

Company Registration No. 09093035 (England and Wales)

WILLOWS ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2016

WILLOWS ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 14
Statement on regularity, propriety and compliance	15
Statement of trustees' responsibilities	16
Independent auditor's report on the accounts	17 - 18
Independent reporting accountant's report on regularity	19 - 20
Statement of financial activities including income and expenditure account	21 - 22
Balance sheet	23
Statement of cash flows	24
Notes to the accounts including accounting policies	25 - 47

WILLOWS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Cllr D Walton
J Brewster
T Wallace (Chair)
J Anderson
A Burton
M Harral
S Houseman
S Stevenson
K Bowers
J Brothwell-White (Resigned 4 July 2016)
G Blair
J Haigh (Accounting Officer)

Members

S Dennis
D Walton
J Brewster
T Wallace
J Anderson
J Gillard

Senior management team

- Headteacher (Dovedale Primary School)	J Haigh
- Headteacher (Shardlow Primary School)	S Houseman
- Headteacher (Sawley Junior School)	A Burton
- Headteacher (Sawley Infant School)	M Harral
- MAT Business Manager	J Richardson

Company secretary

A Burton

Company registration number

09093035 (England and Wales)

Registered office

Wilmot Street
Long Eaton
Derbyshire
NG10 3DG

Academies operated

Dovedale Primary School
Sawley Junior School
Sawley Infant School
Shardlow Primary School

Location

Long Eaton
Long Eaton
Long Eaton
Shardlow

Principal

J Haigh
A Burton
M Harral
S Houseman

WILLOWS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

UHY Hacker Young
14 Park Row
Nottingham
NG1 6GR

Bankers

Lloyds Bank
Market Square House
Old Market Square
Nottingham
NG1 6FD

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Derbyshire County Council Legal Dept.
Hadfield House
Matlock
Derbyshire
DE4 3AG

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the company's Memorandum and Articles of Association, applicable laws and 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 published on 16 July 2014 (FRS102).

The Willows Academy Trust consists of four schools: Dovedale Primary School, Shardlow Primary School, Sawley Junior School and Sawley Infant School. The schools all converted to academies on the 1st November 2014. Since then the Academy Trust's principal object and activity has been to manage the school's provision of education to pupils between the ages of 3 and 11.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Willows Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Willows Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

The Academy Trust maintains Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. The Academy Trust has also granted indemnities to each of its Governors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other officers may incur to third parties in the course of acting as Governors or officers of the Academy Trust.

Details of the insurance cover are provided in note 10 to the financial statements.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Method of recruitment and appointment or election of trustees

Under the terms of its Articles, the Academy Trust shall have the following Trustees:

- 4 Principal Directors
- 4 Community Directors
- 4 Academy Directors

The term of office for any Director shall be 4 years, this time limit shall not apply to the Principal Directors. Subject to remaining eligible to be a particular type of Director, any Director may be reappointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

During the year under review the Board of Directors met 6 times. The training and induction provided for new Directors depends on their previous experience. All new Directors are given a tour of the school and the chance to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors.

Organisational structure

The organisational structure consists of three levels: the Directors of the Academy, the Local Governing Body and Senior Leadership Team at each school. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at individual Academy level.

The Governors at each school are responsible for setting general policy, adopting an annual plan and budget. Directors are responsible for ratifying the decisions made by Local Governing body regarding general policy, adoption of annual budget plans. Directors monitor the academy use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership Team is determined at local level. These managers control each academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group each Senior Leadership Team are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for teaching posts always contain a Governor. Some spending control is devolved to members of the Middle Management Team, with limits above which a member of the Senior Leadership Team must countersign.

The Middle Management Team includes Curriculum Area Leaders. Along with the Senior Management Team these managers are responsible for the day to day operation of the Academies, in particular organising the support staff, facilities and pupils.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Headteachers and following guidance from the relevant professional pay review bodies. Naturally the Headteachers were not involved in setting their own remuneration package.

Only staff trustees, including the Headteachers, are remunerated, and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration are included in note 9.

The day to day running of the remuneration policy is delegated to the Headteachers and monitored at each school and discussed and reviewed by the board of directors. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and recognise the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 8.

Related parties and other connected charities and organisations

Individual Academies work closely with Derbyshire County Council School Improvement Advisory Team, Derbyshire Safeguarding Children Board, Erewash Sports Partnership, Nottingham Trent University, Derby University, the Derbyshire Partnership for Learning Teaching Schools Alliance and the local cluster of schools. One Principle Director is contracted as an OFSTED inspector and an Associate School Improvement Advisor.

