | 14,347,300 | |
| | Depreciation (note 13) | 1,103,609 | 719,354 | |
| | Capital grants from EFA and other capital income | (3,932,972) | (14,794,984) | |
| | Interest receivable (note 5) | (1,999) | (1,763) | |
| | Pension cost less contributions payable (note 29) | 518,000 | 78,000 | |
| | Pension finance income (note 29) | - | (5,000) | |
| | Decrease in stocks | 757 | 12,543 | |
| | Decrease in debtors | 1,329,853 | 649,318 | |
| | Increase/(decrease) in creditors | (2,063,616) | 398,396 | |
| | Net cash (outflow)/inflow from operating activities | (517,106) | 1,403,164 | |
| 23. | RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | 2016 £ | 2015 £ | |
| | Interest received | 1,999 | 1,763 | |
| | Net cash inflow from returns on investment and servicing of finance | 1,999 | 1,763 | |
| 24. | CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | 2016 £ | 2015 £ | |
| | Purchase of tangible fixed assets | (3,932,972) | (13,618,224) | |
| | Capital grants from EFA | 3,799,883 | 13,586,132 | |
| | Capital funding received from sponsors and others | 133,089 | 32,092 | |
| | Net cash outflow from capital expenditure and financial investment | - | - | |
| 25. | ANALYSIS OF CHANGES IN NET FUNDS | At 1 September 2015 £ | Cash flows 2015 £ | At 31 August 2015 £ |
| | Cash in hand and at bank | 1,804,138 | (515,107) | 1,289,031 |

26. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 August 2016 (31 August 2015: nil).

27. 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.

28. PENSION AND SIMILAR OBLIGATIONS

The WLF SAT'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 the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions either at the beginning or at the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

28. PENSION AND SIMILAR OBLIGATIONS (continued)

The total pension costs paid to TPS in the period amounted to £475,048 (2015:£319,202). A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The WLFSAT has accounted for its contributions to the scheme as if it were a defined contribution scheme. The WLFSAT 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 trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £336,926 (31 August 2015: £327,214), of which employer's contributions totalled £277,261 (2015: £268,248) and employees' contributions totalled £59,665 (2015: £58,967). The agreed contribution rates for future years are 23.9 per cent (2014:23.9) for employers and 5.5-12.5 per cent (2013: 5.5-12.5 per cent) for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

| Principal Actuarial Assumptions | At 31 August 2016 % | At 31 August 2015 % |
|--|---------------------------|---------------------------|
| Rate of increase in salaries | 4.1 | 4.5 |
| Rate of increase for pensions in payment/inflation | 2.3 | 2.7 |
| Discount rate for scheme liabilities | 2.2 | 4.0 |
| Inflation assumption (CPI) | 2.7 | 2.7 |

Sensitivity analysis for the principal assumptions used to measure scheme liabilities

| | £ | £ | £ |
|---|-----------|-----------|-----------|
| Adjustment to discount rate | +0.1% | 0% | -0.1% |
| Present value of total obligation | 1,386,000 | 1,425,000 | 1,466,000 |
| Projected service cost | 423,000 | 435,000 | 447,000 |
| Adjustment to long term salary increase | +0.1% | 0% | -0.1% |
| Present value of total obligation | 1,427,000 | 1,425,000 | 1,423,000 |
| Projected service cost | 435,000 | 435,000 | 435,000 |
| Adjustment to pension increases and deferred revaluation | +0.1% | 0% | -0.1% |
| Present value of total obligation | 1,463,000 | 1,425,000 | 1,388,000 |
| Projected service cost | 447,000 | 435,000 | 423,000 |
| Adjustment to life expectancy assumptions | +0.1% | 0% | -0.1% |
| Present value of total obligation | 1,461,000 | 1,425,000 | 1,390,000 |
| Projected service cost | 446,000 | 435,000 | 424,000 |

28. PENSION AND SIMILAR OBLIGATIONS (continued)

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 2016 | At 31 August 2015 |
|-----------------------------|----------------------|----------------------|
| <i>Retiring today</i> | | |
| Males | 22.9 | 22.8 |
| Females | 25.3 | 25.2 |
| <i>Retiring in 20 years</i> | | |
| Males | 25.2 | 25.1 |
| Females | 27.7 | 27.6 |

