

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 2019

GSM&Co

Griffin Stone Moscrop & Co
CHARTERED ACCOUNTANTS & REGISTERED AUDITORS

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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 2019

Trustees

Sir Harvey McGrath, Chair (appointed 24 April 2018)
Danny Kruger, Chair (resigned 24 April 2018)
Jocelyn James, Treasurer
Sir David Verey, CBE
Joanna Gillum (resigned 4 December 2018)
Katherine Hill (resigned 4 December 2018)
Nicholas Wilkie
Amelia Sussman (appointed 7 June 2018)
John Storey (appointed 20 June 2018)
Felicity Gillespie (appointed 19 July 2018)
Radhika Dubé (appointed 29 September 2018)

Company registered number

08991196

Charity registered number

1160947

Registered office

140-144 Freston Road
London
W10 6TR

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

Bankers

Lloyds Bank
167 - 169 Edgware Road
London
W2 2HE

WEST LONDON ZONE
(A charitable company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

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 2019. 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

Mission

WLZ serves children with a number of related, unmet needs, who are at risk of poor outcomes in their lives. We provide long-term, preventative support personalised to each individual child through our partnership of Link Workers, charities, schools, families and other community organisations, so that these children get on-track to flourish in adulthood.

"The Zone"

Our Zone is three square miles around the Harrow Road in north Hammersmith, north Kensington, north Westminster, south Brent. It is home to 340,000 people, of which approx. 100,000 are 0-25 years, with a school population of 48,820 children age 5-19 years (1).

It is one of the most unequal areas in the country with entrenched and often hidden poverty. The national borough average for child poverty is 30%, but it is higher than that in all four of our boroughs and at ward level it is up in the 40% and 50% in some areas (2).

Our research on our community and on the impacts of poverty on children in urban areas indicates that up to 12,000 children in our Zone are likely to be 'off-track' with multiple and inter-related needs and therefore at risk of poor outcomes later in life (3). This is 25% of the 5-19 year old population.

Our work

We aim for every child in our area to be on track to flourish in adulthood. We do this by providing a two year Individual Support Package tailored to the unique strengths and needs of each child and family – because no one child is the same.

Children and young people with a number of related, unmet needs are proactively identified with schools and nurseries via our innovative data- and relationship-driven approach.

With their WLZ Link Worker, each child/family co-designs a package of support from our wide-ranging partnership of over 40 local charities, lasting for two years (or longer if necessary).

The WLZ Link Worker manages their support package with them, their family and the school, to ensure that every child gets the right support at the right time in the right way, so that they get the most out of it.

(1)- 2011 Census: population and household estimates for Wards and Output Areas in England and Wales, published 23 November 2012. Table number PP04; Table title – 2011 Census: Usual resident population by five-year age group, wards in England and Wales.

(2)- Index of Multiple Deprivation, 2015

(3)- We applied a high/medium/low need formula to the relative need of all schools, using what we know about our current schools as a starting point.

WEST LONDON ZONE
(A charitable company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

Our work (continued)

After two years, if a child has made sufficient progress in all four of our outcome areas (wellbeing, relationships, confidence and progress in school), they complete the programme but we continue to monitor their development closely to ensure they stay on track – with the option to support them again in the future if need be.

Our long-term, place-based vision is to transform one child's life at a time until we have changed the life chances of a whole generation in our Zone and raised the bar for the next.

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 2018/19.