Each academy has a charitable group at local level focussed on fundraising and charitable events for the individual Academy.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and activities

Objects and aims

The Academy Trust's object ("the Object") is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them.

Objectives, strategies and activities

Willow Academy Trusts' pupils are central to all our endeavours. We will judge everything that takes place in our schools according to its impact on the pupils. We embrace the Trusts key areas of *Achieve, Aspire, and Thrive* which is integral to our work with all pupils in achieving a successful Multi Academy Trust.

Decisions will be made in accordance with the prime directive that Willows Academy Trust is a place of learning for the whole school community.

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

Public benefit

The Directors confirm that they have complied with the Charities Act 2006 to have due regard to the Charities Commission's general guidance on public benefit and in particular to its supplementary public benefit on advancing education. We have reviewed our aims and objectives and in planning our future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives they have set.

Willows Academy Trust is a Multi Academy Trust catering for children aged 3 to 11 and strives to promote and support the advancement of education within a local context. The schools provide an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our pupils in areas such as academic distinction, music, the arts and sport. For example some of the Academy's adopt a specialist teacher model in PE and Music; work in conjunction with external organisations (e.g., sporting clubs) to enhance the curriculum experiences for the children; provides excellent links with local secondary schools to help transition of pupils and provide curricular/staff CPD support; and also work within the local community to ensure that it is central to community cohesion.

Wherever possible the individual academies also aim to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities. For example: Local Beaver and Scout Groups to support children.

In setting our objectives and planning our activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit. The Directors believe that the Academy Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Strategic report

Achievements and performance

Dovedale Primary School

EYFS	75%
Y1 Phonics	90%

KS1

	Working Below Expectations	Working at or above expectations
Reading	17%	83%
Writing	17%	83%
Mathematics	15%	85%
EGPS	22%	78%

KS2

	Working Below Expectations	Working at or above expectations	Progress
Reading	34%	66%	0.1
Writing	27%	73%	0.8
Mathematics	25%	75%	0.8
EGPS	30%	70%	
Combined R, W, M	41%	59%	

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Shardlow Primary School

KS1

	Working Below Expectations	Working at or above expectations
Reading	17%	83%
Writing	17%	83%
Mathematics	13%	86%
EGPS	13%	86%

KS2

	Working Below	Working at or above	Progress
Reading	27%	73%	-2.9
Writing	7%	93%	1.4
Mathematics	27%	73%	-2.4
EGPS	7%	93%	
Combined R, W, M	33%	67%	

EYFS	86%
Y1 Phonics	88%

Sawley Junior School

	Working Below	Working at or above	Progress
Reading	33%	67%	-1.8
Writing	24%	76%	-0.8
Mathematics	21%	79%	-2.0
EGPS	32%	68%	
Combined R, W, M	47%	53%	

Sawley Infant School

	<i>Working Below expectations</i>	<i>Working at or above expectations</i>
<i>Reading</i>	<i>19%</i>	<i>81%</i>
<i>Writing</i>	<i>30%</i>	<i>70%</i>
<i>Mathematics</i>	<i>33%</i>	<i>67%</i>
<i>EGPS</i>	<i>34%</i>	<i>66%</i>

EYFS	53%
Y1 Phonics	83%

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Key performance indicators

The Governors consider that the following are key performance indicators for the Academy Trust:

- Pupils numbers (leading directly to the Education Funding Agency ("EFA") funding level)
- General financial stability - aim for income to match expenditure each year
- Percentage of income received from EFA spent on total staff costs
- Income spent per pupil
- Staff costs as a percentage of grant income
- Staff costs as a percentage of total costs
- Ofsted inspection results
- Capital expenditure per pupil
- Foundation pupil intake – admissions procedure followed due to being oversubscribed

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

Most of the Academy's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2016, total income was £4,866,285 and total expenditure was £4,599,379. The excess of income over expenditure for the period (excluding restricted fixed asset funds) was £367,989.

At 31 August 2016, the net book value of fixed assets was £7,040,768 and movements in tangible fixed assets are shown in note 11 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves policy

Total funds held at the balance sheet date were £6,592,927, including £474,545 on restricted general funds and £616,614 on unrestricted funds.

The Trustees review the reserve levels of the Academy Trust throughout the year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves.

The trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The pension reserve held within restricted funds was in deficit by £1,539,000 at 31 August 2016. This does not mean that an immediate liability for this amount crystallises.

The Trust has entered into an agreement with Derbyshire County Council to make contributions in addition to normal funding levels for the next 19 years. Monthly contributions increased to £1,252 from April 2016.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees have determined that the appropriate level of free reserves should be equivalent to one month's staffing cost, approximately £275,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The trustees will monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the trust will strive to rebuild free reserves up to the level needed.