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

Movements in the present value of defined benefit

| | Fair value At 31 August 2016 £ | Fair value At 31 August 2015 £ |
|-------------------------------------|---|---|
| Equities | 404,000 | 279,000 |
| Bonds | - | 35,000 |
| Absolute Return Portfolio | 141,000 | 42,000 |
| Cash | 45,000 | 13,000 |
| Property | 43,000 | 24,000 |
| Inflation Opportunities fund | 77,000 | 44,000 |
| Multi Asset Credit funds | 90,000 | 58,000 |
| Other | - | 2,000 |
| Total % return on assets | | |
| Total market value of assets | 800,000 | 497,000 |
| Present value of scheme liabilities | | |
| - Funded | (1,425,000) | (604,000) |
| Deficit in the scheme | (625,000) | (107,000) |

For accounting periods beginning on or after 1 January 2015, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate. For the year to 31 August 2016, an expected return assumption will not required to be disclosed and for the year to 31 August 2015, the expected return was 9% per annum, as shown below, which has been used to determine the profit and loss charge for the year.

28. PENSION AND SIMILAR OBLIGATIONS (continued)

| Movements in the present value of defined benefit Obligations were as follows | 2016 £ | 2015 £ |
|--|-------------------|-------------------|
| At 1 September | 604,000 | 256,000 |
| Current service cost | 277,000 | 273,000 |
| Interest cost | 25,000 | 16,000 |
| Employee contributions | 59,000 | 59,000 |
| Change in financial assumption | 460,000 | - |
| At 31 August (closing defined benefit obligation) | 1,425,000 | 604,000 |
| Movements in the fair value of Trust's share of scheme assets | 2016 £ | 2015 £ |
| At 1 September | 497,000 | 223,000 |
| Interest on assets | 25,000 | 14,000 |
| Return on assets less interest | 28,000 | 8,000 |
| Administrative expenses | - | (2,000) |
| Employer contributions | 191,000 | 195,000 |
| Employee contributions | 59,000 | 59,000 |
| At 31 August | 800,000 | 497,000 |
| | £ | £ |
| Service cost | 277,000 | 273,000 |
| Net interest on the defined liability (asset) | - | 2,000 |
| Administrative expenses | - | 2,000 |
| Total loss | 277,000 | 277,000 |
| Return on assets in excess of interest | (28,000) | (8,000) |
| Change in financial assumptions | 460,000 | - |
| Total comprehensive income | 432,000 | (8,000) |
| Total amount recognised in statement of financial activities | 709,000 | 269,000 |

The actuarial gains and losses for the current year are recognised in the statement of financial activities.

28. PENSION AND SIMILAR OBLIGATIONS (continued)

The estimated value of employer contributions for the year ended 31 August 2017 is £236,000 (2015: £236,000).

The four-year history of experience adjustments since the WLFSAT joined the scheme is as follows:

| | 2016 £ | 2015 £ | 2014 £ | 2013 |
|--|------------------|------------------|-----------------|----------------|
| Present value of defined benefit obligations | (1,425,000) | (604,000) | (256,000) | (89,000) |
| Fair value of share of scheme assets | 800,000 | 497,000 | 223,000 | 86,000 |
| Deficit in the scheme | <u>(625,000)</u> | <u>(107,000)</u> | <u>(33,000)</u> | <u>(3,000)</u> |

29. RELATED PARTY TRANSACTIONS

Owing to the nature of the WLFSAT'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 WLFSAT'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, observes the guidance set out in the Academies Financial Handbook and its Financial Regulations and Scheme of Delegation document and complies with company law and charity law.

The following related party transactions took place in the period:

During the year ended 31 August 2016 the WLFSAT had donations receivable totalling £156,320 (2015: £41,538) from the West London Free School Foundation Trust, a company and registered charity that shares some common Trustees with the WLFSAT.

During the year ended 31 August 2016, the West London Free School Academy Trust incurred charges for marketing services provided by Ms Kathryn Cooper, chair of the West London Free School Primary and Earls Court Free School Primary Local Governing Body, totalling £3,445 (2015: £7,859). Kathryn Cooper operates as a sole trader using the brand name Azaris Marketing. This service contract was funded from additional grant monies provided by the Department for Education in connection with the set up of the Kensington Primary Academy, which opened in 2016. Following a robust tendering process in accordance with the WLFSAT's Financial Regulations and Scheme of Delegation, the contract was agreed on terms that were favourable to the WLFSAT and Azaris Marketing provided its services at cost.