

Wembley Educational Charitable Trust

Annual Report and Financial Statements

31 December 2021

Company registration number
08681480 (England and Wales)

Charity Registration number
1153762

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Reference and administrative details of the charity, its Trustees and advisers

Trustees	Mr Richard Fairbairn Mr Jean-Pierre Mustier Mr Arnaud Vaissié Ms Florence Gomez
Registered office	23 Cromwell Road London SW7 2EL
Charity registration number	1153762
Company registration number	08681480 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC HSBC Holdings PLC HBEU West London Corporate 2 nd Floor, Space One 1 Beadon Road Hammersmith London W6 0EA Banque Transatlantique 26 Avenue Franklin Roosevelt Paris
Solicitors	Adam Perry & Co LLP 10 Spaces Business Centre 15-17 Ingate Place London SW8 3NS Stone King LLP 16 St John's Lane London EC1M 4BS

The Trustees present their report with the financial statements of the charity for the year ended 31 December 2021.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The accounts have been prepared in accordance with the accounting policies set out on pages 15 to 18 of the attached accounts and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102).

Introduction

The charity was incorporated as a company limited by guarantee on 9 September 2013 as Wembley Educational Charitable Trust ("WECT") and obtained charitable status on 11 September 2013. In the event of the winding up of the charity each member guarantees a sum not exceeding £10.

Objectives

The objectives for which the charity is established are to advance, for the public benefit, the education of pupils in the French education system. The objectives are in particular, but not limited to, the provision of premises and facilities for schools offering a French or a broader bilingual curriculum in the Wembley area, and ancillary educational and other charitable activities for the benefit of the community at large. The charity aims to provide assistance in establishing, maintaining, carrying on, managing and developing such schools.

In setting the charity's objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

ACHIEVEMENTS AND PERFORMANCE

Review of the year

Wembley Educational Charitable Trust set up the Lycée International de Londres Winston Churchill (LIL) which opened in September 2015.

Lycée International de Londres Winston Churchill has a board of governors who meet regularly to make key decisions for the school.

The school levels of admission continue to be below target; with around 800 pupils, Lycée Churchill is still short of around 100 pupils this year in comparison with the initial projection, probably due to the cumulated context of Covid-19 and Brexit. The school's financial situation therefore remains fragile and a major cost savings and streamlining plan has been put in place by the board of governors to align the cost structure with the downgraded revenues.

ACHIEVEMENTS AND PERFORMANCE (continued)

Review of the year (continued)

For the last few years the Trustees have investigated the possibility of renegotiating the conditions of the loan in partnership with the French Ministry of Finance, the French Ministry of Foreign Affairs and the current lender Banque Transatlantique. The restructuring process of the bank loan has finally been completed after months of negotiations; the payment schedule of the new loan is now making the business model of the Trust more sustainable.

Net expenditure for the year was £2,852,000 (2020 – net income of £2,552,000). The result for the year includes £1,777,000 in respect of the early settlement of previous bank finance; £90,000 in respect of costs written off relating to an aborted project to build a sports hall; £1,645,000 in respect of the impairment of programme related investments. The properties held as programme related investments were revalued at 31 December 2021 with a net decrease in value of £1,645,000, mainly due to the reduction in rent level and the extension of the lease agreement. Following restructuring the loan liabilities have decreased as the Trust has made an early repayment of the loan amount.

The charity had total funds as at 31 December 2021 of £7,005,000 (2020 - £9,857,000). Once the programme related investments and loan are excluded, the charity had free reserves of £739,000 (2020 - £5,661,000). The trustees are of the opinion that the free reserves are adequate. The amount of cash at bank and in hand was £1,572,000 at 31 December 2021.

FINANCIAL REVIEW AND RESERVES

During the year, the charity earned rental income of £2,701,000 (2020 - £2,373,000), interest of £3,000 (2020 - £81,000), bank interest of £1,000 (2020 - £3,200) and donations of £447,000 (2020 - £340,000). Total income for the year was £3,152,000 (2020 - £2,797,000).

