

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

<b>Members</b>	B Soor J Knight O Olufunwa
<b>Trustees</b>	P Gregory-Hunt O Olufunwa M Shaw, Headteacher J Smith (resigned 15 September 2017) V Rutter (resigned 31 December 2016) J Knight, Chair B Soor (appointed 5 September 2016) A Okumah (resigned 27 September 2016) T Travers (appointed 22 February 2017)
<b>Company registered number</b>	07785550
<b>Company name</b>	The Willows School Academy Trust
<b>Registered and principal office</b>	Stipularis Drive Hayes Middlesex UB4 9QB
<b>Company Secretary</b>	Mr Paddy Kent (resigned 31 August 2016) Mr Sachdev Ladher (appointed 5 September 2016)
<b>Accounting Officer</b>	Mr Malcolm Shaw
<b>Senior Leadership Team</b>	Malcolm Shaw, Headteacher Paul Gregory-Hunt, Senior teacher Morgan Miller
<b>Independent Auditors</b>	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
<b>Bankers</b>	Lloyds Bank plc Ealing London W5 5JU
<b>Solicitors</b>	TPP Law Ltd 53 Great Suffolk Street London SE1 0DB

**THE WILLOWS SCHOOL ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their Annual Report together with the financial statements and Auditors' Report of The Willows School Academy Trust (the Charitable Company, the Academy or the Trust) for the year ended 31 August 2017. The Annual Report serves the purpose of both a Trustees' Report, and a Directors' Report under company law.

The Charitable Company operates as an academy for pupils with statements of special educational needs and/or EHC-Education Health Care Plans. In the 2017 school census, the number of pupils on roll was 38.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is also known as The Willows School Academy Trust (the School).

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details section on page 1.

### **Member's liability**

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

### **Trustee and Officers' Indemnities**

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme.

### **Method of recruitment and appointment or election of Trustees**

- Parent Governors are appointed by the election of parents of students attending the School.
- Staff Governors are appointed by election of staff employed by the Academy.
- Community Governors may be appointed by the Board of Trustees.
- Co-opted Governors may be appointed by those Governors who are not themselves co-opted Governors.
- Member Governors may be appointed directly by Members.
- The Headteacher automatically becomes an ex-officio Governor.
- Further Governors may be appointed by the Secretary of State.

### **Policies and Procedures adopted for the induction and training of Trustees**

All Governors receive training on Academy Governance and Governors' responsibilities three times a year. Each training session is bespoke to meet the needs of the Academy. In addition, Governors visit the School throughout the year.

New Governors receive a comprehensive induction package tailored to the needs of the individual and, where necessary training is also provided on education, legal and financial matters. All new Governors will be given a tour of the School and chance to meet with staff and students.

All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans, relevant training and other documents that they will need to undertake the role as Governors.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Organisational Structure**

The governance of the Academy is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Board of Trustees, which meets on at least 3 occasions per year, is responsible for the strategic direction of the Academy. The Board of Trustees deals with all functions of the Academy: Pastoral and Curriculum, Finance and Health and Safety and Personnel. The Governors review progress towards educational objectives and results, approve major expenditure requests, set the budget for the following year, and set the organisational staffing structure and, agree the performance objectives of the Headteacher. Any internal policy decisions that are made by the leadership team and the Headteacher are discussed at Governor's meetings for ratification.

The Headteacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher has delegated responsibility for low values of expenditure to specific budget holders who are each responsible for managing their own departments within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

The Headteacher manages the Academy on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Headteacher and the Governing Body as required for approval. Each member of the SLT has specific responsibilities to assist the Headteacher to manage certain aspects of the Academy.

**Arrangements for setting pay and remuneration of key management personnel**

The School pay policy determines the pay and remuneration of key management personnel by a number of factors. These include the pay scales for each role and the Individual Salary Range (ISR) set for the school by the Governing Body. Additional consideration is given for retention and expansion of the role to meet the needs of the School. This is reviewed by the Governing Body every three years. The pay levels may be affected by nationally agreed pay awards and the ability to recruit and retain in post.

**Connected Organisations and Related Parties**

Owing to the nature of the Academy'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 a Governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The School maintains a register of pecuniary interests of the Governors which is regularly reviewed and updated.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal object and aim of the Charitable Company is the operation of The Willows School Academy Trust to provide free education and care for pupils of different abilities with statements of special educational needs and/or EHC-Education and Health Care Plans for pupils aged from 5 years to 12 years old.

**Strategies and Activities**

During the year the School has worked towards achieving these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements; and
- conducting the Academy's business in accordance with the highest standards of integrity.

At The Willows we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Public Benefit**

The Trustees believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

**STRATEGIC REPORT**

**Achievements and performance**

This Academic Year all Year 6 students have made good or better progress in reading and writing due the procurement of a Literacy Specialist, who provided training for key staff throughout the year. This training was then introduced into the learning environment and the impact of this was evident in the progress made by the student in the year.

Progress was also made in mathematics in line with national headlines.