Investment policy and powers

The Academy Trust does not hold any investments.

Principal risks and uncertainties

The main risks that the Academy is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

Operational and reputational - this covers risks to the running of the Academy (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.

Financial - covering risks to the Academy Trust's financial position, including revenue streams, cost control and cash management.

The risks to which the Academy Trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations, and the financial position of the staff pension schemes.

Financial and risk management objectives and policies

The Academy Trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the Academy Trust to a number of financial risks which are described in more detail below. The main risks arising from the Trust's financial instruments are liquidity risk and cash flow interest rate risk.

Liquidity risk: The Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Interest rate risk: The Trust earns interest on cash deposits. With interest rates currently low, the trustees will consider action to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the Trust's assets.

Credit risk arises from the possibility that amounts owed to the Trust will not be repaid. The Trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Risk management

The Directors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Governors at local level have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Plans for future periods

The aims and key objectives set for future periods are;

- The development of an Academy Trust moderation system and timetable
- Continue developing a CPD programme to include mentoring and training for NQTs and good practice
- Shared staff, governors and directors training on safeguarding and accountability
- Bulk purchasing
- Review of service level agreements held by individual academies
- Expansion of facilities to accommodate increasing pupil numbers

Funds held as custodian trustee on behalf of others

The Academy does not currently hold any funds on behalf of others.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that UHY Hacker Young be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2016 and signed on its behalf by:

T Wallace
Chair

J Haigh
Accounting Officer

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Willows Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Willows Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Cllr D Walton	5	6
J Brewster	5	6
T Wallace (Chair)	6	6
J Anderson	5	6
A Burton	6	6
M Harral	5	6
S Houseman	6	6
S Stevenson	4	6
K Bowers	6	6
J Brothwell-White (Resigned 4 July 2016)	5	6
G Blair	4	6
J Haigh (Accounting Officer)	5	6

James Brothwell-White resigned on the 4th July 2016 and an appointment will be made in the autumn term.

The Board of Directors undertake self-assessment annually. The most recent was completed in October 2016 and based around the National Governance Association Governing Body Skills audit. This has been used to highlight areas that require additional development and is currently being used as a development tool. These include: identification of a skills gap within the Board of Directors such as legal and law, human resources and finance. These will be taken into consideration when appointing future Trustees.

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The next review will take place mid-year in April 2017. All local governing bodies self-evaluate themselves to ensure they become:

- More skilled focus and effective
- Aware of the freedoms they have to work in different ways
- Clear in their vision for the academies and understand how they can achieve this

All directors completed a skills and competency audit to ascertain areas of expertise. Careful consideration was given at the election stage to the skills required by the Trustees. Training areas have been highlighted and these include: finance and safeguarding. Self-evaluation is scheduled into the first meeting of the Board of Trustees each year. Skills and competency audits have also been completed by each academies board of governors and actions plans created for training purposes.

Willows Academy Trust does not have a separate Finance and Purposes or Audit Committee and all budget setting and monitoring is conducted by the board of directors throughout the year. One of the functions of the board of directors is to plan and monitor the financial and other resources of the schools effectively, and to ensure the schools provide a safe educational environment

Review of value for money

As accounting officer the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Using expertise in-house to provide bespoke training for newly qualified teachers rather than outsourcing
- Purchasing shared human resources services across the MAT.
- MAT training via Trust INSET days
- MAT online safeguarding training

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Willows Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The risk and control framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the board of directors of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to retain Schools and Academies Finance Limited as internal auditor.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

The auditors' reports have been discussed with the board of trustees on the operation of the systems of control and on the discharge board of trustees' financial responsibilities.

Review of effectiveness

The accounting officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised by the internal and external audit following the review of the system of internal control and plan to address weaknesses to ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 12 December 2016 and signed on its behalf by:

T Wallace
Chair

J Haigh
Accounting Officer

WILLOWS ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Willows Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

J Haigh
Accounting Officer

12 December 2016

WILLOWS ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who also act as governors for Willows Academy Trust and are also the directors of Willows Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 accounts 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.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from EFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 12 December 2016 and signed on its behalf by:

T Wallace
Chair

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF WILLOWS ACADEMY TRUST

We have audited the accounts of Willows Academy Trust for the year ended 31 August 2016 set out on pages 21 to 47. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the trustees, who are also the directors of Willows Academy Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

**INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF
WILLOWS ACADEMY TRUST (CONTINUED)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

