

Company Registration No. 09093035 (England and Wales)

WILLOWS ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019

WILLOWS ACADEMY TRUST

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WILLOWS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

S Dennis
G Blair
Y Dean
J Yates
D Walton (Resigned 31 December 2018)
E Martin (Appointed 9 July 2019)

Trustees

S Dennis (Chair)
J Brewster (Resigned 11 December 2018)
J Haigh (Accounting Officer)
J Prince (Vice Chair)
A Page
G Arnett
K Moran
A Taylor (Appointed 9 April 2019)

Senior management team

- Chief Executive Officer	J Haigh
- Chief Financial Officer	J Richardson
- Principal (Dovedale Primary School)	S Houseman
- Principal (Sawley Infant School)	M Harral
- Principal (Sawley Junior School)	A Burton
- Principal (Shardlow Primary School)	K Magner

Company registration number 09093035 (England and Wales)

Registered office Wilmot Street
Long Eaton
Nottinghamshire
NG10 3DQ

Independent auditor UHY Hacker Young
14 Park Row
Nottingham
NG1 6GR

Bankers Lloyds Bank
Old Market Square
Nottingham
NG1 6FD

WILLOWS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Flint Bishop LLP
St Michaels Court
St Michaels Lane
Derby
DE1 3HQ

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the accounts and auditor's report of the academy trust for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates primary academies in Derbyshire. Its academies have a combined pupil capacity of 1,154 plus 75 full-time equivalent nursery places and had a roll of 1,138 in the school census on 19 May 2019.

Structure, governance and management

Constitution

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

The trustees of Willows Academy Trust are also the directors of the academy trust for the purposes of company law. The academy trust 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 academy trust undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

Trustees' indemnities

The academy trust maintains trustees' liability insurance which gives appropriate cover for any legal action brought against its trustees. The academy trust has also granted indemnities to each of its trustees 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 trustees or other officers may incur to third parties in the course of acting as directors of the academy trust.

Details of the insurance cover are provided in note 12 to the financial statements.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Method of recruitment and appointment or election of trustees

Under the terms of its articles, the academy trust shall have not less than three trustees and up to seven trustees, appointed in accordance with the articles of association. This shall include:

- community trustees
- a minimum of two parent trustees (unless two parent governors are elected to each academy governing body).
- employee trustees up to a maximum of one third of the total number of trustees including the chief executive officer (trust employee) if they choose to act as a trustee.

The term of office for any director shall be four years; this time limit shall not apply to the chief executive officer. Subject to remaining eligible to be a particular type of trustee, any trustee may be reappointed or re-elected.

Trustees are recruited from local businesses and stakeholders associated with the academies within the trust. Skills required are identified following a skills audit and any areas of need identified in recruitment.

Policies and procedures adopted for the induction and training of trustees

During the year under review the board of trustees met 6 times. The training and induction provided for new trustees depends on their previous experience. All new trustees are given a tour of the school and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. All trustees have secure access to the trust portal whereby all documentation can be accessed.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Organisational structure

The organisational structure consists of three levels: the members and trustees of the academy trust, which includes the chief executive officer who acts as the accounting officer for the trust, the academy trust governing body and senior leadership team at each academy. The aim of the management structure is to devolve responsibility via the trusts scheme of delegation and encourage involvement in decision making at individual academy level.

The trustees are responsible for the general control and management of the administration of the trust. In accordance with the memorandum and articles of association and its funding agreement, the board of trustees take responsibility for all statutory functions for the performance of all the academies within the trust, and approves the written scheme of delegation of financial powers that maintains the robust internal control arrangements. In addition it carries out the three core governance functions.

1. Ensure clarity of vision, ethos and strategic direction.
2. Hold the chief executive officer to account for the educational performance of the trust's academies and their pupils and the performance management of staff.
3. Oversee the financial performance of the trust and make sure its money is well spent.

The governors at each academy are responsible for setting general policy, adopting an annual plan and budget. Trustees are responsible for ratifying the decisions made by each academy's governing body regarding general policy and adoption of annual budget plans. Trustees monitor the academy's use of budgets and make 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 trustees and 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 2019

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the members and senior management 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. The headteachers were not involved in setting their own remuneration package.

Only the staff trustee which is the chief executive officer, is remunerated, and they only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as a trustee. Specific disclosures concerning trustees' remuneration is included in note 11.

The day to day running of the remuneration policy is delegated to the headteachers, monitored by the academy governing body or the finance and resources committee (in academies where they have retained the committee) and discussed and reviewed by the board of trustees. All details for setting pay and remuneration of key management personnel are set out in the pay and appraisal policies 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 remuneration is 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 key management personnel is set out in note 9.

Trade union facility time

Willows Academy Trust does not employ any trade union officials and consequently no funding is provided for trade union facility time.