Costs relating to charitable activities in the year amounted to £6,004,000 (2020 - £2,845,000) and included costs in respect of the refinancing of the loan.

Reserves policy

The trustees regularly monitor the cash position of the charity to ensure that there are sufficient funds for capital projects and the running of the charity, including the servicing of bank finance. In particular, at the current time, the reserves need to be sufficient to enable the charity to operate in the exceptional circumstances created by the Covid-19 pandemic.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Organisation

The trustees usually meet officially in person once a year but due to the pandemic these meetings were held online with zoom. The last AGM was held on 21 January 2021 and during the renegotiation of the loan, a number of additional discussions were held. The Trustees also hold conference calls when required and there are at least monthly email exchanges regarding budgets. Any new trustees are inducted regarding their responsibilities and the activities of the WECT through detailed briefings.

It is understood that current trustees have a long-term commitment and therefore there are no changes to the trustees currently envisaged.

All trustees have agreed to adhere to the charity's conflicts of interests' policy and have signed a statement to this effect.

Trustees

The following trustees were in office at 31 December 2021 and served throughout the period:

Trustees

Mr Arnaud Vaissié
Mr Jean-Pierre Mustier
Mr Richard Fairbairn
Ms Florence Gomez

Trustees' field of expertise is complimentary and they have been involved since inception of the Trust. Any new appointments will need the full board approval

Key management personnel

The trustees consider that they comprise the key management of the charity in charge of controlling, running, directing and operating the charity.

None of the trustees receive any remuneration for their services.

Trustees' responsibilities statement

The trustees (who are also directors of Wembley Educational Charitable Trust for the purposes of company law) are responsible for preparing the trustees' report and 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 which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these financial statements, the trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ the trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Risk management

The trustees have reviewed the risks faced by the charity and have procedures in place to mitigate the risks identified.

The key risk to the charity is the level of admissions at the tenant schools, this could be affected by Brexit or the COVID-19 pandemic and could ultimately have the potential to affect the ability of its tenant schools to pay their rent in accordance with the lease agreements. The admissions numbers are monitored and the schools themselves are implementing their own communications strategies to ensure the schools operate at as close to full capacity as possible. One aspect of this is the introduction of the English International Programme which started at Lycée Churchill in September 2018.

Raising funds

The charity does not actively fundraise although it welcomes donations. The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charity manages its own fundraising activities and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During the year, the charity received no complaints about its fundraising activities.

FUTURE PLANS

More marketing efforts will be made on promoting the very successful early years section as well as the International Baccalaureate stream, which have both proven to be profitable avenues for the Lycee school.

The above report has been prepared in accordance with the special provisions as set out in Financial Reporting Standard FRS102 and Part 15 of the Companies Act 2006 relating to small companies.

J P Mustier

Approved by the Board of Trustees:

Trustee

Approved on: 06 July 2022

Independent auditor's report to the members of Wembley Educational Charitable Trust

Opinion

We have audited the financial statements of Wembley Educational Charitable Trust (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 December 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

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 auditor's 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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

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.

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect to irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charity through discussions with management and from our knowledge and experience of the charity sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011; Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019); and The Companies Act 2006; and

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and those charged with governance and review of minutes of trustees' meetings.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of management and trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Tested the authorisation of expenditure;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of meetings of trustees; and
- ◆ Enquiring of as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Auditor's responsibilities for the audit of the accounts (continued)

How the audit was considered capable of detecting irregularities including fraud
(continued)

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 12 July 2022

Statement of financial activities Year ended 31 December 2021

	Notes	2021 Total funds £'000	2020 Total funds £'000
Income and expenditure			
Income from:			
Donations and legacies	1	447	340
Charitable activities			
. Provision of premises and facilities	2	2,701	2,373
Interest receivable		3	81
Bank interest receivable		1	3
Total income		3,152	2,797
Expenditure:			
Expenditure on charitable activities			
. Provision of premises and facilities	3	6,004	2,845
Total expenditure		6,004	2,845
Net expenditure before gains on revaluation of programme related investment property		(2,852)	(48)
Gain on revaluation of programme related investment property	9	—	2,600
Net (expenditure) income and net movement in funds	6	(2,852)	2,552
Reconciliation of funds:			
Total funds brought forward at 1 January 2021		9,857	7,305
Total funds carried forward at 31 December 2021		7,005	9,857

All of the charity's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the above statement of financial activities.

