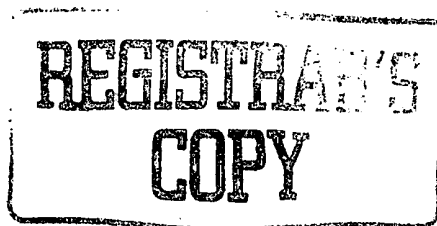


Registered number: 08991196  
Charity number: 1160947



**WEST LONDON ZONE  
(FOR CHILDREN AND YOUNG PEOPLE)**

**(A charitable company limited by guarantee)  
TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**GSM&Co**

Griffin Stone Moscrop & Co  
CHARTERED ACCOUNTANTS & REGISTERED AUDITORS  
Together, we'll build better business



**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

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**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**Trustees**

Sir Paul Marshall, President  
Sir David Verey, CBE  
Danny Kruger, Chair (appointed 18 October 2016)  
Rachel Carrell (appointed 7 July 2016)  
Joanna Gillum  
James Hawkins (appointed 28 April 2016)  
Katherine Hill  
Dr Tristram Hunt  
Jocelyn James  
Munira Mirza (resigned 18 October 2016)  
Nicholas Wilkie (appointed 28 April 2016)  
Andrew Zerzan (appointed 7 July 2016)

**Company registered number**

08991196

**Charity registered number**

1160947

**Registered office**

187A Freston Road  
London  
W10 6TH

**Company secretary**

L Mitchell

**Chief executive officer**

L Mitchell

**Independent auditors**

Griffin Stone Moscrop & Co  
Chartered Accountants  
21-27 Lamb's Conduit Street  
London  
WC1N 3GS

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements of West London Zone (WLZ, the charity) for the year ended 31 March 2017. The Trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

**Objectives and Activities**

The charity's purpose is to provide support for every child and young person living in or closely connected to the West London Zone that it identifies as being at risk of poor outcomes in later life. The support aims to assist the child or young person to arrive safe, happy and healthy in adulthood. It may consist of whatever it takes to help a child or young person to make the most of their potential, including mental health support, academic tutoring, sport and fitness, behaviour management and family or relationship management.

The West London Zone currently encompasses the north of Hammersmith and Fulham; with plans to extend to north Kensington, north Westminster and south Brent. The precise delineation of the Zone shall be determined by the trustees from time to time.

As a 'place-based' and 'collective impact' initiative, WLZ manages a partnership of local organisations to achieve its objectives and ensure that children in our community grow up with good physical/mental health, able to forge positive relationships and prepared for gainful employment. WLZ works with local 'anchors' – children's centres, nurseries, schools and more informal community groups (enabling access to 'hard to reach' families) – to identify children who are not well served by existing provision and are at risk of negative outcomes in life without effective early intervention. A Link Worker, employed by WLZ but based in the anchor, and with the involvement of their family, sets personal goals with each child or young person and their family and designs an individually tailored package of support from WLZ's partnership of local charities. The Link Worker provides ongoing positive reinforcement to the child, maintains parental involvement, and works hands-on to make sure the support is as effective as possible for each child and they stick with it.

Behind the scenes, the WLZ 'backbone' team organises the partnership, manages finance and analyses the data collected by the team on the ground. Over the next ten years, WLZ hopes that up to 13,000 'at risk' children in the Zone will benefit and the long-term aim is to change the life chances of a generation.

**Public benefit statement**

As required by the Charities Act 2011, the trustees confirm that they have taken into account the guidance contained in the Charity Commission's general guidance on public benefit, where applicable.

The trustees believe there is clear public benefit derived from the activities of the charity and this is demonstrated by our achievements during 2016/17.

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**Achievements and performance**

In the year ended 31 March 2017, WLZ completed its pilot project in north Hammersmith and secured a contract with the London Borough of Hammersmith and Fulham (LBHF). This contract is to provide early intervention Link Worker support for around 600 school-age children over a period of five years; although intake to the programme will be undertaken during the first three years.