**Elizabeth Searby BSc FCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young**

**Chartered Accountants
Statutory Auditor**
14 Park Row
Nottingham
NG1 6GR

Dated: 12 December 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WILLOWS ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Willows Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Willows Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Willows Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Willows Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Willows Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Willows Academy Trust's funding agreement with the Secretary of State for Education dated 30 October 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO WILLOWS ACADEMY TRUST AND THE EDUCATION FUNDING
AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety within the trust.
- Testing of those areas identified through risk assessment, including reviewing internal controls, analytical review and enquiries of management.
- Consideration of the evidence and concluding on the work carried out.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Elizabeth Searby BSc FCA
Reporting Accountant
UHY Hacker Young

Dated: 12 December 2016

WILLOWS ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General	Fixed asset £	Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	-	-	86,132	86,132	27,165
Donations - transfer from local authority on conversion	24	3,631	-	-	3,631	6,875,362
Charitable activities:						
- Funding for educational operations	4	-	4,526,945	-	4,526,945	3,409,612
Other trading activities	3	124,155	124,353	-	248,508	174,067
Investments	5	1,069	-	-	1,069	504
Total income and endowments		128,855	4,651,298	86,132	4,866,285	10,486,710
Expenditure on:						
Charitable activities:						
- Educational operations	7	61,175	4,350,989	187,575	4,599,739	3,524,329
Total expenditure	6	61,175	4,350,989	187,575	4,599,739	3,524,329
Net income/(expenditure)		67,680	300,309	(101,443)	266,546	6,962,381
Transfers between funds		-	(100,264)	100,264	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(651,000)	-	(651,000)	15,000
Net movement in funds		67,680	(450,955)	(1,179)	(384,454)	6,977,381
Reconciliation of funds						
Total funds brought forward		548,934	(613,500)	7,041,947	6,977,381	-
Total funds carried forward		616,614	(1,064,455)	7,040,768	6,592,927	6,977,381

WILLOWS ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2015		Funds	General	Fixed asset	2015
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	2	-	-	27,165	27,165
Donations - transfer from local authority on conversion	24	464,494	(593,428)	7,004,296	6,875,362
Charitable activities:					
- Funding for educational operations	4	-	3,409,612	-	3,409,612
Other trading activities	3	138,775	35,292	-	174,067
Investments	5	504	-	-	504
Total income and endowments		<u>603,773</u>	<u>2,851,476</u>	<u>7,031,461</u>	<u>10,486,710</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	54,839	3,333,597	135,893	3,524,329
Total expenditure	6	<u>54,839</u>	<u>3,333,597</u>	<u>135,893</u>	<u>3,524,329</u>
Net income/(expenditure)		548,934	(482,121)	6,895,568	6,962,381
Transfers between funds		-	(146,379)	146,379	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	17	-	15,000	-	15,000
Net movement in funds		548,934	(613,500)	7,041,947	6,977,381
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		<u>548,934</u>	<u>(613,500)</u>	<u>7,041,947</u>	<u>6,977,381</u>

WILLOWS ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible assets	11		7,040,768		7,041,947
Current assets					
Stocks	12	1,980		-	
Debtors	13	171,700		194,090	
Cash at bank and in hand		1,385,339		846,619	
			<u>1,559,019</u>	<u>1,040,709</u>	
Creditors: amounts falling due within one year	14	(467,860)		(303,275)	
Net current assets			<u>1,091,159</u>	<u>737,434</u>	
Total assets less current liabilities			<u>8,131,927</u>	<u>7,779,381</u>	
Defined benefit pension liability	17		(1,539,000)	(802,000)	
Net assets			<u><u>6,592,927</u></u>	<u><u>6,977,381</u></u>	
Funds of the academy trust:					
Restricted income funds	16				
- Fixed asset funds			7,040,768		7,041,947
- General funds			474,545		188,500
- Pension reserve			(1,539,000)		(802,000)
Total restricted funds			<u>5,976,313</u>		<u>6,428,447</u>
Unrestricted funds	16		<u>616,614</u>		<u>548,934</u>
Total funds			<u><u>6,592,927</u></u>		<u><u>6,977,381</u></u>

The accounts were approved by order of the board of trustees and authorised for issue on 12 December 2016.

