

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 2018

WILLOWS ACADEMY TRUST

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WILLOWS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

S Dennis
G Blair
Y Dean
J Yates (Appointed 23 May 2018)

Trustees

S Dennis (Chair) (Appointed 4 October 2017)
J Brewster (Resigned 11 December 2018)
J Haigh (Accounting Officer)
J Prince (Vice Chair) (Appointed 27 November 2017)
A Page
G Arnett
S Stevenson (Resigned 22 January 2018)
K Moran (Appointed 29 January 2018)

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 Tabor

Company registration number

09093035 (England and Wales)

Registered office

Wilmot Street
Long Eaton
Nottinghamshire
NG10 3DQ

Academies operated

Dovedale Primary School
Sawley Junior School
Sawley Infant School
Shardlow Primary School
Willows Academy Trust

Location

Long Eaton
Long Eaton
Long Eaton
Shardlow
Long Eaton

Principal

S Houseman
A Burton
M Harral
K Tabor
J Haigh

Independent auditor

UHY Hacker Young
14 Park Row
Nottingham
NG1 6GR

WILLOWS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank
Old Market Square
Nottingham
NG1 6FD

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

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

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the accounts and auditor's report of the academy trust for the year 1 September 2017 to 31 August 2018. 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 1,118 plus 75 full-time equivalent nursery places and had a roll of 1,082 in the school census on 18 May 2018.

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 directors liability insurance which gives appropriate cover for any legal action brought against its directors. The academy trust has also granted indemnities to each of its directors 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 directors 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 11 to the financial statements.

Method of recruitment and appointment or election of trustees

Under the terms of its Articles, the academy trust shall have up to seven directors.

The term of office for any director shall be 4 years; this time limit shall not apply to the trust employee director. Subject to remaining eligible to be a particular type of director, any directors may be reappointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

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

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

The organisational structure consists of three levels: the directors 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 school. 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 directors 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 directors take responsibility for all statutory functions for the performance of all the schools 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 executive to account for the educational performance of the trust's schools 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 school are responsible for setting general policy, adopting an annual plan and budget. Directors are responsible for ratifying the decisions made by the individual academy's governing body regarding general policy and adoption of annual budget plans. Directors monitor the academy's use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The senior leadership team is determined at local level. These managers control each academy at an executive level implementing the policies laid down by the directors 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 2018

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 directors, after taking advice from the headteachers and following guidance from the relevant professional pay review bodies. Naturally the headteachers were not involved in setting their own remuneration package.

Only the accounting officer, who is also 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 10.

The day to day running of the remuneration policy is delegated to the headteachers and monitored by the Academy Governing Body and discussed and reviewed by the board of directors. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of directors.

Remuneration of key management personnel is set at an individual level, and where possible the directors have taken external professional advice. Senior management salaries are linked to pay spines, helping directors 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

During the year Willows Academy Trust employed no relevant union officials.

Related parties and other connected charities and organisations

Individual academies work closely with Derbyshire Safeguarding Children's Board, 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 2018

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.
- 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 our trust and local community.
- To provide innovative opportunities for staff performance and progression to develop their potential and nurture leaders of the future.

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.

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 directors 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 2018

Public benefit

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

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

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

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

Strategic report

Key performance indicators

Dovedale Primary School

EYFS	80%
Y1 Phonics	83%

KS1

	Working Below Expectations	Working at or above expectations
Reading	14%	86%
Writing	17%	83%
Mathematics	17%	83%

KS2

	Working Below Expectations	Working at or above expectations
Reading	17	83
Writing	15	85
Mathematics	17	83
EGPS	7	93
Combined R, W, M	28%	72%

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Shardlow Primary School

EYFS	77%
Y1 Phonics	60%

KS1

	Working Below Expectations	Working at or above expectations
Reading	31%	69%
Writing	34%	56%
Mathematics	25%	75%

KS2

	Working Below	Working at or above
Reading	25%	75%
Writing	25%	75%
Mathematics	19%	81%
EGPS	19%	81%
Combined R, W, M	37%	63%