All funds of the charity are unrestricted.

The notes on pages 19 to 23 form part of these financial statements.

Balance sheet 31 December 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	8	—	83
Programme related investments	9	46,300	47,945
		46,300	48,028
Non-current assets			
Debtors	10	2,064	2,270
		2,064	2,270
Current assets			
Debtors	11	87	330
Cash at bank and in hand		1,572	6,466
		1,659	6,796
Liabilities:			
Creditors: amounts falling due within one year	12	(1,744)	(1,080)
Net current (liabilities) assets		(85)	5,716
Total assets less current liabilities		48,279	56,014
Creditors: amounts falling due after one year	13	(41,274)	(46,157)
Total net assets		7,005	9,857
The funds of the charity:			
Unrestricted funds		7,005	9,857
Total charitable funds		7,005	9,857

Approved by the Trustees and
signed on their behalf by:

J P Mustier

Approved on: 06 July 2022

Wembley Educational Charitable Trust
Company Registration Number 08681480 (England and Wales)

Statement of cash flows 31 December 2021

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities:			
Net cash used in operating activities	A	(835)	(530)
Cash flow from financing activities:			
Repayment of borrowing		(4,059)	(338)
Net cash provided by financing activities		(4,059)	(338)
Change in cash and cash equivalents in the year		(4,894)	(868)
Cash and cash equivalents at 1 January 2021	B	6,466	7,334
Cash and cash equivalents at 31 December 2021	B	1,572	6,466

Notes to the cash flow statement for the year to 31 December 2021.

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

	2021 £'000	2020 £'000
Net movement in funds (as per the statement of financial activities)	(2,852)	2,552
Adjustments for:		
Profit on revaluation of programme related investments	—	(2,545)
Impairment of programme related investments	1,645	—
Decrease (increase) in debtors	449	(58)
(Decrease) in creditors	(160)	(479)
Write off of Assets under construction	83	—
Net cash used in operating activities	(835)	(530)

B Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	1,572	6,466
Total cash and cash equivalents	1,572	6,466

C Analysis of changes in net debt

	At 1 January 2021 £'000	Cash flows £'000	At 31 December 2021 £'000
Cash	6,466	(4,894)	1,572
Loans falling due within one year	—	(824)	(824)
Loans falling due after more than one year	(46,157)	4,883	(41,274)
Total	(39,691)	(835)	(40,526)

Principal accounting policies 31 December 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2021, with comparative information for the year ended 31 December 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these 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 United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 1 January 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include the valuation of programme related investment properties.

Estimates used in the accounts, particularly with respect to the value of programme related investment properties are subject to a greater degree of uncertainty and volatility.

Assessment of going concern

For the last few years the Trustees have investigated the possibility of renegotiating the conditions of the loan in partnership with the French Ministry of Finance, the French Ministry of Foreign Affairs and the current lender Banque Transatlantique. The restructuring process of the bank loan has finally been completed after months of negotiations; the payment schedule of the new loan is now making the business model of the Trust more sustainable. The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, rental income and interest receivable.

Corporate donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Rental income on assets leased under operating leases is recognised on a straight line basis over the lease term.

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

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment 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.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs in respect to the provision of premises and facilities for schools offering a French or broader bilingual curriculum in the Wembley area and providing assistance with establishing, maintaining, managing and developing such schools, including governance costs.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Allocation of support and governance costs (continued)

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned based on the proportion of time spent on the activity.

