

Charity Registration No. 1103958

Company Registration No. 05102934 (England and Wales)

**THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31 AUGUST 2005**



THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

LEGAL AND ADMINISTRATIVE INFORMATION

Directors	Mr S. E. G. Cochrane Mr W. N. Hugill
Secretary	Mr I. Brandon
Charity number	1103958
Company number	05102934
Registered office	17 Grosvenor Street London W1K 4QG
Auditors	Citroen Wells Devonshire House 1 Devonshire Street London W1W 5DR
Bankers	Barclays Bank Plc Clifton House 83-117 Euston Road London NW1 2BB

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

CONTENTS

	Page
Directors' report	1 - 5
Independent auditors' report	6 - 7
Statement of financial activities	8
Balance sheet	9
Cash flow statement	10
Notes to the accounts	11 - 16

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 AUGUST 2005

The Directors present their report and audited financial statements for the period ended 31 August 2005.

Constitution and Principal Activities

The Academy is a company limited by guarantee incorporated in England on 15 April 2004 (no. 05102934). It also became a registered charity on 26 May 2004 (no. 1103958). The company's memorandum and articles of association are the primary governing documents of the Academy. Members of the company are nominated by the Principal sponsors and initiators of the Academy, Chelsfield plc, and by the Secretary of State for Education.

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing one or more secondary schools offering a broad curriculum with a Specialism of International Business and Enterprise.

Organisation and Objectives

The sole activity of the company is the development and operation the Westminster Academy to provide education for pupils of different abilities between the ages of 11 and 19 with a specialism of International Business and Enterprise.

The main objectives of the Academy are summarised below:

- ◆ to raise the standard of educational achievement of all pupils;
- ◆ to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- ◆ to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- ◆ to provide value for money for the funds expended;
- ◆ to comply with all appropriate statutory and curriculum requirements;
- ◆ to maintain close links with industry and commerce;
- ◆ to conduct our business in accordance with the highest standards of integrity, probity and openness.

Principal Designate

In January 2005 the Principal Designate, Alison Banks, was appointed.

This was an important step in the development of the Academy and required the Department for education and Skills to revise their implementation model. The Principal sponsor argued that the early appointment of the Principal was key in creating the educational input into the design and development of the academy. The Principal has since her appointment led the development process and worked closely with the Project Managers.

The Principal also works with the Sponsors' representative to manage the development of the academy.

Developments, Activities and Achievements

The Academy is now in the midst of the "Implementation Stage", which follows the signing of the Funding Agreement and continues until the opening of the Academy in September 2006.

Key Milestones achieved in the period

- Westminster School Organisation Committee decide to close the predecessor school North Westminster Community School
- Completion of the Feasibility Stage of the development of the Academy

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

- Funding Agreement signed between Westminster Academy (Westbourne Green) Ltd and DfES
 - Funding Agreement signed for the Paddington Academy, which confirms the creation of two Academies to replace North Westminster Community School
 - Key consultants appointed
 - Capita Symonds appointed as Construction Project managers for the delivery of the Academy. Capita Symonds are employed directly by the Company and work to specific scope of works.
 - Tribal Ltd appointed as Overall Project manager for the implementation stage of the Westminster Academy. Tribal were appointed as overall project managers to work to the standard contract presented by the Department for Education and Skills.
 - Currie Brown appointed by DfES as their development monitors
 - Agreement by DfES to the Implementation Budget for the Academy
 - Establish an independent office for the Academy in Greycoat Place London SW1
 - Hold monthly meetings of the Project Implementation Board (PIB)
 - Develop and sign off the curriculum delivery model and incorporate within the design process
 - Develop and sign off the policies, management and staffing structure for the Academy
 - Complete the legal negotiations (Agreement for Lease) with Westminster City Council for the Westbourne Green site and for the temporary use of Penfold Street
 - Initiate close working with Westminster City Council on a number of transitional issues related to the closure of North Westminster Community School:
 - staff transfer through TUPE – matching and assignments completed by July 2005
 - site issues
 - split of resources and property
 - regeneration issues around Westbourne Green
- This work is ongoing.