T Wallace
Chair

J Haigh
Accounting Officer

Company Number 09093035

WILLOWS ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19	634,284		369,428	
Cash funds transferred on conversion		3,631		623,066	
		<u>637,915</u>		<u>992,494</u>	
Cash flows from investing activities					
Dividends, interest and rents from investments		1,069		504	
Capital grants from DfE and EFA		86,132		27,165	
Payments to acquire tangible fixed assets		(186,396)		(173,544)	
		<u>(99,195)</u>		<u>(145,875)</u>	
Change in cash and cash equivalents in the reporting period					
		538,720		846,619	
Cash and cash equivalents at 1 September 2015		846,619		-	
Cash and cash equivalents at 31 August 2016		<u><u>1,385,339</u></u>		<u><u>846,619</u></u>	

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Willows Academy Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Willows Academy Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 November 2014. The reported financial position and financial performance for the previous period are not materially affected by the transition to FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Conversion to an academy trust

In the previous year, Willows converted into a Multi-Academy Trust. During this year, Shardlow and Sawley Infants closed their private school fund. The closing fund figure of £3,631 is included in the accounts as funds inherited on conversion.

1.4 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 are allocated on the portion of the asset's use.

All resources expended are exclusive of recoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

Assets costing £ 1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold land and buildings	50 years
Computer equipment	2-3 years
Fixtures, fittings & equipment	3-5 years

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.

1.7 Liabilities

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 academy trust 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.

1.8 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 17, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.12 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education where the asset acquired or created is held for a specific purpose.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

1.13 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Capital grants	-	86,132	86,132	27,165
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Donations and capital grants in year ended 31 August 2016 totalled £86,132 (2015 : £27,165) of which £Nil related to unrestricted funds (2015 : £Nil) and £86,132 related to restricted fixed assets (2015 : £27,165).

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Trip income	-	44,318	44,318	35,292
Catering income	-	80,035	80,035	-
Nursery top-up income	46,925	-	46,925	39,048
Other income	77,230	-	77,230	99,727
	<u>124,155</u>	<u>124,353</u>	<u>248,508</u>	<u>174,067</u>

The income from other trading activities was £248,508 (2015 : £174,067), of which £124,155 was unrestricted (2015 : £138,775) and £124,353 was restricted (2015: £35,292).

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	3,628,807	3,628,807	2,788,727
Other DfE / EFA grants	-	512,874	512,874	288,179
	<u>-</u>	<u>4,141,681</u>	<u>4,141,681</u>	<u>3,076,906</u>
Other government grants				
Local authority grants	-	383,764	383,764	332,706
Special educational projects	-	1,500	1,500	-
	<u>-</u>	<u>385,264</u>	<u>385,264</u>	<u>332,706</u>
Total funding	<u>-</u>	<u>4,526,945</u>	<u>4,526,945</u>	<u>3,409,612</u>

Funding for academy trust's education operations in year ended 31 August 2016 totalled £4,526,945 (2015 : £3,409,612) of which £Nil (2015 : £Nil) was unrestricted, £4,526,945 (2015 : £3,409,612) was restricted.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	1,069	-	1,069	504
	<u>1,069</u>	<u>-</u>	<u>1,069</u>	<u>504</u>

Investment income in year ended 31 August 2015 totalled £1,069 (2015 : £504), of which £1,069 (2015 : £504) related to unrestricted funds and £Nil related to restricted funds (2015 : £Nil).

6 Expenditure

	Staff costs & £	Premises equipment £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	2,869,774	-	166,960	3,036,734	2,431,509
- Allocated support costs	524,789	270,908	767,308	1,563,005	1,092,820
	<u>3,394,563</u>	<u>270,908</u>	<u>934,268</u>	<u>4,599,739</u>	<u>3,524,329</u>
Total expenditure	<u>3,394,563</u>	<u>270,908</u>	<u>934,268</u>	<u>4,599,739</u>	<u>3,524,329</u>

Net income/(expenditure) for the year includes:	2016 £	2015 £
Fees paid to auditor for audit services	14,650	13,800
Operating lease rentals	11,045	9,754
Depreciation of tangible fixed assets	187,575	135,893
	<u>213,270</u>	<u>259,447</u>

Central services

The academy trust has provided the following central services to its academies during the year:

- human resources;
- financial services;
- legal services;
- educational support services;
- others as arising.

The academy trust charges for these services on the following basis:

- flat percentage of GAG (3%);

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure (Continued)

The amounts charged during the year were as follows:

	Total £
Dovedale Primary School	35,438
Sawley Junior School	32,742
Sawley Infant School	27,853
Shardlow Primary School	12,497
	<u>108,530</u>

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Direct costs - educational operations	61,175	2,975,559	3,036,734	2,431,509
Support costs - educational operations	-	1,563,005	1,563,005	1,092,820
	<u>61,175</u>	<u>4,538,564</u>	<u>4,599,739</u>	<u>3,524,329</u>