Achievements and performance

In the year ended 31 March 2019, WLZ has:

- Continued to work successfully within our current outcomes contracts with London Borough of Hammersmith and Fulham (LBHF) and Royal Borough of Kensington and Chelsea (RBKC), and service contracts with schools, topped up by a grant from The National Lottery Community Fund and meeting growth, delivery and progress milestones to generate revenue;
- Continued to deliver our Early Years programme supported by funding from Trusts and Foundations;
- Raised sufficient amounts of philanthropy, equalling nearly two times the amount we raised last year, alongside our local authority and school contracts, to fund our delivery and ensure reserves are adequate;
- Continued to make improvements and refinements to our programme design and delivery model to ensure it provides the necessary range and quality of support for WLZ children and young people;
- Designed and rolled out a new data system and analysis tools for monitoring performance and driving improved outcomes; and
- Secured an in-principle award of up to £4.3m from the Life Chances Fund (LCF) which will leverage a further £10m in funding across the local authorities, schools and philanthropy;
- Benefited from the expertise of an Oliver Wyman team who advised on our organisational and operating structure for scale-up.

WEST LONDON ZONE
(A charitable company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

Financial review

The Statement of Financial Activities for the year ended 31 March 2019 shows a total income of £2,204,898, total expenditure of £2,384,190 and a deficit for the year of £179,292. As at 31 March 2019, the charity had funds of £862,020 (31 March 2018: £1,041,312). In the Trustees' view, the deficit was anticipated and is attributable to the delay in the right to receive income which is a feature of such contracts.

As described in the 'Achievements & Performance' section, WLZ have been successful in operating two outcomes contracts and income directly attributable to these is shown under charitable activities; associated philanthropic income is recorded in donations.

Income for the year was 57% higher than the previous year. Income from donations amounted £1,584,049 and income from CIB amounted £620,731. Expenditure rose by £1,311,862.

The net decrease in the cash held by the charity was £189,362. The cash balance of £1,038,458 includes the total loan from Bridges Fund Management of £550,000 with respect to the LBHF & RBKC contracts. This cash balance also includes £150,000 held as security against the Bridges loan.

Reserves policy

As at 31 March 2019, the charity has a total fund of £862,020 of which £579,336 is unrestricted and £282,684 is restricted.

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 six months' unrestricted operational expenditure and will do so having regards to its manner of operation and likely funding streams. The current unrestricted reserves are considered adequate for this purpose.

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

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.

WEST LONDON ZONE
(A charitable company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

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

The Trustees met as a Board seven times during the year. Changes in the Board are set out on page 1.

Louisa Mitchell is the Chief Executive Officer (CEO) and she leads the Senior Management Team (SMT) comprising the Chief Operating Officer, a Development Director and Finance and Resources Director.

The Trustees have delegated the day to day management of WLZ to the SMT. The CEO and the SMT attend Board meetings.

All Trustees give of their time freely and no Trustee remuneration was paid during the year. Details of Trustees expenses and Related Party transactions are set out in notes 2, 11, 13 and 27 of the financial statements.

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:

- Continue to work successfully within our current LBHF and RBKC contracts meeting growth, delivery and progress milestones targets to generate revenue;
- Raise sufficient amounts of philanthropy to fund our delivery and ensure reserves are adequate by increasing our Trusts and Foundations work and our major donor programme which will be largely conducted by the recently formed Fund Raising Committee;
- Expand our reach across our full Zone by continuing our growth across LBHF and RBKC, launching in Westminster and Brent (supported by the LCF award to be converted from an in-principle to actual award on signing of Local Authority contracts) and bringing on new schools;
- Continue our adaptive management and constant programme improvement approach to continually drive to better outcomes; and
- Build organisational structures to support our growth and impact plan.

WEST LONDON ZONE
(A charitable company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

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

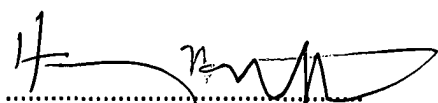
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- 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 2 October 2019 and signed on their behalf by:



Sir Harvey McGrath
Chair

WEST LONDON ZONE
(A charitable company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST LONDON ZONE

Opinion

We have audited the financial statements of West London Zone (the 'charitable company') for the year ended 31 March 2019 set out on pages 10 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2019 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

WEST LONDON ZONE
(A charitable company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST LONDON ZONE