Construction Milestones

- RIBA Stage D signed off by DfES. Design team commence RIBA stage E
- Full Planning Permission granted by City of Westminster
- McNicholas plc appointed as demolition contractor for the existing buildings on the Westbourne Green site
- Demolition commenced in March 2005
- Pre-tender interviews held for principal contractor for the Academy – tender shortlist determined
- Handover of the Harrow Road Health Centre and hence vacant possession of the Westbourne Green site in July 2005
- Tender documentation issued to four main contracting companies
- Mid tender interviews held with four contractors
- Refurbishment work commence at Penfold Street
- Demolition practical completion July 2005

In summary, this has been a very positive period that has seen considerable progress made toward the creation of the Academy. The development of the Westminster Academy will be unique within the Academy programme since established by the Labour government. It is the first time that one large school is being closed to be replaced by two Academies, with the additional complications that this brings of close coordination between the new schools throughout the process. Experience to date has shown that often this leads to a difficulty being doubled rather than halved. The company remains positive about the progress made and that the many hurdles that remain to be crossed over the coming year prior to opening will be overcome.

However, this period has seen one major adjustment to the initial proposal that was incorporated within the implementation timetable. The hand over of the vacant possession of the Westbourne Green site by Westminster City Council slipped from January 2005 to July 2005. The effect of this was a delay in the demolition programme but more importantly the initial construction programme became undeliverable, with the consequence that the Academy can no longer be opened in Westbourne Green in September 2006. As a result of the delay in hand over of the site Westminster City Council have agreed that the Academy can

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

occupy on a temporary lease the existing Marylebone Lower House site of North Westminster Community School from July 2006 – August 2007.

In February 2005, Davis Langdon, the project's Quantity Surveyors, reported that the cost of constructing the main Academy building was projected to be over the agreed capped budget. This required a comprehensive value engineering exercise that has reduced the costs to within the DfES agreed budget.

Operating and Financial Review

All of the current funding for the Academy is obtained from the DfES in the form of support for the Implementation stage and for the Construction stage. The funding for each stage represents a separate restricted fund and is received on a timely basis as reimbursement of actual expenditure incurred on each stage on an ongoing basis, until the Academy has been built. The total grants received during the period ended 31 August 2005 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. During the period funds received from DfES in respect of the Implementation and Construction stages amounted to £343,934 and £2,816,970 respectively.

At 31 August 2005 the net book value of fixed assets was £2,822,741. The assets are used exclusively for developing the Academy in order to provide education and associated support services to pupils of the Academy and the wider community.

The Academy net assets at 31 August 2005 amounted to £2,823,506. To achieve the development plan objectives and for other major capital projects the Academy remains dependent on the provision of additional fixed asset grants from both the DfES and commercial sponsors.

Directors

This period saw the establishment of Shadow Governing Body for the Academy in June 2005. The Body was made up of:

Elizabeth Adlington
Mary Amayo
Linda Heavey
Neil Johnston
Katy Thorne
Nathalie Stewart
Debra Okitikpi
George Cochrane
Paul Raynes

Initially, Simon Stockhill

The members of the Shadow Body were invited to join the Board as they each represented a different group of stakeholders from whose involvement the Academy would benefit.

The group held an initial briefing and then one further meeting during the period.

Governance of the Academy

During the period under review the Shadow Governing Body held two meetings. The major issues that the group addressed were:

- Governing Body responsibilities and organisation of the Body
- Academy curriculum
- Academy context and direction

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

The directors have set policy objectives as laid out in the Academy Strategic Plan, which can be found at Appendix One.

Aside from the Shadow Governing Body, the development of the Academy was led by the Sponsor's Representative.

Statement of Directors' responsibilities for the financial statements

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

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

The directors are responsible for ensuring that proper accounting records are kept. For the period ended 31 August 2005 these records have been kept by DfES and by the Overall Project Managers, Tribal Plc. The records must disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on the system of internal financial controls

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

- ◆ The Academy is operating efficiently and effectively;
- ◆ Its assets are safeguarded against unauthorised use or disposition;
- ◆ The proper records are maintained and financial information used within the Academy or for publication is reliable;
- ◆ The charity complies with relevant laws and regulations.