Related parties and other connected charities and organisations

Individual academies work closely with Derbyshire Safeguarding Children's Board (now Derby and Derbyshire Safeguarding Children Partnership), Erewash Sports Partnership, Nottingham Trent University, Derby University, Derbyshire Partnership for Learning Teaching Schools Alliance, Archway Teaching Alliance and the local cluster of schools. The chief executive officer is contracted as an Ofsted inspector.

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 2019

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 academy trust's key areas of:

Aspire

- To aspire to the highest quality education in an inspirational, learning environment.
- To raise pupils' aspirations and enable all individuals in our trust community to achieve their potential and 'dream big'.
- To inspire children to develop a love of learning and grasp new experiences.

Achieve

- To continually strive to raise the achievement and attainment of all children in the trust and local community.
- To provide innovative opportunities for staff performance and progression to develop their potential and nurture leaders of the future.
- To support all children to develop character, resilience, life skills, social skills, problem-solving and conflict resolution.

Thrive

- To develop a culture which actively promotes all aspects of pupils' welfare.
- To develop an excellent understanding of how to keep themselves safe in a range of situations and circumstances.
- To enable pupils to mature into confident, motivated learners who actively contribute to the wider community and develop a wider understanding of the world through direct personal experiences.

These are 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.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Public benefit

The trustees 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 trustees 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 individual academies adopt a specialist teacher model in physical education and music; work in conjunction with external organisations (e.g. sporting clubs) to enhance the curriculum experiences for the children; provide excellent links with local secondary schools to help the 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: academies provide premises for local Beaver, Scout and football groups to meet, helping to support children in their local community.

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

Strategic report

Key performance indicators

	EYFS	Phonics	KS1			KS2		
			Reading	Writing	Maths	Reading	Writing	Maths
			EXP/GD	EXP/GD	EXP/GD	EXP/GD	EXP/GD	EXP/GD
Dovedale Primary	79%	86%	85% 18%	69% 7%	81% 18%	70% 26%	79% 32%	79% 23%
Dis: KS1 (5) KS2 (10)	60%	33%	40% 20%	60% 20%	40% 20%	60% 20%	50% 0%	50% 10%
RWM combined			All:	EXP 65%, GD 15%		All:	EXP 65%, GD 9%	
			Dis:	EXP 40%, GD 20%		Dis:	EXP 40%, GD 0%	

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

	EYFS	Phonics	KS1			KS2		
			Reading	Writing	Maths	Reading	Writing	Maths
			EXP/GD	EXP/GD	EXP/GD	EXP/GD	EXP/GD	EXP/GD
Sawley Infant & Nursery	52%	77%	74% 23 %	72% 14%	83% 21%			
Dis: (19)	20%	64%	58% 5%	53% 5%	84% 5%			
RWM combined			All: Dis:	EXP 65%, GD 15%				
				EXP 42%, GD 5%				

	EYFS	Phonics	KS1			KS2		
			Reading	Writing	Maths	Reading	Writing	Maths
			EXP/GD	EXP/GD	EXP/GD	EXP/GD	EXP/GD	EXP/GD
Sawley Junior						81% 16%	88% 33%	84% 24%
Dis: (24)						79% 4%	79% 29%	71% 13%
RWM combined						All: Dis:	EXP 70%, GD 32%	
							EXP 67%, GD 21%	

	EYFS	Phonics	KS1			KS2		
			Reading	Writing	Maths	Reading	Writing	Maths
			EXP/GD	EXP/GD	EXP/GD	EXP/GD	EXP/GD	EXP/GD
Shardlow Primary	79%	69%	64% 21%	64% 14%	64% 7%	93% 53%	80% 20%	87% 47%
Dis: (1)	NA	50%	100%	100%	100%	100%	100%	100%
RWM combined			All: Dis:	EXP 64%, GD 21%		All: Dis:	EXP 73%, GD 20%	
				EXP 100%, GD 0%			EXP 100%, GD 0%	

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators

The trustees and academy governing bodies consider that the following are key performance indicators for the academy trust:

- Pupils numbers (leading directly to the Education and Skills Funding Agency ("ESFA") funding level);
- General financial stability - aim for income to match expenditure each year;
- Percentage of income received from ESFA 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.
- Financial benchmarking

The trustees and academy governing bodies have been pleased that expectations for all key performance indicators listed have been successfully met during the period.

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 accounting policies.

Financial review

Most of the academy trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2019, incoming resources totalled £5,216,504 and total expenditure was £5,689,834, creating a deficit of £473,330. When the fixed asset net deficit of £146,662 and movements on the local government pension scheme of £217,000 are excluded there was a deficit of £109,668 (2018: £124 surplus).

The combined balance on restricted income funds and unrestricted income funds as at 31 August 2019 was £514,564, compared to £757,105 as at 31 August 2018. The movement of £242,541 consists of the in-year deficit of £109,668 and the transfer to restricted fixed asset fund of £132,873.