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

WEST LONDON ZONE
(A charitable company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST LONDON ZONE

- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



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:

31 October 2019

Griffin Stone Moscrop & Co are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

WEST LONDON ZONE
(A charitable company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:					
Donations and legacies	2	1,050,264	533,785	1,584,049	811,405
Charitable activities	3	358,851	261,880	620,731	591,329
Investments	4	118	-	118	49
Total income		1,409,233	795,665	2,204,898	1,402,783
Expenditure on:					
Raising funds:					
Voluntary income	6	217,500	-	217,500	132,049
Charitable activities	10	1,475,774	690,916	2,166,690	940,279
Total expenditure	5	1,693,274	690,916	2,384,190	1,072,328
Net income / (expenditure) before other recognised gains and losses		(284,041)	104,749	(179,292)	330,455
Net movement in funds		(284,041)	104,749	(179,292)	330,455
Reconciliation of funds:					
Total funds brought forward		863,377	177,935	1,041,312	710,857
Total funds carried forward		579,336	282,684	862,020	1,041,312

The notes on pages 14 to 29 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	14		110,319		40,940
Current assets					
Debtors	15	521,170		411,724	
Cash at bank and in hand		1,038,458		1,227,820	
		<u>1,559,628</u>		<u>1,639,544</u>	
Creditors: amounts falling due within one year	16	(238,055)		(203,845)	
Net current assets			<u>1,321,573</u>		<u>1,435,699</u>
Total assets less current liabilities.			<u>1,431,892</u>		<u>1,476,639</u>
Creditors: amounts falling due after more than one year	17		(550,000)		(350,000)
Provisions for Liabilities	19		(19,872)		(85,327)
Net assets			<u>862,020</u>		<u>1,041,312</u>
Charity Funds					
Restricted funds	20	282,684		177,935	
Unrestricted funds	20	579,336		863,377	
Total funds			<u>862,020</u>		<u>1,041,312</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

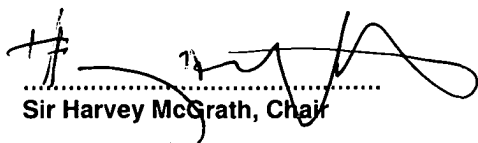
The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

WEST LONDON ZONE
(A charitable company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 MARCH 2019

The financial statements were approved and authorised for issue by the Trustees on 2 October 2019 and signed on their behalf, by:


.....
Sir Harvey McGrath, Chair

The notes on pages 14 to 29 form part of these financial statements.

WEST LONDON ZONE
(A charitable company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(100,585)	303,364
Cash flows from investing activities:			
Purchase of tangible fixed assets		(88,777)	(37,969)
Net cash used in investing activities		(88,777)	(37,969)
Change in cash and cash equivalents in the year		(189,362)	265,395
Cash and cash equivalents brought forward		1,227,820	962,425
Cash and cash equivalents carried forward	23	1,038,458	1,227,820

The notes on pages 14 to 29 form part of these financial statements.

WEST LONDON ZONE
(A charitable company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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 2019

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 deliverable, 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 recognitions 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 foundation, corporate's and trusts are recorded as 'Income from charitable activities' where these grants specifically outline the services to be provided to beneficiaries. Grants from institutions, corporate's 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.

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 2019

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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

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 expenditure is 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 following bases:

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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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.

1.14 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. Income from donations and legacies

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations and grants	1,050,264	533,785	1,584,049	811,405
Total 2018	487,596	323,809	811,405	

Included within restricted income are donations of £82,328 (2018 - £27,495) provided by two Trustees (2018 - one Trustee).

Included within unrestricted income are donated services totalling £137,000 of which £119,000 related to professional fees and £18,000 to website development recorded as computer expenditure.