In addition to payments from LBHF for engagement and outcomes achieved, each of the schools involved also make payments under contract. In addition, private philanthropists will provide part of the funds required and top-up commissioning funding of up to £900,000 over five years has been committed by the National Lottery's Big Lottery Fund as part of its Commissioning Better Outcomes Fund (CBOF) initiative with the Cabinet Office.

This Collective Impact Bond (CIB) is further supported by a £350,000 loan from Bridges Social Impact Bond Fund LP. The loan term is five years, with break-clauses after one and two years of the term, and interest is calculated on the basis of a revenue share. The amount to be repaid is heavily dependent on performance and could be less than the initial loan if results do not meet expectations; which means that the Bridges loan is akin to an equity investment. This also means that if WLZ outperforms, it benefits.

In the first quarter of the LBHF contract, from October to December 2016, WLZ signed up the first cohort of children. WLZ successfully gained consent to participate from 132 children – beating the sign-up target of 120 children. These children attend three schools: Ark Swift primary academy (66 children), and Phoenix Academy (34 children), both of whom participated in the pilot project, and Ark Burlington Danes Academy (BDA) (32 children), who are new to working with WLZ.

The identification of these children is one of WLZ's key innovations. An online survey was used where possible, comprising questions from validated measures that particularly covered well-being as well as other matters, and school administrative data on attainment, attendance and behaviour was also analysed alongside demographic data. WLZ worked closely with Dartington Social Research Unit to develop its data-driven identification and measurement processes.

During the March 2017 quarter, 112 children out of the cohort of 132 children achieved the applicable contract milestone, which was a high success rate. WLZ is proud of this achievement, which we are told is unusual for newly launched Social Impact Bonds, and we have relayed our pride to the children, who showed great commitment to the programme despite the many challenges in their lives.

The children are supported by four WLZ Link Workers, who are stationed in the anchors. They engage with the children to understand their strengths, needs and goals in life; co-ordinate all necessary support; and act as a constant, reliable, trusted adult who keeps them on track to attend their support and work towards achieving their goals. The support is provided by several, mainly local, specialist delivery partners that provide sessions such as academic tutoring, therapy, mental health counselling, gardening, dance, music and sport.

An Early Years Family Link Worker was hired at the end of the year in order to develop WLZ's Early Years model, which will differ to the schools work due to the different nature of the statutory support system in place for children age 0-5 years.

Other achievements include the development of a data system and dashboard to track the performance of the children being supported. Rigorous data collection and tracking of the children and young people's progress towards improved outcomes in life are key components of the WLZ model.

The backbone staff was further strengthened by the appointment of an experienced part-time Chief Financial Officer.

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**Financial review**

The statement of financial activities for the year ended 31 March 2017 shows a total income of £1,201,027 and total expenditure of £673,151. As at 31 March 2017, the charity had funds of £710,857 (2016 - £182,891).

As described above in "Achievements and performance", WLZ successfully launched a Collective Impact Bond (CIB) during the year and income directly attributable to this is shown under charitable activities; associated philanthropic income of £85,387 was recorded under restricted donations.

Income for the year was 94% higher than in the previous year. Income from donations rose by £336,261 (54%) and included several large donations. This income was attributable to a range of trusts, foundations and individuals. All donations were given as cash other than £89,558 that was provided as pro bono legal assistance as part of the establishment of the CIB.

Expenditure rose by 45%. Two thirds of the costs are associated with the employees (such as salaries and office rental). The other major costs were professional fees, particularly for the development of the model, and the social sector support required from WLZ's delivery partners for the children in the scheme.

The net increase in cash held by the charity was £758,455, which includes the £350,000 loan from Bridges Fund Management, giving a final balance of £962,425, of which £150,000 is held as security against the Bridges loan.

**Reserves policy**

In the trustees' view, the reserves should provide the charity with adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. The trustees propose to target the charity's reserves at a level that is at least equivalent to three months operational expenditure and will do so having regards to its manner of operation of likely funding streams. The current unrestricted reserves are adequate for this purpose.