Tangible fixed assets

Assets under construction

Assets under construction are accounted for at costs based up on the value of architects' certificates and other related costs. Items below £1,000 are not capitalised.

Programme related investments

Programme related investments comprise freehold property used by other charitable organisations for purposes consistent with the charity's objectives. They are stated at fair value. The properties are periodically independently valued by a professional chartered surveyor on a fair value basis which takes into consideration rental charge and the current use of the premises schools. The value is considered each year and any impairment is written off and treated as charitable expenditure in the statement of financial activities.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions 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. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Bank loans are a basic financial instrument and are recognised at their transaction value, which is normally the principal amount advanced plus transaction costs. Subsequent to initial recognition, loans are stated at amortised cost with any difference between cost and redemption value being recognised through the statement of financial activities using the effective interest method.

Principal accounting policies 31 December 2021

Funds structure

The funds of the charity are unrestricted and can be expended at the discretion of the trustees in line with the governing document of the charity.

1 Income from donations and legacies

	2021 Total funds £'000	2020 Total funds £'000
Cash donation received from Kentish Town Education Charitable Trust	447	340
Total funds	447	340

2 Income from charitable activities

	2021 Total funds £'000	2020 Total funds £'000
Rental income	2,701	2,373

3 Expenditure on charitable activities

	Direct costs £'000	Support costs £'000	2021 Total funds £'000	Direct costs £'000	Support costs £'000	2020 Total funds £'000 (restated)
Provision of premises and facilities						
. Charitable donations	86	—	86	79	—	79
. Governance costs (note 4)	—	388	388	—	318	318
. Accountancy	—	16	16	—	16	16
. Interest payable	1,941	—	1,941	2,344	—	2,344
. Bank charges	1,777	—	1,777	1	—	1
. Legal and professional	—	14	14	—	38	38
. Costs in respect of sports hall written off	90	—	90	—	—	—
. Premises costs	—	47	47	—	49	49
Impairment of programme related investment	1,645	—	1,645	—	—	—
Total funds	5,539	465	6,004	2,424	421	2,845

The 2020 figures have been restated to reanalyse costs between charitable donations and governance costs.

4 Governance costs

	2021 Total funds £'000	2020 Total funds £'000
Legal and professional fees	10	10
Administrative fees	378	308
	388	318

5 Staff costs, remuneration of key management and trustees expenses and remuneration

The charity employed no staff during the period (2020 - none).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity comprises the trustees. None of the trustees received any remuneration for their services during the period. No trustees were reimbursed for expenses incurred relating to travel and accommodation in the performance of their duties.

6 Net income and net movement in funds

This is stated after charging:

	2021 Total funds £'000	2020 Total funds £'000
Auditor's remuneration	10	10

7 Taxation

Wembley Educational Charitable Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The charity registered for Value Added Tax in August 2016 with the effective date of 30 September 2013. Therefore expenditure is recorded exclusive of VAT where applicable.

8 Tangible fixed assets

	Assets under construction £'000
Cost	
At 1 January 2021	83
Write off	(83)
At 31 December 2021	—
Depreciation	
At 1 January 2021 and 31 December 2021	—
Net book values	
At 31 December 2021	—
At 31 December 2020	—

The assets under construction related to the potential construction of a sports hall at Lycée International de Londres Winston Churchill. The trustees have decided not to proceed with the project and the costs have been written off.

9 Investments

	Programme related investment property 2021 £'000	Programme related investment property 2020 £'000
At 1 January	47,945	45,400
Release of provision for retention	—	(55)
Impairment	(1,645)	—
Revaluation	—	2,600
At 31 December	46,300	47,945

The original property (54 Forty Lane, Wembley Park, HA0 9HD) is rented to Lyceé International de Londres Winston Churchill, a registered charity, for purposes consistent with the charity's objectives; running a bilingual (French and English) school in Wembley, therefore the property is classified as a programme related investment.