Sawley Junior School

	Working Below	Working at or above
Reading	25%	75%
Writing	16%	84%
Mathematics	29%	71%
EGPS	26%	74%
Combined R, W, M	42%	58%

Sawley Infant School

EYFS	57%
Y1 Phonics	74%

	Working Below expectations	Working at or above expectations
Reading	28%	72%
Writing	29%	71%
Mathematics	24%	76%

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

The governors 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 EFA spent on total staff costs;
- Income spent per pupil;
- Staff costs as a percentage of grant income;
- Staff costs as a percentage of total costs;
- Ofsted inspection results;
- Capital expenditure per pupil;
- Foundation pupil intake – admissions procedure followed due to being oversubscribed.

The trustees 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 directors 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 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2018, incoming resources totalled £5,034,362 and total expenditure was £5,322,964, creating a deficit of £288,602. When the fixed asset net deficit of £69,726 and movements on the local government pension scheme of £219,000 are excluded there was a surplus of £124.

At 31 August 2018, the net book value of fixed assets was £7,656,655 and movements in tangible fixed assets are shown in note 12 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 2018

Reserves policy

The directors 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 directors 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 2018 the trust has 'free' reserves i.e. those reserves that are freely available for general purposes of the trust total £723,493. The restricted fixed asset fund totals £7,656,655 which can only be realised by disposing of tangible fixed assets. Restricted reserves total (£1,041,388) of which (£1,075,000) relates to Local Government Pension Fund deficit which is due to be repaid in line with the agreed terms of the Fund. The remainder of the restricted reserves, £33,612, must only be spent as intended, the majority of which relates to grant funding from government sources to support delivery of education across the trust.

The trustees have determined that the appropriate level of free reserves should be equivalent to one month's staffing expenditure cost, approximately £334,000. 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 - covering risks to the academy trust's financial position, including revenue streams, cost control and cash management.

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

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.

WILLOWS ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

Fundraising

Individual schools participate in fundraising events primarily organised by each Parent Teacher Association. The academy trust has not engaged in fundraising activities during 2017/18. 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:

- The review of the Trust Development Plan;
- The implementation of the Trusts Growth Strategy for expansion;
- Expansion of the central Trust team;
- Complete a review of the key performance indicators;
- Continue developing a CPD programme to include mentoring and training for NQTs and good practice;
- Shared staff, governors and directors training on the visioning;
- Bulk purchasing;
- Review of service level agreements held by individual academies; and
- Expansion of facilities to accommodate increasing pupil numbers.

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 2018

Auditor

In so far as the trustees are aware:

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

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on its behalf by:

S Dennis
Chair

J Haigh
Accounting Officer

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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, 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) (Appointed 4 October 2017)	6	6
J Brewster (Resigned 11 December 2018)	5	6
J Haigh (Accounting Officer)	6	6
J Prince (Vice Chair) (Appointed 27 November 2017)	4	5
A Page	6	6
G Arnett	6	6
S Stevenson (Resigned 22 January 2018)	2	2
K Moran (Appointed 29 January 2018)	3	4

A number of trustees left the board at the end of 2016/17 and new trustees appointed. A review of the composition of the board took place during the summer term and those directors who were chairs of governors and principal directors left the board in September 2017.

A skills audit was conducted at the beginning of the academic year and key skills identified. New directors were recruited with this in mind. Directors have attended training throughout the year to support their role.

The directors have reviewed the trusts key operating documentation and adopted new Articles of Association in-line with the new governance structure.

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

Monthly financial accounts have been shared with directors ensuring they are fully informed about the financial position of each academy.

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

All directors completed a skills and competency audit to ascertain areas of expertise. Careful consideration was given at the election stage to the skills required by the directors. Training areas were highlighted and these included: visioning, monitoring, evaluation and safeguarding. Self-evaluation is scheduled into the first meeting of the board of trustees each year.

Skills and competency audits have also been completed by each academy board of governors and action plans created for training purposes. Governors received training on finance, safeguarding and monitoring and evaluation.