The Academy's system of internal financial control is based on a framework of regular management information provided by the Overall Project Manager and their administrative procedures including the segregation of duties and a system of accountability.

The directors confirm that the major risks to which the Academy is exposed have been reviewed and systems have been established to mitigate those risks. A risk register has been updated monthly and presented to the Project Implementation Board.

In addition, the directors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the Academy it should, as a publicly funded body, adopt these guidelines as best practice.

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

Legal status

The Academy is a company limited by guarantee and a registered charity. The company does not have a share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is 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.

Equal opportunities

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

Disabled persons

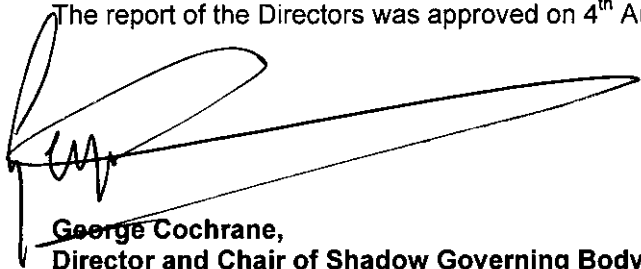
The Academy will be fully compliant with the relevant legislation to ensure that all students with disabilities are provided with a good quality learning environment. The policy of the Academy is to support the employment of disabled persons both in the recruitment and by retention of employees who become disabled whilst in the employment of the Academy, as well as generally through training and career development.

Auditors

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

Approval

The report of the Directors was approved on 4th August 2006 and signed on its behalf by:



George Cochrane,
Director and Chair of Shadow Governing Body

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

We have audited the accounts of The Westminster Academy (Westbourne Green) for the period ended 31 August 2005 set out on pages 8 to 16. These accounts have been prepared under the historical cost convention and the accounting policies set out on page 11.

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

Respective responsibilities of directors and auditors

As described on page 4, the directors, who also act as trustees for the charitable activities of The Westminster Academy (Westbourne Green), are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the trust is not disclosed.

We read other information contained in the Directors' Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

Opinion

In our opinion:

the accounts give a true and fair view of the charitable company's state of affairs as at 31 August 2005 and of its incoming resources and application of resources, including its income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985;

the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education and Employment in respect of the relevant financial year;

proper accounting records have been kept by the Academy throughout the financial year;

grants made by the Department for Education and Skills have been applied for the purposes intended.

Citroen Wells

Citroen Wells
Chartered Accountants
Registered Auditor
Devonshire House
1 Devonshire Street
London
W1W 5DR

Dated: *7th August 2006*

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2005

	Notes	2005 £
<u>Incoming resources from generated funds</u>		
Incoming resources from charitable activities.	2	3,160,904
Other incoming resources	3	4,798
Total incoming resources		3,165,702
<u>Resources expended</u>	4	
Governance costs		342,196
Total resources expended		342,196
Net income for the year/ Net movement in funds		2,823,506
Fund balances at 15 April 2004		-
Fund balances at 31 August 2005		2,823,506

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

BALANCE SHEET AS AT 31 AUGUST 2005

	Notes	2005 £	£
Fixed assets			
Tangible assets	7		2,822,741
Current assets			
Debtors	8	194,846	
Cash at bank and in hand		4,265	
		<u>199,111</u>	
Creditors: amounts falling due within one year	9	<u>(198,346)</u>	
Net current assets			765
Total assets less current liabilities			<u>2,823,506</u>
Income funds			
Restricted funds			2,823,506
Unrestricted funds			<u>-</u>
			<u>2,823,506</u>

The accounts were approved by the Board on

4 August 2006

S. E. G. Cochrane
Director

W. W. King
Director

DR. REHAN UK-HAQ

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2005

	Notes	Period ended 31 August 2005 £
Net cash inflow from operating activities	10	2,829,891
Capital expenditure		
Payments to acquire tangible fixed assets	(2,750,109)	
Net cash outflow from capital expenditure		(2,750,109)
Increase in cash	11	4,265

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 AUGUST 2005

1 Accounting policies

1.1 Format of accounts

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

1.2 Basis of accounting

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

1.3 Fund accounting

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

Restricted Funds comprise grants from DfES to be used for specific purposes.