In 2019 Ealing Educational Charitable Trust transferred the Ecole Andre Malraux building to the charity. The property is let for purposes consistent with the charity's objectives; running a bilingual (French and English) school in Ealing, therefore the property is classified as a programme related investment.

On 31 December 2021 the properties in Ealing and Wembley were valued by Gerald Eve LLP. The valuations were prepared in accordance with the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2022 and the national standards and guidance set out in the UK national supplement (November 2018), the International Valuation Standards and Financial Reporting Standard 102.

10 Debtors: amounts falling due after one year

	2021 £'000	2020 £'000
Other debtors	2,064	2,270

Other debtors in both current and long-term debtors relate to a deposit held by ANEFE as security against the bank loan (note 13).

11 Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade debtors	9	8
Accrued income	—	274
Other debtors	78	48
	87	330

12 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	100	74
Deferred income	667	667
Accruals	13	87
Bank loan (note 14)	824	—
VAT liability	140	252
	1,744	1,080

Income has been deferred because Wembley Educational Charitable Trust received rent from Lycée International de Londres Winston Churchill in December 2021 for the period covering 1 January 2022 to 31 March 2022, therefore this income will appear in next year's accounts ending 31 December 2022. The movements in deferred income are analysed below:

	2021 £'000	2020 £'000
Brought forward	667	700
Released in year	(667)	(700)
Deferred in year	667	667
	667	667

13 Creditors: amounts falling due after one year

	2021 £'000	2020 £'000
Bank loan (note 14)	41,274	46,157

During the year the terms of the loan with Banque Transatlantique were renegotiated. The total loan facility from 23 July 2021 was reduced to £42.5m on a 30 year term expiring June 2051 at a fixed rate of interest of 3.549%. The French State has guaranteed the repayment of the loan up to the value of £47 million. The deposit held by ANEFE forms part of the security against the loan.

14 Loans

Loans repayable, included within creditors are analysed as follows:

	2021 £'000	2020 £'000
Wholly repayable: within five years	5,415	—
Not wholly repayable: within five years	36,683	46,157
	42,098	46,157

15 Related party transactions

KT Educational Charitable Trust

Three of the charity's trustees are also trustees of KT Educational Charitable Trust (Company Registration Number 07057043 England and Wales).

During the current year, Wembley Educational Charitable Trust paid for administrative fees of £86,152 (2020 - £78,532) incurred by KT Educational Charitable Trust. This has been treated as a donation in the year. Wembley Educational Trust received donations of £447,000 (2020: £340,000) from KT Educational Charitable Trust during the year.

Lyceé International de Londres

Rent of £2,666,667 (2020 - £2,333,000) for the year ended 31 December 2021 was charged to Lyceé International de Londres. At 31 December 2021 £667,000 (2020 - £667,000) of rent relating to 2022 had been received and is included in creditors.

Lyceé International de Londres is a registered charity (Company Registration Number 09033139 England and Wales) which has a common trustee, Mr Vaissie, with Wembley Educational Charitable Trust. In his roles Mr Vaissie acts in a manner which will avoid any conflicts of interests.

16 Net assets

The total unrealised gains as at 31 December 2021 constitutes movements on revaluation and are as follows:

	2021 £'000	2020 £'000
Unrealised gains:		
On programme related investment properties	5,337	6,982
Total unrealised gains at 31 December 2021	5,337	6,982
Reconciliation of movement in unrealised gains:		
Unrealised gains at 1 January 2021	6,982	4,437
Gain arising on revaluation in the year	—	2,600
Impairment	(1,645)	—
Adjustments in the year	—	(55)
Total unrealised gains at 31 December 2021	5,337	6,982

17 Post balance sheet events

The rental agreement with Lycee International de Londres has been renegotiated and is in the process of being agreed and signed. The new agreement keeps the rent at £3.2m per annum and extends the term of the lease to 15 June 2051.