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

The Finance and General Purposes Committee

Willows Academy Trust does not have a separate Finance and Purposes or Audit Committee, all budget setting and monitoring is conducted by the board of directors throughout the year. The chief financial officer attends board of directors meetings ensuring directors are fully informed about the academy trust's finances.

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

Review of value for money

As accounting officer, the 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;
- Purchasing shared health and safety;
- Purchasing shared IT services;
- Before and after school club bought in house rather than run by a management company providing income;
- Commissioning pupil premium reviews to ensure effective use of funding;
- The CEO conducts reviews of school data and school performance rather than outsourcing;
- Headteacher performance management conducted by the CEO rather than outsourcing;
- MAT training via Trust INSET days;
- MAT online safeguarding training;
- MAT subject network groups to share good practise;
- MAT professional network groups (admin, TAs); and
- MAT specialist leaders in education to support school improvement.

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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.

WILLOWS ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

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 11 December 2018 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 2018

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 2017.

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 2017.

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

11 December 2018

WILLOWS ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

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 Annual Accounts Direction issued 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 2017 to 2018;
- 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 11 December 2018 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 2018

Opinion

We have audited the accounts of Willows Academy Trust for the year ended 31 August 2018 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 2017 to 2018 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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2017 to 2018.

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 2018

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. 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 2018

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

11 December 2018

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 2018

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 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 2018

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**UHY Hacker Young
Reporting Accountant**

UHY Hacker Young
14 Park Row
Nottingham
NG1 6GR

Dated: 11 December 2018

WILLOWS ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Notes	Unrestricted Funds £	Restricted funds: General	Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and capital grants	2	17,018	-	162,818	179,836	310,844
Charitable activities:						
- Funding for educational operations	3	-	4,631,732	-	4,631,732	4,586,519
Other trading activities	4	74,070	148,113	-	222,183	226,912
Investments	5	611	-	-	611	832
Total income and endowments		<u>91,699</u>	<u>4,779,845</u>	<u>162,818</u>	<u>5,034,362</u>	<u>5,125,107</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	38,231	5,052,189	232,544	5,322,964	4,959,672
Total expenditure	6	<u>38,231</u>	<u>5,052,189</u>	<u>232,544</u>	<u>5,322,964</u>	<u>4,959,672</u>
Net income/(expenditure)		53,468	(272,344)	(69,726)	(288,602)	165,435
Transfers between funds		-	(207,056)	207,056	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	19	-	426,000	-	426,000	443,000
Net movement in funds		53,468	(53,400)	137,330	137,398	608,435
Reconciliation of funds						
Total funds brought forward		670,025	(987,988)	7,519,325	7,201,362	6,592,927
Total funds carried 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>

WILLOWS ACADEMY TRUST

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2017		Funds	General	Fixed asset	2017
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	2	-	-	310,844	310,844
Charitable activities:					
- Funding for educational operations	3	-	4,586,519	-	4,586,519
Other trading activities	4	106,282	120,630	-	226,912
Investments	5	832	-	-	832
		<hr/>	<hr/>	<hr/>	<hr/>
Total income and endowments		107,114	4,707,149	310,844	5,125,107
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Expenditure on:					
Charitable activities:					
- Educational operations	7	53,703	4,694,864	211,105	4,959,672
		<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	6	53,703	4,694,864	211,105	4,959,672
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net income		53,411	12,285	99,739	165,435
Transfers between funds		-	(378,818)	378,818	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	19	-	443,000	-	443,000
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		53,411	76,467	478,557	608,435
Reconciliation of funds					
Total funds brought forward		616,614	(1,064,455)	7,040,768	6,592,927
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward		670,025	(987,988)	7,519,325	7,201,362
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WILLOWS ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		7,656,655		7,519,327
Current assets					
Stocks	13	14,601		10,318	
Debtors	14	209,531		176,552	
Cash at bank and in hand		921,061		1,228,101	
			<u>1,145,193</u>		<u>1,414,971</u>
Current liabilities					
Creditors: amounts falling due within one year	15	(388,088)		(450,936)	
Net current assets			<u>757,105</u>		<u>964,035</u>
Net assets excluding pension liability			<u>8,413,760</u>		<u>8,483,362</u>
Defined benefit pension scheme liability	19		(1,075,000)		(1,282,000)
Net assets			<u>7,338,760</u>		<u>7,201,362</u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			7,656,655		7,519,325
- Restricted income funds			33,612		294,012
- Pension reserve			(1,075,000)		(1,282,000)
Total restricted funds			<u>6,615,267</u>		<u>6,531,337</u>
Unrestricted income funds	17		<u>723,493</u>		<u>670,025</u>
Total funds			<u>7,338,760</u>		<u>7,201,362</u>

