

**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 2018**



**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 2018**

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**Trustees**

Sir Harvey McGrath (appointed 24 April 2018)  
Danny Kruger, Chair (resigned 24 April 2018)  
Jocelyn James  
Sir David Verey, CBE  
Joanna Gillum  
Katherine Hill  
Nicholas Wilkie  
Sir Paul Marshall, President (resigned 27 June 2017)  
Amelia Sussman (appointed 7 June 2018)  
John Storey (appointed 20 June 2018)  
Rachel Carrell (resigned 10 October 2017)  
Felicity Gillespie (appointed 19 July 2018)  
Andrew Zerzan (resigned 30 January 2018)  
Dr Tristram Hunt (resigned 10 October 2017)  
James Hawkins (resigned 30 January 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

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

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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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 2018. 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 negative outcomes in their lives. We provide long-term, preventative support tailored 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 on closer inspection, at ward level it is up in the 40%s and 50%s 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 an 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 25 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 get the right support at the right time in the right way, so that they get the most out of it.

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

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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After two years, if a child has made sufficient progress on all four of our outcome areas (wellbeing, relationships, confidence and progress in school), they complete the programme but we will 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.

(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.

#### **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 2017/18.

#### **Achievements and performance**

In the year ended 31 March 2018, WLZ has:

- Continued to deliver its contract according to its terms and targets with the London Borough of Hammersmith & Fulham under a 'Collective Impact Bond' (CIB);
- Signed a new contract with the Royal Borough of Kensington & Chelsea under a CIB and started to deliver it;
- Commenced the rollout of our Early Years pilot programme supported by funding from Trusts and Foundations;
- Undertaken a range of work to improve our programme design; and
- Developed our growth plan and submission of our bid to the Life Chances Fund to support our scale-up and extend our reach across our whole Zone due on 30 April 2018.

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

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**Improvements to our Programme Design**

We worked to improve our delivery model so as to ensure we deliver sustained impact. For example, we tightened our identification criteria, refined our outcomes framework and put more structure into the Link Worker role as well as into the management of each child's Individual Support Plan.

**London Borough of Hammersmith & Fulham (LBHF) CIB**

The existing LBHF contract is for 3 cohorts of 540-660 children over 4 years from academic year 2016/17 – 2019/20. During the year we continued to work with the remainder of the cohort 1 intake of 132 children who commenced in September 2016. We achieved an impressive 85% engagement rate for our second and third engagement payment milestones in 2017/18 – an even higher achievement than our high case predictions. Final outcomes data for the LBHF cohort 1 is being collected and evaluated this Autumn.

In addition, our identification process has successfully generated a cohort 2 total of 256 children who we commenced support with in September 2017. We worked in 12 school settings.

**Royal Borough of Kensington & Chelsea (RBKC) CIB**

We signed a new contract with RBKC on 23 November 2017 to support 160 children over 2 cohorts commencing in academic years 2017/18 and 2018/19 respectively. Our identification process successfully generated a total of 90 children in 3 school settings for the first of these cohorts in academic year 2017/18.

A loan was agreed with Bridges Fund Management of £200,000 to support the delivery of this second outcomes contract and was formalised in April 2018.

**Early Years pilot programme**

We have continued the design our Early Years programme and we rolled out provision in two Early Years settings for children aged between 0-5 years, with programmes designed to benefit the whole class and with 19 children having Individual Support Plans.

During the year we have been successful in securing funding of over £500,000 over the next three years towards the delivery of supporting in excess of 225 children.

**Life Chances Fund (LCF) bid submission**

We were successful in securing a Development Grant from LCF in 2017 to support us to design our scale-up CIB and make a full application to the LCF with a deadline of 30 April 2018.

During the year we developed a growth plan across four boroughs – including our two existing boroughs of LBHF & RBKC and two new boroughs, Westminster & Brent. Our work to develop our submission to the LCF included a detailed analysis of need across the four boroughs and financial modelling around the delivery of key impacts to significantly improve the life chances of over 2,200 children across these boroughs. Rollout is planned across four (2 year) cohorts commencing in September 2019 until August 2024.

We were informed in August that our bid was successful in securing up to £4.2m in LCF funding which could leverage a further £10m in funding across the local authorities, schools and philanthropy.

**WEST LONDON ZONE**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**Financial review**

The Statement of Financial Activities for the year ended 31 March 2018 shows a total income of £1,402,783 total expenditure of £1,072,328 and a surplus for the year of £330,455.

As described in the 'Achievements & Performance' section, WLZ have been successful in operating a 'Collective Impact Bond' (CIB) and income directly attributable to this is shown under charitable activities; associated philanthropic income is recorded in donations.