At 31 August 2019, the net book value of fixed assets was £7,642,866 and movements in tangible fixed assets are shown in note 13 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 trust.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Reserves policy

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of 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.

As at 31 August 2019 the trust has 'free' reserves i.e. those reserves that are freely available for general purposes of the trust total £514,564. The restricted fixed asset fund totals £7,642,866 which can only be realised by disposing of tangible fixed assets. The restricted reserve deficit of £2,297,000 relates to the Local Government Pension Fund which is due to be repaid in line with the agreed terms of the Fund.

The trustees have determined that the appropriate level of free reserves should be equivalent to one month's staffing expenditure cost, approximately £348,000. 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

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 - this covers 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.

Equal opportunities

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.

Disabled employees

The policy of the academy trust is to support recruitment and retention of students and employees with disabilities. The academy trust does this by adapting the physical environment, by making support resources available.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

Individual schools participate in fundraising events primarily organised by each Parent Teacher Association. The academy trust has not engaged in fundraising activities during 2018/19. Headteachers and governing bodies report on fundraising activities to the board of directors. Directors delegate fundraising to individual school governing bodies and ensure they adhere to the six principles of fundraising;

1. Plan effectively
2. Supervise fundraisers
3. Protect the trusts reputation and assets
4. Identify and comply with the laws on fundraising
5. Identify and recognise fundraising standards
6. Be open and accountable

Plans for future periods

The aims and key objectives set for future periods are:

- to review the Trust Development Plan to ensure it meets the needs of pupils, staff, governors and trustees
- to review the trust's Growth Strategy for expansion in-line with the central government policy on academy conversion
- to review the key performance indicators to ensure academies remain financially viable and resources impact directly on pupil outcomes
- to continue developing a CPD programme to include mentoring and training for NQTs/RQTs and the growth of middle and senior leaders ensuring the trust retains experienced and exemplary staff
- to deliver shared staff, governors and trustees training on the new Ofsted framework
- to implement bulk purchasing
- to review service level agreements held by individual academies
- to expand facilities to accommodate increasing pupil numbers
- to use the trust's assets (i.e. academy buildings) to generate income via the development of 'before and after school' childcare provision and local community use of the swimming pool.

Funds held as custodian trustee on behalf of others

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

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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, will be approved by order of the board of trustees, as the company trustees, annually every year at the first meeting of the year and signed on its behalf by the chair of the board of trustees and the accounting officer.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10 December 2019 and signed on its behalf by:

S Dennis
Chair

J Haigh
Accounting Officer

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

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 chief executive officer, 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 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
S Dennis (Chair)	5	6
J Brewster (Resigned 11 December 2018)	1	2
J Haigh (Accounting Officer)	6	6
J Prince (Vice Chair)	5	6
A Page	6	6
G Arnett	5	6
K Moran	4	6
A Taylor (Appointed 9 April 2019)	2	2

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

A skills audit was conducted at the beginning of the academic year and the composition of the key skills of the board clearly identified. The audit identified that there were gaps and, as a consequence, the recruitment of a new member and a new trustee (following the resignation of a trustee) was undertaken with these skills in mind.

The chair of the board of trustees has completed training via the National Governance Association (NGA) on effective leadership of trust boards. The clerk to the board of trustees is completing the NGA Development for Clerks accredited professional training.

The trustees have reviewed the trust's key operating documentation and amended where appropriate to ensure the smooth running of the trust.

The trust's vision and aims have been updated along with key policies operational at trust and academy level.

Performance data for each academy has been shared with trustees termly along with external and internal moderation information. This has ensured the trustees are fully informed about the standards and achievement at each of the academies.

Monthly financial accounts have been shared with trustees, ensuring they are fully informed about the financial position of each academy and the trust as a whole.

All trustees completed a skills and competency audit to ascertain areas of expertise. Careful consideration was given at the election and appointment stage to the skills required by the trustees. 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 academy board of governors and action plans created for training purposes. Governors received training on analysing data and monitoring the Sports Premium provision and finance.

Chairs of governors completed a 360 degree review with their governing bodies.

From February 2020 the board of trustees is going to set up a separate finance and audit committee.

All budget setting and monitoring is conducted by the board of trustees throughout the year. The chief financial officer attends the board of trustees' meetings ensuring trustees are fully informed about the trust's finances. One of the trustees is an accountant and ensures that pertinent questions are asked holding leaders to account and providing expertise for the board.

One of the functions of the board of trustees is to plan and monitor the financial and other resources of the academies effectively, and to ensure the academies provide a safe educational environment.