As stated above the designated fund of £150,000 is held as security against the Bridges loan.

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**Structure, governance and management**

**Members' liability**

The Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

**Constitution**

WLZ is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 10 April 2014 and amended 15 October 2015.

The charity is constituted under a Memorandum of Association dated 10 April 2014 and amended 15 October 2015 and is a registered charity, number 1160947.

The principal object of the charity is to promote the care and upbringing of every child and young person at risk of poor outcomes in later life who lives in or has a close connection to the West London Zone, by supporting positive family relationships, advancing education, promoting health and otherwise making the most of each such child and young person's potential.

There have been no changes in the objectives since the last annual report.

**Method of appointment or election of Trustees**

The management of the charity and the fulfilment of its charitable objects is the responsibility of the trustees, who are elected and co-opted under the terms of the articles of association.

The charity's trustees are also its members and appoint new members.

**Organisational structure and decision making**

During the financial year, Rachel Carell, James Hawkins, Nick Wilkie and Andrew Zerzan were appointed as trustees whilst Munira Mirza resigned. Danny Kruger, previously Chief Executive, also joined the trustees, taking over as non-executive chair from Sir David Verey in October 2016.

Louisa Mitchell became the Chief Executive Officer (CEO) of WLZ and leads the Senior Management Team (SMT), which comprises the Chief Development Officer and the Chief Financial Officer. The SMT has been and is gradually being strengthened according to the growth and development of WLZ.

The trustees have delegated responsibility for the day-to-day management of WLZ to the SMT. The CEO and the SMT attend board meetings.

The Trustees met as a board four times during the year.

All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in note 12 and 14 to the accounts.

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**Risk management**

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

**Plans for future periods**

During the forthcoming year we intend to:

- Hold a 4-day "Driving Impact" workshop, with the aim of getting further clarity, in the light of experience to date on WLZ's outcomes and long-term impact, mission, characteristics of children and young people it wants to work with, and measures of success.
- Increase our level of reserves by at least £100,000.
- Increase the number of children supported under our contract with LBHF.
- Secure a contract to supply Link Worker services to a second local authority.
- Continue to develop and refine our data system and analysis tools for monitoring performance and driving improved outcomes.
- Commence a two to three year long, philanthropically funded, Early Years project, working initially with 3-4 year olds in nurseries.
- Strengthen and expand the Senior Management Team by recruiting a Chief Operating Officer (COO) - our CEO has been covering the responsibilities of both CEO and COO since August 2016.

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**Trustees' responsibilities statement**

The Trustees (who are also directors of West London Zone for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 the incoming resources and application of resources, including the income and expenditure, of the charitable company 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;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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.

**Disclosure of information to auditors**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**Auditors**

The auditors, Griffin Stone Moscrop & Co, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by the Trustees on 10 October 2017 and signed on their behalf by:



.....  
**Danny Kruger, Chair**

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST LONDON ZONE**

---

We have audited the financial statements of West London Zone for the year ended 31 March 2017 set out on pages 10 to 25. 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).

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 Auditors' 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 opinion we have formed.

**Respective responsibilities of Trustees and auditors**

As explained more fully in the Trustees' responsibilities statement, the Trustees (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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standards - Provisions Available for Small Entities, in the following circumstances:

- In common with many other businesses of this size and nature, the charity uses our firm to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST LONDON ZONE**

---

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

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

**Other matter - prior period financial statements**

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are not audited.

  
Christopher Brecht (Senior statutory auditor)

for and on behalf of

**Griffin Stone Moscrop & Co**

Chartered Accountants  
Statutory Auditors

21-27 Lamb's Conduit Street

London

WC1N 3GS

Date: 12 October 2017.