Income for the year was 16.8% higher than the previous year. Income from donations amounted £811,405 and income from CIB more than doubled from £246,024 to £591,329. Expenditure rose by £399,177 (59.2%).

The net increase in the cash held by the charity was £265,395. The cash balance of £1,227,820 includes a loan from Bridges Fund Management of £350,000 with respect to the LBHF contract and £150,000 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 six 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.

**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.

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

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**Organisational structure and decision making**

The Trustees met as a Board four times during the year. With the appointment of a new Chair, Sir Harvey McGrath on 24 April 2018 it has been resolved for the Board to meet six times per annum. Other 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 an external Finance Director. The SMT has been and is gradually being strengthened according to the growth and development of WLZ.

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 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 & RBKC contracts meeting delivery and progress milestones targets to generate revenue;
- Raise sufficient amounts of philanthropy to fund our delivery and ensure reserves are adequate;
- Continue to make improvements & refinements on the partnership work to ensure it provides the necessary range and quality of support for WLZ children and young people;
- Procure and implement a new data system and analysis tools for monitoring performance and driving improved outcomes; and
- Complete successful contract negotiations to expand our reach across the Zone.



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

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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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**

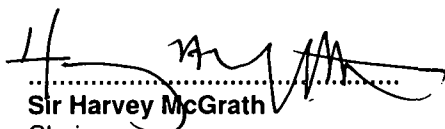
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

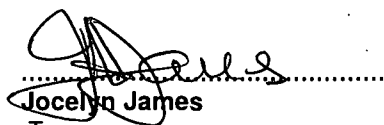
- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable 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 17 October 2018 and signed on their behalf by:

  
Sir Harvey McGrath  
Chair

  
Jocelyn James  
Treasurer

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

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

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**Opinion**

We have audited the financial statements of West London Zone (the 'charitable company') for the year ended 31 March 2018 set out on pages 11 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 2018 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.

**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.

**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.

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

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

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**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.

**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.

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

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

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**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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.



**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  
22 October 2018

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

**WEST LONDON ZONE**  
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Income from:</b>					
Donations and legacies	2	487,596	323,809	811,405	955,001
Charitable activities	3	591,329	-	591,329	246,024
Investments	4	49	-	49	2
<b>Total income</b>		<b>1,078,974</b>	<b>323,809</b>	<b>1,402,783</b>	<b>1,201,027</b>
<b>Expenditure on:</b>					
Raising funds:					
Voluntary income	6	132,049	-	132,049	44,588
Charitable activities	8,9,10	639,207	301,072	940,279	628,563
<b>Total expenditure</b>	5	<b>771,256</b>	<b>301,072</b>	<b>1,072,328</b>	<b>673,151</b>
<b>Net income before other recognised gains and losses</b>		<b>307,718</b>	<b>22,737</b>	<b>330,455</b>	<b>527,876</b>
<b>Net movement in funds</b>		<b>307,718</b>	<b>22,737</b>	<b>330,455</b>	<b>527,876</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		555,659	155,198	710,857	182,981
<b>Total funds carried forward</b>		<b>863,377</b>	<b>177,935</b>	<b>1,041,312</b>	<b>710,857</b>

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 2018**

	Note	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	14		40,940		8,732
<b>Current assets</b>					
Debtors	15	411,724		154,081	
Cash at bank and in hand		1,227,820		962,425	
		<u>1,639,544</u>		<u>1,116,506</u>	
<b>Creditors:</b> amounts falling due within one year	16	(203,845)		(59,420)	
<b>Net current assets</b>			<u>1,435,699</u>		<u>1,057,086</u>
<b>Total assets less current liabilities</b>			<u>1,476,639</u>		<u>1,065,818</u>
<b>Creditors:</b> amounts falling due after more than one year	17		(350,000)		(350,000)
Provisions for Liabilities	19		(85,327)		(4,961)
<b>Net assets</b>			<u><u>1,041,312</u></u>		<u><u>710,857</u></u>
<b>Charity Funds</b>					
Restricted funds	20		177,935		155,198
Unrestricted funds	20		863,377		555,659
<b>Total funds</b>			<u><u>1,041,312</u></u>		<u><u>710,857</u></u>

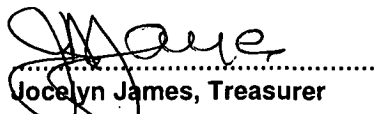
The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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.