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Review of value for money

As accounting officer, the chief executive officer 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 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 Trust has delivered improved value for money during the year by:

- using expertise in-house to provide bespoke training for newly and recently qualified teachers rather than outsourcing;
- purchasing shared human resources services across the MAT;
- purchasing shared legal services across the MAT;
- purchasing shared health and safety policy, guidance and auditing services;
- purchasing shared IT services;
- placing shared MAT contracts for the purchasing of education resources;
- benchmarking across the MAT, including external academy data, to identify possible savings;
- implementing a robust finance policy with clear purchasing guidelines to ensure procedures are followed correctly;
- assessing all contracts before renewal to ensure value for money;
- bringing in-house 'before and after school club' provision, rather than it being run by a management company, thereby generating income;
- the CEO conducting reviews of academy data and academy performance rather than outsourcing
- the CEO conducting headteacher performance management, rather than outsourcing;
- trust wide safeguarding reviews being conducted by a trust executive lead;
- implementing trust wide training via trust INSET days;
- establishing trust wide online safeguarding training;
- establishing MAT subject network groups to disseminate good practice;
- establishing MAT professional network groups (subject leaders, deputy heads and headteachers, administration and teaching assistants);
- developing MAT specialist leaders in education to support school improvement.

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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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; and
- identification and management of risks.

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

The internal 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

On a quarterly basis, the chief financial officer, on behalf of the internal auditor, reports to the board of trustees, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of effectiveness

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

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The accounting officer has been advised of the implications of the result of the internal and external audits following the review of the systems of the financial controls. They ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 10 December 2019 and signed on its behalf by:

S Dennis
Chair

J Haigh
Accounting Officer

WILLOWS ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Willows Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2018.

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 2018.

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 ESFA.

J Haigh
Accounting Officer

10 December 2019

WILLOWS ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who 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 Academies Accounts Direction 2018 to 2019 published by the Education & Skills 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 2018 to 2019;
- 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 ESFA/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 members of the board of trustees on 10 December 2019 and signed on its behalf by:

S Dennis
Chair

J Haigh
Accounting Officer

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

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of Willows Academy Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. 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), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2018 to 2019.

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 accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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

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

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

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

FOR THE YEAR ENDED 31 AUGUST 2019

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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 including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have 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 academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic 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 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.

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

FOR THE YEAR ENDED 31 AUGUST 2019

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust'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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://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.

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

10 December 2019

Chartered Accountants
Statutory Auditor

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

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 1 July 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 ESFA 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 ESFA 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 ESFA, 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. 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 & SKILLS
FUNDING AGENCY (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2019

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

UHY Hacker Young
14 Park Row
Nottingham
NG1 6GR

Dated: 10 December 2019

WILLOWS ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	20,573	-	76,589	97,162	179,836
Charitable activities:						
- Funding for educational operations	4	-	4,808,113	-	4,808,113	4,631,732
Other trading activities	5	165,081	145,681	-	310,762	222,183
Investments	6	467	-	-	467	611
Total		<u>186,121</u>	<u>4,953,794</u>	<u>76,589</u>	<u>5,216,504</u>	<u>5,034,362</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	32,018	5,434,565	223,251	5,689,834	5,322,964
Total	7	<u>32,018</u>	<u>5,434,565</u>	<u>223,251</u>	<u>5,689,834</u>	<u>5,322,964</u>
Net income/(expenditure)		154,103	(480,771)	(146,662)	(473,330)	(288,602)
Transfers between funds	18	(363,032)	230,159	132,873	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(1,005,000)	-	(1,005,000)	426,000
Net movement in funds		<u>(208,929)</u>	<u>(1,255,612)</u>	<u>(13,789)</u>	<u>(1,478,330)</u>	<u>137,398</u>
Reconciliation of funds						
Total funds brought forward		<u>723,493</u>	<u>(1,041,388)</u>	<u>7,656,655</u>	<u>7,338,760</u>	<u>7,201,362</u>
Total funds carried forward		<u>514,564</u>	<u>(2,297,000)</u>	<u>7,642,866</u>	<u>5,860,430</u>	<u>7,338,760</u>

WILLOWS ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2018		Funds	General	Fixed asset	2018
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	3	17,018	-	162,818	179,836
Charitable activities:					
- Funding for educational operations	4	-	4,631,732	-	4,631,732
Other trading activities	5	74,070	148,113	-	222,183
Investments	6	611	-	-	611
Total		<u>91,699</u>	<u>4,779,845</u>	<u>162,818</u>	<u>5,034,362</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	38,231	5,052,189	232,544	5,322,964
Total	7	<u>38,231</u>	<u>5,052,189</u>	<u>232,544</u>	<u>5,322,964</u>
Net income/(expenditure)		53,468	(272,344)	(69,726)	(288,602)
Transfers between funds	18	-	(207,056)	207,056	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	426,000	-	426,000
Net movement in funds		53,468	(53,400)	137,330	137,398
Reconciliation of funds					
Total funds brought forward		<u>670,025</u>	<u>(987,988)</u>	<u>7,519,325</u>	<u>7,201,362</u>
Total funds carried forward		<u>723,493</u>	<u>(1,041,388)</u>	<u>7,656,655</u>	<u>7,338,760</u>