The accounts on pages 24 to 51 were approved by the trustees and authorised for issue on 11 December 2018 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 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	20		(100,597)		220,750
Cash flows from investing activities					
Dividends, interest and rents from investments		611		832	
Capital grants from DfE Group		162,818		310,844	
Purchase of tangible fixed assets		(369,872)		(689,664)	
Net cash used in investing activities			<u>(206,443)</u>		<u>(377,988)</u>
Net decrease in cash and cash equivalents in the reporting period			(307,040)		(157,238)
Cash and cash equivalents at beginning of the year			<u>1,228,101</u>		<u>1,385,339</u>
Cash and cash equivalents at end of the year			<u><u>921,061</u></u>		<u><u>1,228,101</u></u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants receivable

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

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 2018

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 financial statements 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 2018

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 2018

1 Accounting policies

(Continued)

1.7 Leasing and hire purchase commitments

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

1.8 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 2018

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 19, 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.

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.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.13 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	162,818	162,818	310,844
Other donations	17,018	-	17,018	-
	<u>17,018</u>	<u>162,818</u>	<u>179,836</u>	<u>310,844</u>

Donations and capital grants in year ended 31 August 2018 totalled £179,836 (2017: £310,844) of which £17,018 related to unrestricted funds (2017: £Nil) and £162,818 related to restricted fixed assets (2017: £310,844).

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	3,706,849	3,706,849	3,686,016
Other DfE group grants	-	553,523	553,523	513,906
	-	4,260,372	4,260,372	4,199,922
Other government grants				
Local authority grants	-	371,360	371,360	366,597
Special educational projects	-	-	-	20,000
	-	371,360	371,360	386,597
Total funding	-	4,631,732	4,631,732	4,586,519

Funding for academy trust's education operations in year ended 31 August 2018 totalled £4,631,732 (2017: £4,586,519) of which £Nil (2017: £Nil) was unrestricted and £4,631,732 (2017: £4,586,519) was restricted.

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Trip income	-	51,936	51,936	37,933
Catering income	-	96,177	96,177	82,697
Nursery top up	-	-	-	43,096
Other income	74,070	-	74,070	63,186
	74,070	148,113	222,183	226,912

The income from other trading activities was £222,183 (2017: £226,912), of which £74,070 was unrestricted (2017: £106,282) and £148,113 was restricted (2017: £120,630).

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	611	-	611	832
	<u>611</u>	<u>-</u>	<u>611</u>	<u>832</u>

Investment income in year ended 31 August 2018 totalled £611 (2017: £832), of which £611 (2017: £832) related to unrestricted funds and £Nil related to restricted funds (2017: £Nil).

6 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2018 £	Total 2017 £
		Premises £	Other £		
Academy's educational operations					
- Direct costs	3,294,864	-	216,800	3,511,664	3,252,413
- Allocated support costs	743,784	480,216	587,300	1,811,300	1,707,259
	<u>4,038,648</u>	<u>480,216</u>	<u>804,100</u>	<u>5,322,964</u>	<u>4,959,672</u>

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Fees payable to auditor for audit services	16,200	15,530
Operating lease rentals	12,836	7,270
Depreciation of tangible fixed assets	232,544	211,105
Net interest on defined benefit pension liability	34,000	34,000
	<u>295,580</u>	<u>267,905</u>