3. Income from charitable activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
CIB outcome fees	358,851	261,880	620,731	591,329
Total 2018	369,905	221,424	591,329	

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

4. Investment income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	118	-	118	49
Total 2018	49	-	49	

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5. Analysis of Expenditure by expenditure type

	Staff costs 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising funds	130,176	87,324	217,500	132,049
Costs of raising funds	130,176	87,324	217,500	132,049
Charitable activities	995,949	1,101,611	2,097,560	894,966
Expenditure on governance	38,094	31,036	69,130	45,313
	<u>1,164,219</u>	<u>1,219,971</u>	<u>2,384,190</u>	<u>1,072,328</u>
Total 2018	<u>582,344</u>	<u>489,984</u>	<u>1,072,328</u>	

6. Expenditure of raising funds

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Allocation of Support costs (see Note 9)	217,500	-	217,500	132,049
Total 2018	<u>132,049</u>	<u>-</u>	<u>-</u>	

7. Analysis of resources expended by charitable activities

	Direct costs 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Charitable activities	1,509,424	588,136	2,097,560	894,966
Total 2018	<u>601,833</u>	<u>293,133</u>	<u>894,966</u>	

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8. Direct costs

	Total 2019 £	Total 2018 £
Support charges paid to delivery partners	580,877	166,598
Wages and salaries	829,825	393,560
National insurance	82,884	38,901
Pensions	15,838	2,774
	<u>1,509,424</u>	<u>601,833</u>
Total 2018	<u>601,833</u>	

9. Support costs

	Fundraising costs £	Charitable activities £	Total 2019 £	Total 2018 £
Rent, Rates and Utilities	8,971	64,961	73,932	23,905
Staff development and recruitment	12,594	22,355	34,949	20,449
Meetings	186	1,875	2,061	968
Advertising and subscriptions	74	653	727	290
Computers	5,161	46,648	51,809	11,938
Printing, postage and stationery	5,891	9,132	15,023	16,846
General office	1,235	6,514	7,749	2,813
Bank charges	-	470	470	282
Professional fees	49,912	231,448	281,360	92,641
Performance linked payment	-	88,236	88,236	80,366
Marketing and events	848	2,485	3,333	2,582
Telephone and internet	216	6,347	6,563	6,785
Insurance	552	2,690	3,242	2,263
Depreciation	-	18,979	18,979	5,761
Equipment costs and rental	1,238	9,227	10,465	4,940
Repairs and maintenance	446	8,714	9,160	5,243
Wages and salaries	116,705	64,073	180,778	137,308
National insurance	11,214	2,254	13,468	9,184
Pensions	2,257	1,075	3,332	618
	<u>217,500</u>	<u>588,136</u>	<u>805,636</u>	<u>425,182</u>
Total 2018	<u>132,049</u>	<u>293,133</u>	<u>425,182</u>	

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

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FOR THE YEAR ENDED 31 MARCH 2019**

10. Governance costs

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Auditors' remuneration	3,000	-	3,000	3,000
Accountancy	4,620	-	4,620	5,232
Financing and bookkeeping fees	23,416	-	23,416	37,081
Governance expense - wages and salaries	33,672	-	33,672	-
Governance expense - NI	3,753	-	3,753	-
Governance expense - pension costs	669	-	669	-
	<u>69,130</u>	<u>-</u>	<u>69,130</u>	<u>45,313</u>

11. Net income/(expenditure)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets: - owned by the charity	<u>18,979</u>	<u>5,761</u>

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2018 - £NIL).