WILLOWS ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	13		7,642,866		7,656,655
Current assets					
Stocks	14	16,463		14,601	
Debtors	15	220,906		209,531	
Cash at bank and in hand		565,104		921,061	
			<u>802,473</u>		<u>1,145,193</u>
Current liabilities					
Creditors: amounts falling due within one year	16	(287,909)		(388,088)	
			<u>514,564</u>		<u>757,105</u>
Net current assets					
			<u>8,157,430</u>		<u>8,413,760</u>
Net assets excluding pension liability					
Defined benefit pension scheme liability	20	(2,297,000)		(1,075,000)	
			<u>5,860,430</u>		<u>7,338,760</u>
Total net assets			<u><u>5,860,430</u></u>		<u><u>7,338,760</u></u>
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			7,642,866		7,656,655
- Restricted income funds			-		33,612
- Pension reserve			(2,297,000)		(1,075,000)
			<u>5,345,866</u>		<u>6,615,267</u>
Total restricted funds					
			<u>514,564</u>		<u>723,493</u>
Unrestricted income funds	18				
			<u>5,860,430</u>		<u>7,338,760</u>
Total funds			<u><u>5,860,430</u></u>		<u><u>7,338,760</u></u>

The accounts on pages 26 to 54 were approved by the trustees and authorised for issue on 10 December 2019 and are signed on their behalf by:

S Dennis
Chair

J Haigh
Accounting Officer

Company Number 09093035

WILLOWS ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

		2019		2018	
	Notes	£	£	£	£
Cash flows from operating activities					
Net cash used in operating activities	21		(223,551)		(100,597)
Cash flows from investing activities					
Dividends, interest and rents from investments		467		611	
Capital grants from DfE Group		76,589		162,818	
Purchase of tangible fixed assets		(209,462)		(369,872)	
Net cash used in investing activities			(132,406)		(206,443)
Net decrease in cash and cash equivalents in the reporting period			(355,957)		(307,040)
Cash and cash equivalents at beginning of the year			921,061		1,228,101
Cash and cash equivalents at end of the year			565,104		921,061

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

The Willows Academy Trust is a charitable company limited by guarantee incorporated in England and Wales. The registered office is Sawley Junior School, Wilmot Street, Long Eaton, Derbyshire, NG10 3DQ.

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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. 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 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

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.

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.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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

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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

1.4 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.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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.

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 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. 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

Where there are specific conditions attached to the funding requiring the continued use of the asset, assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

1.6 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 of services it must provide.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

1.7 Leased assets

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

1.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Stock

Unsold uniform and unused educational supplies are 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. Provisions are made for obsolete and slow moving stock where appropriate.

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.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer 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 and Skills 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 and Skills Funding Agency/Department for Education.

2 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.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

(Continued)

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 20, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

For 2018-19 there have been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by £31,000 which has reflected as a past service cost, within staff costs. There will also be an increase in the cost of benefits from 1 September 2019.

(2) Guaranteed Minimum Pension (GMP). GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement (Continued)

(3) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(4) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 20. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	76,589	76,589	162,818
Other donations	20,573	-	20,573	17,018
	<u>20,573</u>	<u>76,589</u>	<u>97,162</u>	<u>179,836</u>

Donations and capital grants in year ended 31 August 2019 totalled £97,162 (2018: £179,836) of which £20,573 related to unrestricted funds (2018: £17,018) and £76,589 related to restricted fixed assets (2018: £162,818).

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	3,846,943	3,846,943	3,706,849
Other DfE group grants	-	600,749	600,749	553,523
	-	4,447,692	4,447,692	4,260,372
Other government grants				
Local authority grants	-	357,261	357,261	371,360
Special educational projects	-	3,160	3,160	-
	-	360,421	360,421	371,360
Total funding	-	4,808,113	4,808,113	4,631,732

Funding for academy trust's education operations in year ended 31 August 2019 totalled £4,808,113 (2018: £4,631,732) of which £Nil (2018: £Nil) was unrestricted and £4,808,113 (2018: £4,631,732) was restricted.

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Trip income	-	53,811	53,811	51,936
Catering income	-	91,870	91,870	96,177
Other income	165,081	-	165,081	74,070
	165,081	145,681	310,762	222,183

The income from other trading activities was £310,762 (2018: £222,183), of which £165,081 was unrestricted (2018: £74,070) and £145,681 was restricted (2018: £148,113).

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	467	-	467	611
	<u>467</u>	<u>-</u>	<u>467</u>	<u>611</u>

Investment income in year ended 31 August 2019 totalled £467 (2018: £611), of which £467 (2018: £611) related to unrestricted funds and £Nil related to restricted funds (2018: £Nil).