	2016 £	2015 £
Analysis of support costs		
Support staff costs	524,789	341,098
Depreciation and amortisation	187,575	135,893
Premises costs	229,935	207,221
Other support costs	589,426	381,672
Governance costs	31,280	26,936
	<u>1,563,005</u>	<u>1,092,820</u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

	2016	2015
	£	£
Wages and salaries	2,600,545	1,991,601
Social security costs	195,775	130,063
Operating costs of defined benefit pension schemes	478,779	353,669
	<u>3,275,099</u>	<u>2,475,333</u>
Staff costs	3,275,099	2,475,333
Supply staff costs	85,771	153,890
Staff development and other staff costs	33,693	14,327
	<u>3,394,563</u>	<u>2,643,550</u>
Total staff expenditure	<u><u>3,394,563</u></u>	<u><u>2,643,550</u></u>

Staff numbers

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

	2016	2015
	Number	Number
Teachers	61	56
Teaching assistants, administration and support	118	107
	<u>179</u>	<u>163</u>
	<u><u>179</u></u>	<u><u>163</u></u>

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016	2015
	Number	Number
£60,000 - £70,000	3	2
	<u><u>3</u></u>	<u><u>2</u></u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £293,396 (2015 : £225,860)

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the period, no travel and subsistence payments were reimbursed to the trustees.

The value of trustees' remuneration, including pensions costs, was as follows:

J Haigh (Headteacher - Dovedale Primary School) £75,000 - £80,000 (2015 : £60,000 - £65,000)
S Houseman (Headteacher - Shardlow Primary School) £65,000 - £70,000 (2015 : £50,000 - £55,000)
A Burton (Headteacher - Sawley Junior School) £70,000 - £75,000 (2015 : £55,000 - £60,000)
M Harral (Headteacher - Sawley Infant School) £70,000 - £75,000 (2015 : £50,000 - £55,000)

The figures for 2015 were for 10 months to 31 August 2015.

Other related party transactions involving the trustees are set out within the related parties note.

10 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has joined the Education Funding Agency's Risk Protection scheme to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The scheme provides unlimited cover. As the cover for the trustees and officers is part of the policy, the cost cannot be determined for the period ended 31 August 2016.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

	Long leasehold land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2015	7,044,769	67,339	65,732	7,177,840
Additions	86,861	64,715	34,820	186,396
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	7,131,630	132,054	100,552	7,364,236
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2015	105,115	18,417	12,361	135,893
Charge for the year	132,344	36,972	18,259	187,575
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	237,459	55,389	30,620	323,468
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2016	6,894,171	76,665	69,932	7,040,768
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2015	6,939,654	48,922	53,371	7,041,947
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in long leasehold land and buildings is land of £597,000 which has not been depreciated.

The long leasehold land and buildings occupied by Sawley Infant School, Sawley Junior School and Dovedale Primary School were transferred by Derbyshire County Council to Willows Academy Trust at the date the three schools converted to academy status. The land and buildings are held under the terms of three 125-year lease agreements at nil rental.

The land and buildings occupied by Shardlow Primary School were leased to the the Trust by the Board of Education of the Diocese of Derby at the date the school converted to academy status. The site is occupied under a Church Lease Agreement, at an annual charge of £7,000. The Lease Agreement is for a 7-year term and will be renewed in October 2016 for a further 7 years.

The land and buildings were valued at depreciated replacement cost at 31 March 2015.

12 Stocks	2016	2015
	£	£
Stock	1,980	-
	<hr/> <hr/>	<hr/> <hr/>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

13 Debtors	2016	2015
	£	£
Trade debtors	7,758	5,414
VAT recoverable	27,036	87,810
Other debtors	644	546
Prepayments and accrued income	136,262	100,320
	<u>171,700</u>	<u>194,090</u>
	<u><u>171,700</u></u>	<u><u>194,090</u></u>
14 Creditors: amounts falling due within one year	2016	2015
	£	£
Trade creditors	93,922	129,624
Other creditors	359	97
Accruals and deferred income	373,579	173,554
	<u>467,860</u>	<u>303,275</u>
	<u><u>467,860</u></u>	<u><u>303,275</u></u>
15 Deferred income	2016	2015
	£	£
Deferred income is included within:		
Creditors due within one year	259,875	91,267
	<u>259,875</u>	<u>91,267</u>
	<u><u>259,875</u></u>	<u><u>91,267</u></u>
Total deferred income at 1 November 2014	91,267	-
Amounts credited to the statement of financial activities	(91,267)	-
Amounts deferred in the year	259,875	91,267
	<u>259,875</u>	<u>91,267</u>
	<u><u>259,875</u></u>	<u><u>91,267</u></u>
Total deferred income at 31 August 2016	<u><u>259,875</u></u>	<u><u>91,267</u></u>