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	38,231	3,473,433	3,511,664	3,252,413
Support costs				
Educational operations	-	1,811,300	1,811,300	1,707,259
	<u>38,231</u>	<u>5,284,733</u>	<u>5,322,964</u>	<u>4,959,672</u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Charitable activities (Continued)

	2018	2017
	£	£
Analysis of support costs		
Support staff costs	740,504	599,995
Depreciation	232,544	211,105
Premises costs	247,672	233,266
Other support costs	466,483	585,634
Governance costs	124,097	77,259
	<u>1,811,300</u>	<u>1,707,259</u>

8 Staff

Staff costs

Staff costs during the year were:

	2018	2017
	£	£
Wages and salaries	3,015,365	2,734,749
Social security costs	256,709	232,427
Pension costs	686,681	590,963
Staff costs	<u>3,958,755</u>	<u>3,558,139</u>
Agency staff costs	50,122	97,731
Staff development and other staff costs	29,771	33,370
Total staff expenditure	<u>4,038,648</u>	<u>3,689,240</u>

Staff numbers

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

	2018	2017
	Number	Number
Teachers	66	69
Administration and support	104	121
	<u>170</u>	<u>190</u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Staff

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,000 - £70,000	3	3
£80,000 - £90,000	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 £465,829 (2017: £331,248).

9 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:

	2018 £	2017 £
Dovedale Primary School	63,874	18,527
Sawley Junior School	55,169	16,541
Sawley Infant School	46,061	13,885
Shardlow Primary School	20,239	6,179
Willows Academy Trust	-	-
	<u> </u>	<u> </u>
	185,343	55,132
	<u> </u>	<u> </u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principals and other staff only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

J Haigh (staff trustee)

Remuneration £80,000 - £75,000 (2017: £65,000 - £70,000)

Employer's pension contributions paid £10,000 - £15,000 (2017: £10,000 - £15,000)

S Houseman (staff trustee)

Resigned as a trustee on 20 July 2017, only comparative information shown

Remuneration (2017: £55,000 - £60,000)

Employer's pension contributions paid (2017: £5,000 - £10,000)

A Burton (staff trustee)

Resigned as a trustee on 20 July 2017, only comparative information shown

Remuneration (2017: £60,000 - £65,000)

Employer's pension contributions paid (2017: £10,000 - £15,000)

M Harral (staff trustee)

Resigned as a trustee on 20 July 2017, only comparative information shown

Remuneration (2017: £65,000 - £70,000)

Employer's pension contributions paid (2017: £10,000 - £15,000)

D Dakin (trustee)

Resigned as a trustee on 20 July 2017, only comparative information shown

Remuneration (2017: £1,000 - £5,000)

Employer's pension contributions paid (2017: £Nil)

During the year, travel and subsistence payments and office expenses totalling £1,054 (2017: £Nil) were reimbursed or paid directly to one trustees (2017: None).

Other related party transactions involving the trustees are set out within note 23.

11 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 2018 or the period ended 31 August 2017.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Long leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2017	7,701,961	182,707	169,232	8,053,900
Additions	316,060	35,148	18,664	369,872
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	8,018,021	217,855	187,896	8,423,772
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2017	375,875	101,813	56,885	534,573
Charge for the year	138,570	58,470	35,504	232,544
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	514,445	160,283	92,389	767,117
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2018	7,503,576	57,572	95,507	7,656,655
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	7,326,086	80,894	112,347	7,519,327
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