7 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2019 £	Total 2018 £
		Premises £	Other £		
Academy's educational operations					
- Direct costs	3,589,603	-	266,445	3,856,048	3,511,664
- Allocated support costs	816,223	434,401	583,162	1,833,786	1,811,300
	<u>4,405,826</u>	<u>434,401</u>	<u>849,607</u>	<u>5,689,834</u>	<u>5,322,964</u>

Net income/(expenditure) for the year includes:	2019 £	2018 £
Fees payable to auditor for audit services	16,500	16,200
Operating lease rentals	8,727	12,836
Depreciation of tangible fixed assets	223,251	232,544
Net interest on defined benefit pension liability	32,000	34,000
	<u>280,488</u>	<u>295,580</u>

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	32,018	3,824,030	3,856,048	3,511,664
Support costs				
Educational operations	-	1,833,786	1,833,786	1,811,300
	<u>32,018</u>	<u>5,657,816</u>	<u>5,689,834</u>	<u>5,322,964</u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Charitable activities **(Continued)**

	2019	2018
	£	£
Analysis of support costs		
Support staff costs	816,223	740,504
Depreciation	223,251	232,544
Premises costs	211,150	247,672
Other support costs	477,910	466,483
Governance costs	105,252	124,097
	1,833,786	1,811,300
	1,833,786	1,811,300

9 Staff

Staff costs

Staff costs during the year were:

	2019	2018
	£	£
Wages and salaries	3,282,224	3,015,365
Social security costs	279,518	256,709
Pension costs	741,733	686,681
	4,303,475	3,958,755
Agency staff costs	59,183	50,122
	4,362,658	4,008,877
Staff development and other staff costs	43,168	26,491
	4,405,826	4,035,368
	4,405,826	4,035,368

Staff numbers

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

	2019	2018
	Number	Number
Teachers	66	66
Administration and support	115	104
	181	170
	181	170

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

(Continued)

Higher paid staff

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

	2019 Number	2018 Number
£60,000 - £70,000	3	3
£80,000 - £90,000	1	1
	<u> </u>	<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 £491,140 (2018: £465,829).

10 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 (5%).

The amounts charged during the year were as follows:

	2019 £	2018 £
Dovedale Primary School	66,597	63,874
Sawley Junior School	56,109	55,169
Sawley Infant School	48,850	46,061
Shardlow Primary School	-	20,239
Willows Academy Trust	-	-
	<u> </u>	<u> </u>
	171,556	185,343
	<u> </u>	<u> </u>

It was agreed by the trustees that Shardlow Primary School would not be charged for central services in the year ended 31 August 2019. Charges for central services have recommenced in 2019/20.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

11 Trustees' remuneration and expenses

One or more trustees have been paid remuneration or have received other benefits from an employment with the academy trust. Staff only receive remuneration in respect of services they provide undertaking the role of staff members under their contract of employment.

J Haigh (Chief Executive Officer)

Remuneration £80,000 - £85,000 (2018: £75,000 - £80,000)

Employer's pension contributions paid £10,000 - £15,000 (2018: £10,000 - £15,000)

During the year, travel and subsistence payments and office expenses totalling £219 (2018: £1,054) were reimbursed or paid directly to one trustees (2018: one).

Other related party transactions involving the trustees are set out within note 24.

12 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 2019 or the period ended 31 August 2018.

13 Tangible fixed assets

	Long leasehold land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2018	8,018,021	217,855	187,896	8,423,772
Additions	161,430	19,336	28,696	209,462
At 31 August 2019	8,179,451	237,191	216,592	8,633,234
Depreciation				
At 1 September 2018	514,445	160,283	92,389	767,117
Charge for the year	149,932	38,396	34,923	223,251
At 31 August 2019	664,377	198,679	127,312	990,368
Net book value				
At 31 August 2019	7,515,074	38,512	89,280	7,642,866
At 31 August 2018	7,503,576	57,572	95,507	7,656,655

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

13 Tangible fixed assets (Continued)

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 at Shardlow Primary School is held under a 125-year lease with the local authority. The buildings at Shardlow Primary School are owned by the Diocese of Derbyshire and are occupied under a 5 year lease commencing May 2018.

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

14 Stocks	2019	2018
	£	£
Stock	16,463	14,601
	<u>16,463</u>	<u>14,601</u>
15 Debtors	2019	2018
	£	£
Trade debtors	9,390	13,160
VAT recoverable	27,310	41,250
Other debtors	4,076	547
Prepayments and accrued income	180,130	154,574
	<u>220,906</u>	<u>209,531</u>
16 Creditors: amounts falling due within one year	2019	2018
	£	£
Trade creditors	89,049	112,747
Other creditors	99	21
Accruals and deferred income	198,761	275,320
	<u>287,909</u>	<u>388,088</u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Deferred income	2019	2018
	£	£
Deferred income is included within:		
Creditors due within one year	123,267	183,791
Deferred income at 1 September 2018	183,791	233,022
Released from previous years	(183,791)	(233,022)
Resources deferred in the year	123,267	183,791
Deferred income at 31 August 2019	123,267	183,791