12. Auditors' remuneration

	2019 £	2018 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	<u>3,000</u>	<u>3,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	1,044,275	530,869
Social security costs	100,105	48,085
Other pension costs	19,839	3,391
	<u>1,164,219</u>	<u>582,345</u>

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

	2019 No.	2018 No.
Delivery	26	11
Finance & Admin	3	2
Management & Operations	2	2
Development	4	3
	<u>35</u>	<u>18</u>

The number of higher paid employees was:

	2019 No.	2018 No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

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 any 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, the Development Director and the Finance & Resources Director. The employee salaries and employer's national insurance costs of the key management personnel totalled £204,344 (2018 - £163,575). No other benefits were paid to them.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

14. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2018	22,330	26,237	48,567
Additions	7,016	81,760	88,776
Disposals	(731)	(2,030)	(2,761)
At 31 March 2019	<u>28,615</u>	<u>105,967</u>	<u>134,582</u>
Depreciation			
At 1 April 2018	1,647	5,980	7,627
Charge for the year	7,264	11,715	18,979
On disposals	(622)	(1,721)	(2,343)
At 31 March 2019	<u>8,289</u>	<u>15,974</u>	<u>24,263</u>
Net book value			
At 31 March 2019	<u>20,326</u>	<u>89,993</u>	<u>110,319</u>
At 31 March 2018	<u>20,683</u>	<u>20,257</u>	<u>40,940</u>

15. Debtors

	2019 £	2018 £
Trade debtors	323,933	221,600
Rent deposit	3,000	3,000
Prepayments and accrued income	194,237	187,124
	<u>521,170</u>	<u>411,724</u>

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16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	83,541	62,210
Other taxation and social security	33,957	14,790
Other creditors	5,191	2,692
Accruals and deferred income	115,366	124,153
	<u>238,055</u>	<u>203,845</u>
		£
Deferred income		
Deferred income at 1 April 2018		82,295
Resources deferred during the year		-
Amounts released from previous years		<u>(82,295)</u>
Deferred income at 31 March 2019		<u>-</u>

Income has been deferred as the conditions regarding the receipt of the income have not been met by the balance sheet date.

17. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loan	<u>550,000</u>	<u>350,000</u>

As stated in previous year's annual trustees' report a loan of £350,000 was taken out to support West London Zone's Collective Impact Bond (CIB) in LBHF.

During the year a further loan of £200,000 was taken out to support West London Zone's CIB in RBKC.

Both these loans are secured by a fixed charge over a 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 Corporation's charity.

Both loans are split into an A loan and B loan.

The loan for £350,000 is split into an A loan for £262,500 (repayment date 31 March 2022) and a B loan of £87,500.

The loan for £200,000 is split into an A loan for £100,000 (repayment date 31 March 2021) and a B loan for £100,000.

No interest is charged on the A loans and they are repayable on the earlier of the repayment date or the termination date.

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NOTES TO THE FINANCIAL STATEMENTS
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17. Creditors: Amounts falling due after more than one year (continued)

The B loans are repayable on the termination date. The repayment of these loans are 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.

This year the charity is on track to achieve the targets within the defined time period and is expecting to repay the loans by 31 October 2020.

The performance linked payment, representing the amount payable in excess of the loan advanced, is computed based on the cumulative revenue expected to be achieved over the lifetime of the projects (see Note 19).

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 LA Outcomes Contracts, the School Agreements and The National Lottery Community Fund Grant. Under the terms of these contracts the earliest termination date will be between 2 - 5 years from 31 March 2019.

18. Financial instruments

	2019 £	2018 £
Financial assets measured at fair value through income and expenditure	1,038,458	1,227,820
Financial assets measured at amortised cost	487,581	386,700
	<u>1,526,039</u>	<u>1,614,520</u>
Financial liabilities measured at amortised cost	<u>754,098</u>	<u>456,759</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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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

19. Provisions

	Performance linked payment £
At 1 April 2018	85,327
Reductions	(65,455)
At 31 March 2019	<u>19,872</u>

Performance linked payment

The above provision represents the variable performance linked payment in relation to the B Loans (as described in Note 17). The amount payable is dependent on performance and will be determined at the earlier of 31 March 2022 for LBHF loan or 31 March 2021 for RBKC loan or the Termination date.