13 Stocks	2018 £	2017 £
Stock	14,601	10,318
	<hr/>	<hr/>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Debtors	2018	2017
	£	£
Trade debtors	13,160	955
VAT recoverable	41,250	41,137
Other debtors	547	131
Prepayments and accrued income	154,574	134,329
	<u>209,531</u>	<u>176,552</u>
	<u><u>209,531</u></u>	<u><u>176,552</u></u>
15 Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	112,747	148,565
Other creditors	21	156
Accruals and deferred income	275,320	302,215
	<u>388,088</u>	<u>450,936</u>
	<u><u>388,088</u></u>	<u><u>450,936</u></u>
16 Deferred income	2018	2017
	£	£
Deferred income is included within:		
Creditors due within one year	183,791	233,022
	<u>183,791</u>	<u>233,022</u>
Deferred income at 1 September 2017	233,022	259,875
Released from previous years	(233,022)	(259,875)
Amounts deferred in the year	183,791	233,022
	<u>183,791</u>	<u>233,022</u>
Deferred income at 31 August 2018	<u><u>183,791</u></u>	<u><u>233,022</u></u>

The deferred income provision of £183,791 includes £94,703 universal infant free school meals grant, £8,699 rates relief, £12,790 trip income, £64,727 early years and £2,872 of top up funding.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	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					
DfE group capital grants	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 2018

17 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 2018.

The pension reserve held within restricted funds was in deficit by £1,075,000 at 31 August 2018. 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 18 years, if needed. No contributions were made for the year to 31 August 2018 (2017: £8,844).

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% (2017: 20.9%)
Sawley Juniors	21.2% (2017: 21.2%)
Sawley Infants	20.0% (2017: 20.0%)
Shardlow Primary	23.3% (2017: 23.3%)

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	474,545	3,686,016	(3,487,731)	(378,818)	294,012
Other DfE / ESFA grants	-	513,906	(513,906)	-	-
Other government grants	-	386,597	(386,597)	-	-
Other restricted funds	-	120,630	(120,630)	-	-
Pension reserve	(1,539,000)	-	(186,000)	443,000	(1,282,000)
	(1,064,455)	4,707,149	(4,694,864)	64,182	(987,988)
Restricted fixed asset funds					
DfE group capital grants	7,040,768	310,844	(211,105)	378,818	7,519,325
Total restricted funds	5,976,313	5,017,993	(4,905,969)	443,000	6,531,337
Unrestricted funds					
General funds	616,614	107,114	(53,703)	-	670,025
Total funds	6,592,927	5,125,107	(4,959,672)	443,000	7,201,362

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

(Continued)

Total funds analysis by academy

	2018	2017
	£	£
Fund balances at 31 August 2018 were allocated as follows:		
Dovedale Primary School	142,400	184,582
Sawley Junior School	397,868	404,467
Sawley Infant School	191,387	289,511
Shardlow Primary School	(7,277)	9,030
Willows Academy Trust	32,727	76,447
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	757,105	964,037
Restricted fixed asset fund	7,656,655	7,519,325
Pension reserve	(1,075,000)	(1,282,000)
	<hr/>	<hr/>
Total funds	7,338,760	7,201,362
	<hr/> <hr/>	<hr/> <hr/>

Shardlow are in deficit position due to suffering several extraordinary costs over the past few years such as one off legal fees, covering staff absences and the lease of their building. Savings have been made in 2017/18 and a 3 year plan is currently in place to ensure the school will be in surplus position in 2019/20 and for the foreseeable future.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 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
	£	£	£	£	£
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>

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
	£	£	£	£	£
Dovedale Primary School	1,003,037	197,502	17,882	303,069	1,521,490
Sawley Junior School	760,456	136,256	31,390	267,475	1,195,577
Sawley Infant School	995,566	200,452	35,893	237,987	1,469,898
Shardlow Primary School	330,186	65,785	15,591	120,157	531,719
Willows Academy Trust	-	-	-	85,015	85,015
	<u>3,089,245</u>	<u>599,995</u>	<u>100,756</u>	<u>1,013,703</u>	<u>4,803,699</u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

	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	723,493	(1,041,388)	7,656,655	7,338,760

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	7,519,325	7,519,325
Current assets	670,025	744,948	-	1,414,973
Creditors falling due within one year	-	(450,936)	-	(450,936)
Defined benefit pension liability	-	(1,282,000)	-	(1,282,000)
Total net assets	670,025	(987,988)	7,519,325	7,201,362

19 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.

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.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

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 TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £319,230 (2017: £280,618).

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

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.