The financial statements were approved and authorised for issue by the Trustees on 17 October 2018 and signed on their behalf, by:

  
 Sir Harvey McGrath, Chair

  
 Jocelyn James, Treasurer

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 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	22	<u>303,364</u>	<u>765,936</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<u>(37,969)</u>	<u>(7,481)</u>
<b>Net cash used in investing activities</b>		<u>(37,969)</u>	<u>(7,481)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>265,395</b>	<b>758,455</b>
Cash and cash equivalents brought forward		<u>962,425</u>	<u>203,970</u>
<b>Cash and cash equivalents carried forward</b>	23	<u><u>1,227,820</u></u>	<u><u>962,425</u></u>

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 2018**

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**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**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**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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**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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**2. Income from donations and legacies**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations and grants	487,596	323,809	811,405	955,001
Total 2017	739,614	215,387	955,001	

Included within restricted income are £27,495 donations received from Sir Harvey McGrath prior to his appointment as Chair.

Included within unrestricted income are £NIL (2017 - £150,000) donations received from The Sequoia Trust, in which Sir Paul Marshall is also a trustee.

**3. Income from charitable activities**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
CIB outcome fees	591,329	-	591,329	246,024
Total 2017	246,024	-	246,024	

CIB (Collective Impact Bond) outcome fees represents payments received from schools, local authorities 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 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	49	-	49	2
Total 2017	2	-	2	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. Analysis of Expenditure by expenditure type**

	Staff costs 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising funds	89,526	42,523	132,049	44,588
<b>Costs of raising funds</b>	<b>89,526</b>	<b>42,523</b>	<b>132,049</b>	<b>44,588</b>
Charitable activities	492,818	402,148	894,966	594,333
Expenditure on governance	-	45,313	45,313	34,230
	<b>582,344</b>	<b>489,984</b>	<b>1,072,328</b>	<b>673,151</b>
Total 2017	328,728	344,423	673,151	

**6. Expenditure of raising funds**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Allocation of Support costs (see Note 9)	132,049	-	132,049	44,588
Total 2017	44,588	-	-	

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

	Direct costs 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Charitable activities	601,833	293,133	894,966	594,333
Total 2017	142,398	451,935	594,333	

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**8. Direct costs**

	Total 2017 £	Total 2017 £
Support charges paid to delivery partners	166,598	73,178
Wages and salaries	393,560	64,568
National insurance	38,901	4,652
Pension cost	2,774	-
	<u>601,833</u>	<u>142,398</u>
Total 2017	<u>142,398</u>	

**9. Support costs**

	Fundraising costs £	Charitable activities £	Total 2018 £	Total 2017 £
Rent, Rates and Utilities	3,652	20,253	23,905	14,786
Staff development and recruitment	-	20,449	20,449	9,187
Meeting costs	153	815	968	352
Advertising and subscriptions	44	246	290	388
Computer costs	1,824	10,114	11,938	4,741
Printing, postage and stationery	2,190	14,656	16,846	2,556
General office costs	875	1,938	2,813	2,674
Bank charges	-	282	282	120
Professional fees	31,680	60,961	92,641	180,868
Performance linked payment	-	80,366	80,366	4,961
Marketing and events	-	2,582	2,582	4,931
Telephone and internet	647	6,138	6,785	1,167
Insurance	346	1,917	2,263	1,277
Depreciation	-	5,761	5,761	1,087
Equipment costs and rental	755	4,185	4,940	3,872
Repairs and maintenance	356	4,887	5,243	4,048
Wages and salaries	81,248	56,060	137,308	235,990
National insurance	8,030	1,154	9,184	23,518
Pension cost	249	369	618	-
	<u>132,049</u>	<u>293,133</u>	<u>425,182</u>	<u>496,523</u>
Total 2017	<u>44,588</u>	<u>451,935</u>	<u>496,523</u>	

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Governance costs**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Auditors' remuneration	3,000	-	3,000	3,000
Accountancy	5,232	-	5,232	3,270
Financing and bookkeeping fees	37,081	-	37,081	27,960
	<u>45,313</u>	<u>-</u>	<u>45,313</u>	<u>34,230</u>

**11. Net income/(expenditure)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	<u>5,761</u>	<u>1,087</u>

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2017 - £NIL).

**12. Auditors' remuneration**

	2018 £	2017 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	<u>3,000</u>	<u>3,600</u>

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**13. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	530,869	300,558
Social security costs	48,085	28,170
Other pension costs	3,391	-
	<u>582,345</u>	<u>328,728</u>

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

	2018 No.	2017 No.
Delivery	9	5
Finance & Admin	2	1
Management & Operations	4	1
Development	3	3
	<u>18</u>	<u>10</u>

The number of higher paid employees was:

	2018 No.	2017 No.
In the band £70,001 - £80,000	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 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 £163,575 (2017 - £147,930). No other benefits were paid to them.