The deferred income provision of £259,875 includes £91,516 universal infant free school meals grant and £161,487 capital funding.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

	Balance at 1 September 2015	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£
Restricted general funds					
General Annual Grant	188,500	3,628,807	(3,242,498)	(100,264)	474,545
Other DfE / EFA grants	-	512,874	(512,874)	-	-
Other government grants	-	385,264	(385,264)	-	-
Other restricted funds	-	124,353	(124,353)	-	-
	<u>188,500</u>	<u>4,651,298</u>	<u>(4,264,989)</u>	<u>(100,264)</u>	<u>474,545</u>
Funds excluding pensions	188,500	4,651,298	(4,264,989)	(100,264)	474,545
Pension reserve	(802,000)	-	(86,000)	(651,000)	(1,539,000)
	<u>(613,500)</u>	<u>4,651,298</u>	<u>(4,350,989)</u>	<u>(751,264)</u>	<u>(1,064,455)</u>
Restricted fixed asset funds					
DfE / EFA capital grants	7,041,947	86,132	(187,575)	100,264	7,040,768
	<u>7,041,947</u>	<u>86,132</u>	<u>(187,575)</u>	<u>100,264</u>	<u>7,040,768</u>
Total restricted funds	<u>6,428,447</u>	<u>4,737,430</u>	<u>(4,538,564)</u>	<u>(651,000)</u>	<u>5,976,313</u>
Unrestricted funds					
General funds	548,934	128,855	(61,175)	-	616,614
	<u>548,934</u>	<u>128,855</u>	<u>(61,175)</u>	<u>-</u>	<u>616,614</u>
Total funds	<u>6,977,381</u>	<u>4,866,285</u>	<u>(4,599,739)</u>	<u>(651,000)</u>	<u>6,592,927</u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

The specific purposes for which the funds are to be applied are as follows:

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency / Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency / Department for Education.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

The pension reserve held within restricted funds was in deficit by £1,539,000 at 31 August 2016. This does not mean that an immediate liability for this amount crystallises. The Trust has entered into an agreement with Derbyshire County Council to make contributions in addition to normal funding levels for the next 19 years. Monthly contributions increased to £1,252 from April 2016.

Total funds analysis by academy

	Total
	£
Fund balances at 31 August 2016 were allocated as follows:	
Dovedale Primary School	220,483
Sawley Junior School	463,730
Sawley Infant School	246,634
Shardlow Primary School	51,643
Willows Academy Trust	108,669
	<hr/>
Total before fixed assets fund and pension reserve	1,091,159
Restricted fixed asset fund	7,040,768
Pension reserve	(1,539,000)
	<hr/>
Total funds	6,592,927
	<hr/> <hr/>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Funds

(Continued)

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Dovedale Primary School	945,997	150,949	14,918	282,614	1,394,478
Sawley Junior School	706,623	118,343	31,051	211,751	1,067,768
Sawley Infant School	970,883	174,426	23,404	209,422	1,378,135
Shardlow Primary School	244,620	112,308	13,900	127,973	498,801
Willows Academy Trust	2,415	-	1,031	69,536	72,982
	<u>2,870,538</u>	<u>556,026</u>	<u>84,304</u>	<u>901,296</u>	<u>4,412,164</u>

17 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Derbyshire County Council. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2014 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 13.6 per cent for employers and 5.5 to 6.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £144,000.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 24) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The Trust has entered into an agreement with Derbyshire County Council to make contributions in addition to normal funding levels for the next 19 years. Monthly contributions are currently £1,252.

Total contributions made	2016	2015
	£	£
Employer's contributions	144,000	118,000
Employees' contributions	39,000	33,000
	<hr/>	<hr/>
Total contributions	183,000	151,000
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions	2016	2015
	%	%
Rate of increases in salaries	3.1	3.6
Rate of increase for pensions in payment	2.1	2.7
Discount rate	2.1	3.8
Inflation assumption (CPI)	2.1	5.1
Commutation of pensions to lump sums	50.0	50.0
	<hr/> <hr/>	<hr/> <hr/>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2016	2015
	Years	Years
Retiring today		
- Males	22.0	22.0
- Females	24.2	24.2
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.6	26.6

The academy trust's share of the assets in the scheme

	2016	2015
	Fair value	Fair value
	£	£
Equities	959,000	690,000
Bonds	296,000	203,000
Cash	71,000	60,000
Property	85,000	60,000
Total market value of assets	1,411,000	1,013,000
Actual return on scheme assets - gain/(loss)	215,000	(28,000)