**WEST LONDON ZONE**  
(A charitable company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>Income from:</b>					
Donations and legacies	2	739,614	215,387	955,001	618,740
Charitable activities	3	246,024	-	246,024	-
Investments	4	2	-	2	-
<b>Total income</b>		<b>985,640</b>	<b>215,387</b>	<b>1,201,027</b>	<b>618,740</b>
<b>Expenditure on:</b>					
Raising funds	6	44,588	-	44,588	77,652
Charitable activities	7,11	547,176	81,387	628,563	385,319
<b>Total expenditure</b>	5	<b>591,764</b>	<b>81,387</b>	<b>673,151</b>	<b>462,971</b>
<b>Net movement in funds</b>		<b>393,876</b>	<b>134,000</b>	<b>527,876</b>	<b>155,769</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		161,783	21,198	182,981	27,212
<b>Total funds carried forward</b>		<b>555,659</b>	<b>155,198</b>	<b>710,857</b>	<b>182,981</b>

All activities relate to continuing operations.

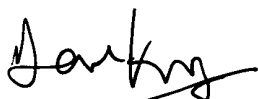
The notes on pages 13 to 25 form part of these financial statements.

**WEST LONDON ZONE**  
(A charitable company limited by guarantee)  
REGISTERED NUMBER: 08991196

**BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	15		8,732		2,338
<b>Current assets</b>					
Debtors	16	154,081		576	
Cash at bank and in hand		962,425		203,970	
		<u>1,116,506</u>		<u>204,546</u>	
<b>Creditors:</b> amounts falling due within one year	17	(59,420)		(23,903)	
<b>Net current assets</b>			<u>1,057,086</u>		<u>180,643</u>
<b>Total assets less current liabilities</b>			<u>1,065,818</u>		<u>182,981</u>
<b>Creditors:</b> amounts falling due after more than one year	18	(350,000)			
Provisions for Liabilities	20		(4,961)		
<b>Net assets</b>			<u>710,857</u>		<u>182,981</u>
<b>Charity Funds</b>					
Restricted funds	21	155,198		21,198	
Unrestricted funds	21	555,659		161,783	
<b>Total funds</b>			<u>710,857</u>		<u>182,981</u>

The financial statements were approved by the Trustees on 10 October 2017 and signed on their behalf, by:



.....  
**Danny Kruger, Chair**

The notes on pages 13 to 25 form part of these financial statements.

**WEST LONDON ZONE**  
(A charitable company limited by guarantee)

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	23	<u>765,936</u>	<u>173,274</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<u>(7,481)</u>	<u>(3,117)</u>
<b>Net cash used in investing activities</b>		<u>(7,481)</u>	<u>(3,117)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>758,455</b>	<b>170,157</b>
Cash and cash equivalents brought forward		<u>203,970</u>	<u>33,813</u>
<b>Cash and cash equivalents carried forward</b>	24	<u><u>962,425</u></u>	<u><u>203,970</u></u>

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

---

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

West London Zone meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

**1.2 Company status**

The company is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

**1.3 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

---

**1. Accounting policies (continued)**

**1.4 Income**

All incoming resources are recognised in the statement of financial activities, before deduction of the associated expenditure, when the charity has entitlement to the income, any performance conditions attached to the income have been met, receipt of the income is probable and the amount of income receivable can be measured with sufficient reliability.

For grants that are related to performance and specific deliverables, income is recognised as the charity earns the entitlement to the funds by its performance, in accordance with contractual agreements. Income received in advance of performance of service is deferred until the criteria for income recognition are met. Grants that do not impose specified future performance-related conditions on the charity are recognised in income when the resources are received or receivable. Grants from governments, agencies and foundations, corporates and trusts are recorded as 'Income from charitable activities' where these grants specifically outline the services to be provided to beneficiaries. Grants from institutions, corporates and major donors that provide core funding, or are of a general nature, are included in 'Income from donations and legacies'.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity, which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

**WEST LONDON ZONE**  
**(A charitable company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

---

**1. Accounting policies (continued)**

**1.5 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 benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs 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.

*Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.*

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

**1.6 Tangible fixed assets and depreciation**

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 incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the straight line method. No depreciation is charged in month of aquisition.