The deferred income provision of £123,267 includes £91,262 universal infant free school meals grant, £9,248 rates relief, and £1,060 after-school club income

18 Funds

	Balance at 1 September 2018	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2019
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	33,612	3,846,943	(4,110,714)	230,159	-
Other DfE / ESFA grants	-	600,749	(600,749)	-	-
Other government grants	-	360,421	(360,421)	-	-
Other restricted funds	-	145,681	(145,681)	-	-
Pension reserve	(1,075,000)	-	(217,000)	(1,005,000)	(2,297,000)
	(1,041,388)	4,953,794	(5,434,565)	(774,841)	(2,297,000)
Restricted fixed asset funds					
Tangible fixed assets	7,656,655	76,589	(223,251)	132,873	7,642,866
Total restricted funds	6,615,267	5,030,383	(5,657,816)	(641,968)	5,345,866
Unrestricted funds					
General funds	723,493	186,121	(32,018)	(363,032)	514,564
Total funds	7,338,760	5,216,504	(5,689,834)	(1,005,000)	5,860,430

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 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 and Skills 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 and Skills 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 2019.

The GAG restricted general fund was in deficit by £230,159 at 31 August 2019 and a transfer was made from unrestricted funds to clear the deficit.

A further transfer of £132,873 was made from unrestricted funds to the restricted fixed asset fund to cover capital expenditure not covered by capital grant income.

The pension reserve held within restricted funds was in deficit by £2,297,000 at 31 August 2019. 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 17 years, if needed. No additional contributions were made for the year to 31 August 2019 (2018: £nil).

From April 2017, employer contributions percentages increased rather than the Trust paying over separate additional contributions. The contribution rates are as follows:

Dovedale Primary	20.9% (2018: 20.9%)
Sawley Juniors	21.2% (2018: 21.2%)
Sawley Infants	20.0% (2018: 20.0%)
Shardlow Primary	23.3% (2018: 23.3%)

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	294,012	3,706,849	(3,760,193)	(207,056)	33,612
Other DfE / ESFA grants	-	553,523	(553,523)	-	-
Other government grants	-	371,360	(371,360)	-	-
Other restricted funds	-	148,113	(148,113)	-	-
Pension reserve	(1,282,000)	-	(219,000)	426,000	(1,075,000)
	(987,988)	4,779,845	(5,052,189)	218,944	(1,041,388)
Restricted fixed asset funds					
Tangible fixed assets	7,519,325	162,818	(232,544)	207,056	7,656,655
Total restricted funds	6,531,337	4,942,663	(5,284,733)	426,000	6,615,267
Unrestricted funds					
General funds	670,025	91,699	(38,231)	-	723,493
Total funds	7,201,362	5,034,362	(5,322,964)	426,000	7,338,760

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

(Continued)

Total funds analysis by academy

	2019	2018
	£	£
Fund balances at 31 August 2019 were allocated as follows:		
Dovedale Primary School	8,671	142,400
Sawley Junior School	374,622	397,868
Sawley Infant School	158,320	191,387
Shardlow Primary School	9,868	(7,277)
Willows Academy Trust	(36,917)	32,727
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	514,564	757,105
Restricted fixed asset fund	7,642,866	7,656,655
Pension reserve	(2,297,000)	(1,075,000)
	<hr/>	<hr/>
Total funds	5,860,430	7,338,760
	<hr/> <hr/>	<hr/> <hr/>

The Willows Academy Trust central function is currently in a deficit position. It was decided for the 2018/19 financial year that charges for central services would not increase. Additionally the trust would not charge Shardlow Primary School for central services in order to increase the reserves at academy level. This decision has improved the financial position at Shardlow, as the academy now has surplus reserves and is financially viable for future years. For the 2019/20 financial year, the trust is forecasting an in-year surplus position and a plan is in place to ensure the trust achieves sufficient surplus reserves in future years.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019
	£	£	£	£	£
Dovedale Primary School	1,120,556	303,270	86,651	290,314	1,800,791
Sawley Junior School	950,607	182,222	87,120	245,202	1,465,151
Sawley Infant School	1,079,395	202,693	48,963	274,299	1,605,350
Shardlow Primary School	324,851	63,998	43,711	92,565	525,125
Willows Academy Trust	114,194	64,040	-	63,488	241,722
	<u>3,589,603</u>	<u>816,223</u>	<u>266,445</u>	<u>965,868</u>	<u>5,638,139</u>