1.4 Grants receivable

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

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are included in the accounts at cost. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet) and are released over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

Freehold land is not depreciated	
Freehold buildings	2% (once completed)
Computer equipment and software	33.33%

1.6 Pensions

Non teaching members of staff are offered membership of a defined contribution scheme. The assets of this scheme are held separately from those of the company, being invested with insurance companies. The pension costs for that scheme represent the contributions payable by the company in the year.

1.7 Taxation

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

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

2 Incoming resources from charitable activities.

	2005 £
DfES grants - Construction process	2,816,970
DfES grants - Implementation process	343,934
	<u>3,160,904</u>

3 Other incoming resources

	2005 £
Other income	<u>4,798</u>

4 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2005 £
Governance costs	<u>104,327</u>	<u>2,885</u>	<u>234,984</u>	<u>342,196</u>

Management and administration costs includes payments to the auditors of £3,500 for audit fees.

5 Directors

None of the directors (or any persons connected with them) received any remuneration or expenses during the period.

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

6 Employees

Number of employees

The average monthly number of employees during the period was:

	2005 Number
Management	1
Administration	1
	<hr/>
	2
	<hr/>

Employment costs

	2005 £
Wages and salaries	86,771
Social security costs	8,556
Other pension costs	9,000
	<hr/>
	104,327
	<hr/>

The number of employees whose annual emoluments were £50,000 or more were:

	2005 Number
Management	1
	<hr/>

Of the employees whose emoluments exceed £50,000, one has retirement benefits accruing under a defined contribution pension scheme.

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

7 Tangible fixed assets

	Freehold buildings	Computer equipment and software	Total
	£	£	£
Cost			
At 15 April 2004	-	-	-
Additions	2,816,970	8,656	2,825,626
	<u>2,816,970</u>	<u>8,656</u>	<u>2,825,626</u>
At 31 August 2005			
	<u>2,816,970</u>	<u>8,656</u>	<u>2,825,626</u>
Depreciation			
At 15 April 2004	-	-	-
Charge for the period	-	2,885	2,885
	<u>-</u>	<u>2,885</u>	<u>2,885</u>
At 31 August 2005			
	<u>-</u>	<u>2,885</u>	<u>2,885</u>
Net book value			
At 31 August 2005	<u>2,816,970</u>	<u>5,771</u>	<u>2,822,741</u>

8 Debtors

Other debtors	2005 £
	<u>194,846</u>

9 Creditors: amounts falling due within one year

Trade creditors	2005 £
Accruals	
	<u>194,846</u>
	<u>3,500</u>
	<u>198,346</u>

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2005

10 Net cash inflow from operating activities 2005 £

Reconciliation to changes in resources

Changes in resources before revaluations 2,823,506

Depreciation of tangible fixed assets 2,885

Increase in debtors (194,846)

Increase in creditors 198,346

2,829,891

11 Reconciliation of net cash flow to movement in net funds 2005 £

Increase in cash 4,265

Net funds at 15 April 2004 -

Net funds at 31 August 2005 4,265

12 Analysis of net cash balances

	Cash flow	Non-cash changes	At 31 August 2005
	£	£	£
Cash at bank and in hand	4,265	-	4,265
	<u>4,265</u>	<u>-</u>	<u>4,265</u>

13 Contingent liabilities

In the event, during the period of the Funding Agreement, of the sale or disposal by other means, of any asset for which a capital grant was received, the company shall if it does not re-invest the proceeds, repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the company serving notice, the company shall repay to the Secretary of State sums determined by reference to :

(a) The value at that time of the Academy's site and premises and other assets held for the purpose of the company: and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

THE WESTMINSTER ACADEMY (WESTBOURNE GREEN)

NOTES TO THE ACCOUNTS (CONTINUED) *FOR THE PERIOD ENDED 31 AUGUST 2005*

14 Capital commitments

The company has contracted with various third parties for the implementation, design and construction of The Westminster Academy. The total budget for this has been set at approximately £28 million, of which approximately £3 million has been expended during the period.