20. Statement of funds - restated

Statement of funds - current year

	Balance at 1 April 2018 £	Income £	Expenditure £	Balance at 31 March 2019 £
Designated funds				
Security fund	150,000	-	-	150,000
General funds				
General funds	713,377	1,409,233	(1,693,274)	429,336
Total Unrestricted funds	863,377	1,409,233	(1,693,274)	579,336
Restricted funds				
Development of West London Zone Model	75,000	50,000	(88,900)	36,100
Community Work	102,935	483,785	(340,136)	246,584
The National Lottery Community Fund	-	261,880	(261,880)	-
	177,935	795,665	(690,916)	282,684
Total of funds	1,041,312	2,204,898	(2,384,190)	862,020

Development of West London Zone Model

West London Zone has secured restricted funding to continue the development of our core operational models particularly our data system for improved performance management.

Community Work

Key to West London Zone's aims is to successfully engage the local communities to improve outcomes for children and young people. Funding for the community work includes further developing our model for

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. Statement of funds - restated (continued)

younger children aged 3 - 5 years and their families and building the wider WLZ community in the Zone through direct engagement and community events.

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.

The National Lottery Community Fund

West London Zone's Collective Impact Bond will support delivery of early interventions and services linked to improved achievement and well-being of up to 860 Children and Young People (CYP), at risk of undesirable outcomes in later life. It will be delivered as two separate contracts over a five year period in the London boroughs of Hammersmith & Fulham and the Royal Borough of Kensington & Chelsea.

The National Lottery Community Fund should have been shown as a restricted fund in the previous years annual accounts, so a prior year adjustment has been included as shown in notes 20 and 21. This restatement has no impact to the net movement in funds.

Statement of funds - prior year

	Balance at 1 April 2017 £	Income £	Expenditure £	Balance at 31 March 2018 £
Security fund	150,000	-	-	150,000
General funds	405,659	857,550	(549,832)	713,377
Restricted funds				
Development of West London Zone Model	3,549	105,000	(33,549)	75,000
Community Work	151,649	218,809	(267,523)	102,935
The National Lottery Community Fund	-	221,424	(221,424)	-
	155,198	545,233	(522,496)	177,935

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	110,319	-	110,319
Current assets	1,276,946	282,684	1,559,630
Creditors due within one year	(238,057)	-	(238,057)
Creditors due in more than one year	(550,000)	-	(550,000)
Provisions for liabilities and charges	(19,872)	-	(19,872)
	<u>579,336</u>	<u>282,684</u>	<u>862,020</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	40,939	-	40,939
Current assets	1,461,609	177,935	1,639,544
Creditors due within one year	(203,844)	-	(203,844)
Creditors due in more than one year	(350,000)	-	(350,000)
Provisions for liabilities and charges	(85,327)	-	(85,327)
	<u>863,377</u>	<u>177,935</u>	<u>1,041,312</u>

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

	2019 £	2018 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(179,292)	330,455
Adjustment for:		
Depreciation charges	18,979	5,761
Loss on the sale of fixed assets	418	-
Increase in debtors	(109,446)	(257,643)
Increase in creditors	234,211	144,425
(Decrease)/Increase in provisions	(65,455)	80,366
Net cash (used in)/provided by operating activities	<u>(100,585)</u>	<u>303,364</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

23. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	1,038,458	1,227,820
Total	<u>1,038,458</u>	<u>1,227,820</u>

24. Financial commitments

At 31 March 2019 the charity had financial commitments for marketing work as follows:

	2019 £	2018 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>3,000</u>

25. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,839 (2018 - £3,391). Contributions totalling £4,745 (2018 - £2,108) were payable to the fund at the balance sheet date and are included in creditors.

26. Operating lease commitments

At 31 March 2019 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts payable:		
Within 1 year	68,000	66,333
Between 1 and 5 years	-	56,667
Total	<u>68,000</u>	<u>123,000</u>

Lease payments recognised as an expense in the Statement of financial activities total £67,065 (2018 - £22,792).

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.

See note 2, 11 and 13 for related party transactions.