Amounts recognised in the statement of financial activities

	2016	2015
	£	£
Current service cost (net of employee contributions)	198,000	169,000
Net interest cost	32,000	14,000

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations (Continued)

Changes in the present value of defined benefit obligations	2016	2015
	£	£
Obligations at 1 September	1,815,000	1,586,000
Current service cost	198,000	169,000
Interest cost	74,000	53,000
Employee contributions	39,000	33,000
Actuarial (gain)/loss	824,000	(26,000)
	<u> </u>	<u> </u>
At 31 August	<u>2,950,000</u>	<u>1,815,000</u>

Changes in the fair value of the academy trust's share of scheme assets

	2016	2015
	£	£
Assets at 1 September	1,013,000	834,000
Interest income	42,000	39,000
Return on plan assets (excluding amounts included in net interest):		
Actuarial gain/(loss)	173,000	(11,000)
Employer contributions	144,000	118,000
Employee contributions	39,000	33,000
Plan introductions, benefit changes, curtailments and settlements	-	-
	<u> </u>	<u> </u>
At 31 August	<u>1,411,000</u>	<u>1,013,000</u>

18 Analysis of net assets between funds

	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2016
	£	£	£	£
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	7,040,768	7,040,768
Current assets	616,614	942,405	-	1,559,019
Creditors falling due within one year	-	(467,860)	-	(467,860)
Defined benefit pension liability	-	(1,539,000)	-	(1,539,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>616,614</u>	<u>(1,064,455)</u>	<u>7,040,768</u>	<u>6,592,927</u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

19 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2016	2015
	£	£
Net income	266,546	6,962,381
Capital grants and similar income	(86,132)	(27,165)
Net deficit/(surplus) transferred on conversion	(3,631)	(6,875,362)
Investment income	(1,069)	(504)
FRS17 pension costs less contributions payable	54,000	51,000
FRS17 pension finance income	32,000	14,000
Depreciation of tangible fixed assets	187,575	135,893
(Increase)/decrease in stocks	(1,980)	-
(Increase)/decrease in debtors	22,390	(194,090)
Increase/(decrease) in creditors	164,585	303,275
	<u>634,284</u>	<u>369,428</u>
Net cash inflow/(outflow) from operating activities	<u>634,284</u>	<u>369,428</u>

20 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016	2015
	£	£
Amounts due within one year	11,930	12,987
Amounts due in two and five years	37,276	11,969
Amounts due after five years	7,000	-
	<u>56,206</u>	<u>24,956</u>

21 Capital commitments

	2016	2015
	£	£
Expenditure contracted for but not provided in the accounts	<u>321,533</u>	<u>-</u>

The Multi-Academy Trust has contracted to build a new roof and swimming pool for Sawley Infant and Sawley Junior Schools. The work will be funded, in part, by capital grants from the EFA.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are in accordance with the academy trust's financial regulations and normal procurement procedures.

Soho Computers Limited - a company in which S Houseman, a trustee, has an interest. In the period ended 31 August 2016, the trust procured IT support services amounting to £1,710 (2015 : £1,048), which are included within other support costs.

23 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

24 Conversion to an academy

On 1 November 2014 Dovedale Primary School, Sawley Junior School, Sawley Infant School and Shardlow Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Willows Academy Trust from the Derbyshire Local Authority for £nil consideration.

The transfer was accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the statement of financial activities as voluntary income. The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities in the period ended 31 August 2015.

Academy	Location	Date of conversion	
Dovedale Primary School	Long Eaton	1 November 2014	
Sawley Junior School	Long Eaton	1 November 2014	
Sawley Infant School	Long Eaton	1 November 2014	
Shardlow Primary School	Shardlow	1 November 2014	
Net assets transferred:			£
Leasehold land and buildings			6,944,458
Other tangible fixed assets			59,838
Cash			623,066
Pension surplus/(deficit)			(752,000)
			<hr/>
			6,875,362
			<hr/> <hr/>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

24 Conversion to an academy

(Continued)

Funds surplus/(deficit) transferred:	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	
	£	£	£	£
Fixed assets funds	-	-	7,004,296	7,004,296
LGPS pension funds	-	(752,000)	-	(752,000)
Other funds	464,494	158,572	-	623,066
	<u>464,494</u>	<u>(593,428)</u>	<u>7,004,296</u>	<u>6,875,362</u>

In the year ended 31 August 2016 the private school fund accounts for Shardlow Primary School and Sawley Infant School were closed and transferred to Willows Academy Trust. The amount transferred was £3,631 and this is treated as unrestricted funds.