Fixtures and fittings	- 4 years straight line
Computer equipment	- 4 years straight line

**1.7 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.

**1.8 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term

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**1. Accounting policies (continued)**

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.11 Liabilities and provisions**

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 the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. 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 risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.13 Government grants**

Government grants relating to West London Zone's Collective Impact Bond project are credited to the Statement of financial activities incorporating income and expenditure account as the related expenditure is incurred.

**2. Income from donations and legacies**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Total funds 2017 £</b>	<i>Total funds 2016 £</i>
Donations and grants	<b>739,614</b>	<b>215,387</b>	<b>955,001</b>	<i>618,740</i>

In 2016, of the total income from donations and legacies, £495,310 was to unrestricted funds and £123,430 was to restricted funds.

Included within unrestricted income are £150,000 (2016 - £429,000) donations received from The Sequoia Trust, in which Sir Paul Marshall is also a trustee.

Included within unrestricted income are £89,558 (2016 - £NIL) relating to donated professional fees. A corresponding amount is recognised in expenditure.

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**3. Income from charitable activities**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
CIB outcome fees	246,024	-	246,024	-

CIB (Collective Impact Bond) outcome fees represents payments received from schools, authority and The Big Lottery Fund in respect of milestones achieved by children and young people from support provided by West London Zone.

**4. Investment income**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	2	-	2	-

**5. Analysis of resources expended by expenditure type**

	Staff costs 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	40,697	3,891	44,588	77,652
<b>Costs of generating funds</b>	40,697	3,891	44,588	77,652
Charitable activities	288,031	306,302	594,333	379,559
Expenditure on governance	-	34,230	34,230	5,760
	328,728	344,423	673,151	462,971

**6. Expenditure of raising funds**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Allocation of Support costs (see Note 10)	44,588	-	44,588	77,652

The above includes £40,697 (2016 - £77,652) management's wages and salaries incurred in relation to fundraising activities.

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**7. Analysis of resources expended by charitable activities**

	Direct costs 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Charitable activities	142,398	451,935	594,333	379,559

**8. Direct costs**

	Total 2017 £	Total 2016 £
Support charges paid to delivery partners	73,178	33,369
Wages and salaries	64,568	32,652
National insurance	4,652	1,934
	<u>142,398</u>	<u>67,955</u>

**9. Grants paid to charities and similar bodies**

Names of institutions	2017 £	2016 £
Only Connect	-	75,186

West London Zone was a project of Only Connect until it became a charitable company of its own in 2015. The total grant from prior year was used to support unemployed young people and ex-offenders.

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**10. Support costs**

	<b>Fundraising costs £</b>	<b>Community Youth Work £</b>	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Rent, Rates and Utilities	1,570	13,216	14,786	13,006
Staff development and recruitment	-	9,187	9,187	-
Meeting costs	341	11	352	1,951
Advertising and subscriptions	-	388	388	-
Computer costs	503	4,238	4,741	2,690
Printing, postage and stationery	59	2,497	2,556	-
General office costs	385	2,289	2,674	2,197
Bank charges	-	120	120	172
Professional fees	-	180,868	180,868	56,773
Interest	-	4,961	4,961	-
Marketing and events	-	4,931	4,931	3,778
Telephone and internet	53	1,114	1,167	522
Insurance	136	1,141	1,277	469
Depreciation	115	972	1,087	779
Equipment costs and rental	411	3,461	3,872	-
Repairs and maintenance	318	3,730	4,048	-
Wages and salaries	36,877	199,113	235,990	210,463
National insurance	3,820	19,698	23,518	21,269
	<b>44,588</b>	<b>451,935</b>	<b>496,523</b>	<b>314,069</b>

In 2016, the charity incurred the following Support costs:

£77,652 in respect of Fundraising costs

£236,417 in respect of Charitable activities

Basis applied to allocate fundraising costs: Staff time dedicated to fundraising.