Total cost analysis by academy - previous year

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2018
	£	£	£	£	£
Dovedale Primary School	1,008,260	252,137	62,663	311,767	1,634,827
Sawley Junior School	832,852	170,209	76,600	231,830	1,311,491
Sawley Infant School	1,013,869	212,650	47,036	293,016	1,566,571
Shardlow Primary School	334,714	57,270	30,501	111,297	533,782
Willows Academy Trust	105,169	51,518	-	72,405	229,092
	<u>3,294,864</u>	<u>743,784</u>	<u>216,800</u>	<u>1,020,315</u>	<u>5,275,763</u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	7,642,866	7,642,866
Current assets	514,564	287,909	-	802,473
Creditors falling due within one year	-	(287,909)	-	(287,909)
Defined benefit pension liability	-	(2,297,000)	-	(2,297,000)
Total net assets	<u>514,564</u>	<u>(2,297,000)</u>	<u>7,642,866</u>	<u>5,860,430</u>

	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	7,656,655	7,656,655
Current assets	723,493	421,700	-	1,145,193
Creditors falling due within one year	-	(388,088)	-	(388,088)
Defined benefit pension liability	-	(1,075,000)	-	(1,075,000)
Total net assets	<u>723,493</u>	<u>(1,041,388)</u>	<u>7,656,655</u>	<u>7,338,760</u>

20 Pension 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 latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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.

Valuation of the Teachers' Pension Scheme

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 2012 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%

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension costs paid to the TPS in the period amounted to £350,413 (2018: £319,230).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

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 18.6% for employers and 7.4% to 11.7% for employees.

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.

Total contributions made	2019	2018
	£	£
Employer's contributions	207,000	182,000
Employees' contributions	58,000	51,000
	<hr/>	<hr/>
Total contributions	265,000	233,000
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions	2019	2018
	%	%
Rate of increase in salaries	2.8	2.8
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.3	2.3
Commutation of pensions to lump sums	50.0	50.0
	<hr/> <hr/>	<hr/> <hr/>

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

	2019	2018
	Years	Years
Retiring today		
- Males	21.9	21.9
- Females	24.4	24.4
Retiring in 20 years		
- Males	23.9	23.9
- Females	26.5	26.5
	<hr/> <hr/>	<hr/> <hr/>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019	2018
	£	£
0.1% decrease in Real Discount Rate	2,443,400	1,172,200
0.1% increase in Salary Increase Rate	2,323,400	1,095,200
0.1% increase in Pension Increase Rate	2,413,800	1,150,400
	<u> </u>	<u> </u>

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

	2019	2018
	Fair value	Fair value
	£	£
Equities	1,548,000	1,441,000
Bonds	609,000	409,000
Cash	203,000	150,000
Property	178,000	150,000
	<u> </u>	<u> </u>
Total market value of assets	2,538,000	2,150,000
	<u> </u>	<u> </u>

The actual return on scheme assets was £135,000 (2018: £99,000).

Amount recognised in the Statement of Financial Activities

	2019	2018
	£	£
Current service cost	361,000	367,000
Past service cost	31,000	-
Interest income	(64,000)	(48,000)
Interest cost	96,000	82,000
	<u> </u>	<u> </u>
Total operating charge	424,000	401,000
	<u> </u>	<u> </u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

Changes in the present value of defined benefit obligations	2019	2018
	£	£
At 1 September 2018	3,225,000	3,107,000
Current service cost	361,000	367,000
Interest cost	96,000	82,000
Employee contributions	58,000	51,000
Actuarial loss/(gain)	1,076,000	(375,000)
Benefits paid	(12,000)	(7,000)
Past service cost	31,000	-
	<hr/>	<hr/>
At 31 August 2019	4,835,000	3,225,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2019	2018
	£	£
At 1 September 2018	2,150,000	1,825,000
Interest income	64,000	48,000
Actuarial gain	71,000	51,000
Employer contributions	207,000	182,000
Employee contributions	58,000	51,000
Benefits paid	(12,000)	(7,000)
	<hr/>	<hr/>
At 31 August 2019	2,538,000	2,150,000
	<hr/> <hr/>	<hr/> <hr/>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Reconciliation of net expenditure to net cash flow from operating activities

	2019	2018
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(473,330)	(288,602)
Adjusted for:		
Capital grants from DfE and other capital income	(76,589)	(162,818)
Investment income receivable	(467)	(611)
Defined benefit pension costs less contributions payable	185,000	185,000
Defined benefit pension scheme finance cost	32,000	34,000
Depreciation of tangible fixed assets	223,251	232,544
(Increase) in stocks	(1,862)	(4,283)
(Increase) in debtors	(11,375)	(32,979)
(Decrease) in creditors	(100,179)	(62,848)
Net cash used in operating activities	(223,551)	(100,597)

22 Commitments under operating leases

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

	2019	2018
	£	£
Amounts due within one year	16,658	14,608
Amounts due in two and five years	47,936	46,294
	<u>64,594</u>	<u>60,902</u>

23 Capital commitments

	2019	2018
	£	£
Expenditure contracted for but not provided in the accounts	-	25,627

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

24 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 conducted at arms length and in accordance with the academy trust's financial regulations and normal procurement procedures. There were no related party transactions in either the year ended 31 August 2019 or the comparative period of account.

25 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.