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**14. Tangible fixed assets**

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 April 2017	1,351	9,247	10,598
Additions	20,979	16,990	37,969
At 31 March 2018	<u>22,330</u>	<u>26,237</u>	<u>48,567</u>
<b>Depreciation</b>			
At 1 April 2017	270	1,596	1,866
Charge for the year	1,377	4,384	5,761
At 31 March 2018	<u>1,647</u>	<u>5,980</u>	<u>7,627</u>
<b>Net book value</b>			
At 31 March 2018	<u>20,683</u>	<u>20,257</u>	<u>40,940</u>
At 31 March 2017	<u>1,081</u>	<u>7,651</u>	<u>8,732</u>

**15. Debtors**

	2018 £	2017 £
Trade debtors	221,600	62,810
Rent deposit	3,000	-
Prepayments and accrued income	187,124	91,271
	<u>411,724</u>	<u>154,081</u>

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

	2018 £	2017 £
Trade creditors	62,210	21,337
Other taxation and social security	14,790	9,524
Other creditors	2,692	-
Accruals and deferred income	124,153	28,559
	<u>203,845</u>	<u>59,420</u>

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**16. Creditors: Amounts falling due within one year (continued)**

	£
<b>Deferred income</b>	
Resources deferred during the year	<b>82,295</b>

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**

	2018 £	2017 £
Other loan	<b>350,000</b>	350,000

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). 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.

This year, incorporating some programme changes into the LBHF contract, the charity is on track to achieve the targets within the defined time period.

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 Outcomes Contract, the School Agreements, the Philanthropist Agreements and the CBOF (Commissioning Better Outcomes Fund) Grant. Under the terms of these contracts the earliest termination date will be between 2 - 5 years from 31 March 2018.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Financial instruments**

	2018 £	2017 £
Financial assets measured at fair value through income and expenditure	1,227,820	962,424
Financial assets measured at amortised cost	386,700	149,402
	<u>1,614,520</u>	<u>1,111,826</u>
Financial liabilities measured at amortised cost	<u>456,759</u>	<u>399,895</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.

**19. Provisions**

	Performance linked payment £
At 1 April 2017	4,961
Additions	80,366
At 31 March 2018	<u>85,327</u>

**Performance linked payment**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. Statement of funds**

**Statement of funds - current year**

	Balance at 1 April 2017 £	Income £	Expenditure £	Balance at 31 March 2018 £
<b>Designated funds</b>				
Security fund	150,000	-	-	150,000
<b>General funds</b>				
General funds	405,659	1,078,974	(771,256)	713,377
Total Unrestricted funds	555,659	1,078,974	(771,256)	863,377
<b>Restricted funds</b>				
Development of West London Zone Model	3,549	105,000	(33,549)	75,000
Community Work	151,649	218,809	(267,523)	102,935
	155,198	323,809	(301,072)	177,935
Total of funds	710,857	1,402,783	(1,072,328)	1,041,312

**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.

**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.

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

**Statement of funds - prior year**

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
Security fund	-	-	-	150,000	150,000
<b>General funds</b>					
General funds	161,783	985,640	(591,764)	(150,000)	405,659
<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
<b>Total of funds</b>	<b>182,981</b>	<b>1,201,027</b>	<b>(673,151)</b>	<b>-</b>	<b>710,857</b>

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

**Analysis of net assets between funds - current 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)
	<b>863,377</b>	<b>177,935</b>	<b>1,041,312</b>

**Analysis of net assets between funds - prior year**

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

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	330,455	527,876
<b>Adjustment for:</b>		
Depreciation charges	5,761	1,087
Increase in debtors	(257,643)	(153,505)
Increase in creditors	144,425	385,517
Increase in provisions	80,366	4,961
<b>Net cash provided by operating activities</b>	<b>303,364</b>	<b>765,936</b>

**23. Analysis of cash and cash equivalents**

	2018 £	2017 £
Cash in hand	1,227,820	962,425
<b>Total</b>	<b>1,227,820</b>	<b>962,425</b>

**24. Financial commitments**

At 31 March 2018 the charity had financial commitments for marketing work as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	3,000	6,000

**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 £3,391 (2017 - £nil). Contributions totalling £2,108 (2017 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

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**26. Operating lease commitments**

At 31 March 2018 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	66,333	13,800
Between 1 and 5 years	56,667	8,050
Total	<u>123,000</u>	<u>21,850</u>

Lease payments recognised as an expense in the Statement of financial activities total £22,792 (2017 - £13,800).

**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 2018 donations made by related parties without conditions totalled £8,500 (2017 - £NIL). Further information can be found in Note 2.