**11. Governance costs**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Total funds 2017 £</b>	<i>Total funds 2016 £</i>
Auditors' remuneration	3,000	-	3,000	-
Accountancy (2016 - Independent examiner's fees)	3,270	-	3,270	3,600
Financing and bookkeeping fees	27,960	-	27,960	2,160
	<b>34,230</b>	<b>-</b>	<b>34,230</b>	<b>5,760</b>

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**12. Net incoming resources/(resources expended)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	<u>1,087</u>	<u>779</u>

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2016 - £NIL).

**13. Auditors' remuneration**

	2017 £	2016 £
Fees payable to the charity's auditor for audit (2016 - Independent examiner's fee) of the charity's annual accounts	<u>3,000</u>	<u>3,600</u>

**14. Staff costs**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	300,558	243,115
Social security costs	28,170	23,203
	<u>328,728</u>	<u>266,318</u>

The average number of persons employed by the charity during the year was as follows:

	2017 No.	2016 No.
	10	8

One (2016 - No) employee received remuneration amounting to more than £60,000 but not greater than £70,000.

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind. No expenses were reimbursed to one of the trustees in the period under review.

The key management personnel of the charity comprise the Trustees, the Chief Executive Officer, the Chief Operating Officer and the Chief Development Officer. The employee salaries and employer's national insurance costs of the key management personnel totalled £147,930 (2016 - £141,645). No other benefits were paid to them.

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**15. Tangible fixed assets**

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 April 2016	731	2,386	3,117
Additions	620	6,861	7,481
At 31 March 2017	<u>1,351</u>	<u>9,247</u>	<u>10,598</u>
<b>Depreciation</b>			
At 1 April 2016	183	596	779
Charge for the year	87	1,000	1,087
At 31 March 2017	<u>270</u>	<u>1,596</u>	<u>1,866</u>
<b>Net book value</b>			
At 31 March 2017	<u>1,081</u>	<u>7,651</u>	<u>8,732</u>
At 31 March 2016	<u>548</u>	<u>1,790</u>	<u>2,338</u>

**16. Debtors**

	2017 £	2016 £
Trade debtors	62,810	-
Prepayments and accrued income	91,271	576
	<u>154,081</u>	<u>576</u>

**17. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	21,337	-
Other taxation and social security	9,524	8,320
Accruals and deferred income	28,559	15,583
	<u>59,420</u>	<u>23,903</u>

**18. Creditors: Amounts falling due after more than one year**

	2017 £	2016 £
Other loan	<u>350,000</u>	<u>-</u>

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**18. Creditors: Amounts falling due after more than one year (continued)**

As stated in the trustees' report a loan of £350,000 was taken out to support West London Zone's Collective Impact Bond (CIB). This loan is secured by a fixed charge over its Security Bank Account. The amount held in this account is £150,000, which represents the amount of grant income received from Stepping Stones funding from City Bridge Trust, the City of London Corporations charity.

The loan is split into an A Loan and B Loan.

The A Loan totals £262,500. No interest is charged on this amount and it is repayable on the earlier of 31 March 2022 and the termination date.

The B Loan totals £87,500 and is repayable on the termination date. The repayment of this loan is wholly based on a revenue share and below certain revenues no payment would be due. There are three methods of computing the revenue share:

- a share based on certain targets not being achieved within a defined time-period;
- a share based on West London Zone repaying the loan early; and
- a share based on the cumulative revenue achieved over the lifetime of the projects being financed.

The charity is on-track to achieve the targets within the defined time-period. We do not intend to repay the loan early.

The interest on the loan is computed based on the cumulative revenue expected to be achieved over the lifetime of the projects.

Termination date is defined as the date on which the lender has confirmed no further payments are required to be made in respect of Milestones achieved under any of the Outcomes Contract, the School Agreements, the Philanthropist Agreements and the CBOF (Commissioning Better Outcomes Fund) Grant. Under the terms of these contracts the earliest the termination could be is September 2020.