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

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	2018	2017
	£	£
Employer's contributions	182,000	155,000
Employees' contributions	51,000	43,000
	<u> </u>	<u> </u>
Total contributions	233,000	198,000
	<u> </u>	<u> </u>

Principal actuarial assumptions	2018	2017
	%	%
Rate of increase in salaries	2.8	2.9
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.3	2.4
Commutation of pensions to lump sums	50.0	50.0
	<u> </u>	<u> </u>

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

	2018	2017
	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
	<u> </u>	<u> </u>

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

	2018	2017
	£	£
0.1% decrease in Real Discount Rate	1,172,200	1,379,200
0.1% increase in Salary Increase Rate	1,095,200	1,294,200
0.1% increase in Pension Increase Rate	1,150,400	1,349,400
	<u> </u>	<u> </u>

WILLOWS ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2018****19 Pension and similar obligations****(Continued)****The academy trust's share of the assets in the scheme**

	2018	2017
	Fair value	Fair value
	£	£
Equities	1,441,000	1,241,000
Bonds	409,000	347,000
Cash	150,000	109,000
Property	150,000	128,000
	<hr/>	<hr/>
Total market value of assets	2,150,000	1,825,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £99,000 (2017: £220,000).

Amount recognised in the Statement of Financial Activities

	2018	2017
	£	£
Current service cost	367,000	307,000
Interest income	(48,000)	(32,000)
Interest cost	82,000	66,000
	<hr/>	<hr/>
Total operating charge	401,000	341,000
	<hr/> <hr/>	<hr/> <hr/>

Changes in the present value of defined benefit obligations

	2018	2017
	£	£
At 1 September 2017	3,107,000	2,950,000
Current service cost	367,000	307,000
Interest cost	82,000	66,000
Employee contributions	51,000	43,000
Actuarial gain	(375,000)	(255,000)
Benefits paid	(7,000)	(4,000)
	<hr/>	<hr/>
At 31 August 2018	3,225,000	3,107,000
	<hr/> <hr/>	<hr/> <hr/>

WILLOWS ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2018****19 Pension and similar obligations****(Continued)****Changes in the fair value of the academy trust's share of scheme assets**

	2018	2017
	£	£
At 1 September 2017	1,825,000	1,411,000
Interest income	48,000	32,000
Actuarial gain	51,000	188,000
Employer contributions	182,000	155,000
Employee contributions	51,000	43,000
Benefits paid	(7,000)	(4,000)
	<u> </u>	<u> </u>
At 31 August 2018	<u>2,150,000</u>	<u>1,825,000</u>

20 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2018	2017
	£	£
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(288,602)	165,435
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(162,818)	(310,844)
Investment income receivable	(611)	(832)
Defined benefit pension costs less contributions payable	185,000	152,000
Defined benefit pension net finance cost	34,000	34,000
Depreciation of tangible fixed assets	232,544	211,105
(Increase) in stocks	(4,283)	(8,338)
(Increase) in debtors	(32,979)	(4,852)
(Decrease) in creditors	(62,848)	(16,924)
	<u> </u>	<u> </u>
Net cash (used in)/provided by operating activities	<u>(100,597)</u>	<u>220,750</u>

WILLOWS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Commitments under operating leases

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

	2018	2017
	£	£
Amounts due within one year	14,608	6,541
Amounts due in two and five years	46,294	11,636
	<u>60,902</u>	<u>18,177</u>

22 Capital commitments

	2018	2017
	£	£
Expenditure contracted for but not provided in the accounts	25,627	-
	<u>25,627</u>	<u>-</u>

During the year the Trust had contracted to build a new classroom at Sawley Infant and Nursery School. The project was completed in September 2018.

23 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. The following related party transaction took place in the comparative period of account:

Soho Computers Limited - a company in which S Houseman, a Principal, has an interest. In the period ended 31 August 2018, the trust procured IT support services amounting to £Nil (2017: £945), which are included within other support costs. There are no amounts outstanding at 31 August 2018 (2017: £Nil).

24 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.