**19. Financial instruments**

	2017 £	2016 £
Financial assets measured at fair value through income and expenditure	962,425	203,970
Financial assets measured at amortised cost	149,402	-
	<u>1,111,827</u>	<u>203,970</u>
Financial liabilities measured at amortised cost	<u>399,895</u>	<u>15,582</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors and bank loans.

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**20. Provisions**

	Interest on loan £
Additions	4,961
At 31 March 2017	<u>4,961</u>

**Interest on loan**

The above provision represents the variable interest amount on B Loan (as described in Note 18). The amount of interest payable is dependent on performance and will be determined at the earlier of 31 March 2022 or the Termination date.

**21. Statement of funds**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Carried Forward £
<b>Designated funds</b>					
Security fund	-	-	-	150,000	150,000
<b>General funds</b>					
General Funds	161,783	985,640	(591,764)	(150,000)	405,659
Total Unrestricted funds	<u>161,783</u>	<u>985,640</u>	<u>(591,764)</u>	<u>-</u>	<u>555,659</u>
<b>Restricted funds</b>					
Development of West London Zone Model	7,500	20,000	(23,951)	-	3,549
Community Work	13,698	195,387	(57,436)	-	151,649
	<u>21,198</u>	<u>215,387</u>	<u>(81,387)</u>	<u>-</u>	<u>155,198</u>
Total of funds	<u>182,981</u>	<u>1,201,027</u>	<u>(673,151)</u>	<u>-</u>	<u>710,857</u>

**Development of West London Zone Model**

As a start-up organisation, West London Zone has secured restricted funding to continue the development of our core operational and financial models. With regards to operations this has been to develop our place-based, collective impact, cradle to career approach, translating a successful American approach for West London. With regards to financial models, this has been to develop our innovative pooled financing model.

**Community Work**

Key to West London Zone's aims is to better engage the local communities to improve outcomes for children and young people. Funding for the community work includes direct engagement with the community of children and young people, and their families through our Link Workers, as well as less formal support through community events.

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**21. Statement of funds (continued)**

**Security fund**

Designated fund of £150,000 has been set aside by the trustees and is held as security against the loan within creditors due in more than one year.

**22. Analysis of net assets between funds**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Tangible fixed assets	8,732	-	8,732	2,338
Current assets	961,308	155,198	1,116,506	204,546
Creditors due within one year	(59,420)	-	(59,420)	(23,903)
Creditors due in more than one year	(350,000)	-	(350,000)	-
Provisions for liabilities and charges	(4,961)	-	(4,961)	-
	<u>555,659</u>	<u>155,198</u>	<u>710,857</u>	<u>182,981</u>

**23. Reconciliation of net movement in funds to net cash flow from operating activities**

	2017 £	2016 £
Net income for the year (as per Statement of financial activities)	527,876	155,769
<b>Adjustment for:</b>		
Depreciation charges	1,087	779
Increase in debtors	(153,505)	(576)
Increase in creditors	390,478	17,302
<b>Net cash provided by operating activities</b>	<u>765,936</u>	<u>173,274</u>

**24. Analysis of cash and cash equivalents**

	2017 £	2016 £
Cash in hand	962,425	203,970
<b>Total</b>	<u>962,425</u>	<u>203,970</u>

**25. Financial commitments**

At 31 March 2017 the charity had financial commitments for marketing work as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>6,000</u>	<u>-</u>

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**26. Operating lease commitments**

At 31 March 2017 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	13,800	8,050
Between 1 and 5 years	8,050	-
Total	<u>21,850</u>	<u>8,050</u>

Lease payments recognised as an expense in the Statement of financial activities total £13,800 (2016 - £12,600).

**27. Related party transactions**

Related parties include the charity's trustees, their close relatives and those entities which they control or in which they have a significant interest.

In the year ended 31 March 2017 donation made by related parties without conditions totalled £NIL (2016 - £25,000).

In the year ended 31 March 2017 the charity paid £NIL (2016 - £1,080) to a trustee's close relative for consultancy work.