**Examination Results**

Our examination results for 2016/2017 were:-

No of Pupils Overall	Boys/Girls	Entitled For FSM	School Context				
			LAC	Pupil Premium (SaLT)	Black Caribbean	White British Boys	Traveller of Irish Heritage
<b>Number of pupils in each data set</b>							
38	37/1	22	3	14	7	14	3

**SATS 2016**

Year 6 pupils were expected to achieve to their expectations, the predictions being:

Reading: 72% at or above the national average  
28% below the national average

Writing: 66% at or above the national average  
34% below the national average

SPaG: 67% at or above the national average  
33% below the national average

Mathematics: 75% at or above the national average  
25% below the national average

The final results were:

Reading: 73% above the national average  
27% to the national average

Writing: 73 % at or above the national average  
27% below the national average

SPaG: 63% at or above the national average  
37% below the national average

Mathematics: 54% at or above the national average  
46 % below the national average

The Academy measures its success partly through a series of performance indicators. These indicators comprise:

- Academy popularity/admissions.
- Examination results and other indicators of student performance.
- Staff and department performance monitoring.
- Financial Health.
- Stakeholder survey outcomes.
- Ofsted observation and regulation.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Key Performance Indicators**

The Governors receive half termly information to enable them to monitor the performance of the School compared to aims, strategies and financial budgets. As funding is based on pupil numbers this is the key performance indicator. Pupils' numbers were 38 against a forecast of 30.

The Governors compare costs as a percentage of income to monitor financial performance as these are commonly used and benchmarked within the sector. Attendance levels have been sustained at 95.3%

Another key performance indicator is the national OFSTED inspection. For 2016/2017 this was administered in November and reported in January. The Academy received a grading of 'good' with some outstanding features and was a great success for the Academy, its pupils and community. The Governors competently completed a full governance review prior to the full inspection and are confident that they are able to meet the high standards required to comply within the newest OFSTED framework to ensure high quality education is offered for all at The School. The Academy also met the performance indicators of national testing and was recognised by the Department of Education as being within the top 3% nationally for pupils, in terms of progress between Key Stage 1 (KS1) and Key Stage 2 (KS2) in reading, writing and mathematics.

The Governing Body also monitor premises costs to General Annual Grant (GAG) income, curriculum department allocations to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately.

**Going concern**

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

**FINANCIAL REVIEW**

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the ESFA. In addition to this it receives income from Local Authorities. For the year ended 31 August 2017, the Trust received £902,337 of GAG and other funding. In addition to this the Trust received £934 in unrestricted income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. This has resulted in the Academy spending £903,601 of its income for the year and using funds brought forward from the previous year of £343,091 to balance.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund of £765,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

**Reserves policy**

The Governors are aware of the requirement to balance current and future needs. The Governors always aim to set a balanced budget with annual income balancing annual expenditure.

The Governors review the reserves levels of the Academy annually. This review encompasses the nature of income and expenditure together with the need to match income with commitments and the nature of the reserves. The Governors have taken the decision that the appropriate level of free reserves should be available to be equivalent to one month's gross salary expenditure which is currently £63,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a buffer to deal with in expected emergencies such as urgent maintenance and repairs.

**Investment policy**

An Investment Policy was approved by the Governing Body in November 2015.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Academy does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk management process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Governors meeting. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an Academy, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and this is relatively stable with contingencies in place to cover such items as sickness and maternity.

The Governors assess the other principal risks and uncertainties facing the Trust as follows:

- The Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.
- Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.
- Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. The Academy has in place a new responsible Officer for the following financial year. All finance staff and Governors receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

**PLANS FOR FUTURE PERIODS**

The Academy is continuing to have a waiting list of potential pupils from a wide range of Local Authority schools. We currently work alongside 5 other Boroughs, apart from our main consideration for pupils that come from their home authority of Hillingdon. The Academy will continue with a registration of pupils up to 38 pupils and continues to support schools and other local authority SEN departments for pupils that are awaiting a placement.

**PROVISION OF INFORMATION TO AUDITORS**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditors are unaware, and the Trustees have taken all the 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**AUDITORS**

The Auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

This Report was approved by the Governing Body on 21 December 2017 and signed by:

**B Soor**  
**Trustee**

**THE WILLOWS SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that The Willows School 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 Headteacher, 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 The Willows School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
P Gregory-Hunt	2	3
O Olufunwa	3	3
M Shaw, Headteacher	3	3
J Smith	2	3
V Rutter	1	1
J Knight, Chair	3	3
B Soor	2	3
A Okumah	0	0
T Travers	2	2

The Governing Body shuffled its membership after the previous audit in order that Mrs Rutter resigned and was no longer the Chair of Governors. The new Chair and remaining existing Governors took on new roles to strengthen the new composition of governance for the Academy.

The Academy commissioned an external review of Governance after the Ofsted recommendation to do so. The Academy is looking at fine tuning their skills and will continue to work with the School SiP in order to ensure that their statutory requirements are being met.

The Academy will be revisiting the external review of governance in Summer Term of the 2017/18 academic year ready for ongoing work with the school SiP.

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy 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, and is aware of the 7 principles of public life.

The Accounting Officer considers how the Academy'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 appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

**1. Raising student attainment.**

The Academy has used its resources, together with the additional support of the Pupil Premium and PE grant, to provide quality education. The success of this was evident in the examination results of this year, in particular reading and writing. This was recognised by the Department for Education.

**2. Robust governance and oversight of Academy Trust finances**

The Academy benefits from services of a suitably qualified Responsible Officer (RO). The RO reviews key financial policies, systems and procedures, including the use of the tendering process and presents reports to the Governing Body on compliance.. Termly budget monitoring reports are provided to the Governing Body by the Finance Officer on compliance in all areas of the Academy Trusts' Finance Policy.

**THE WILLOWS SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

The Governing Body approves the budget each year and are mindful of the need to balance expenditure against income to ensure that the Academy is sustainable. The Academy regularly reviews the Development Plan to ensure that financial planning reflects any changes made. Governors review and challenge spending before decisions are made.

The Governing Body identified key areas of high spending in relation to the poor state of the play area for students and commissioned a refurbishment of the grounds to provide a self contained activity centre for students.

The Governing Body also receives and approves the Annual Accounts and the external Auditors Management Report each year.

**3. Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources**

The Academy regularly benchmarks financial performance against other academy trusts to demonstrate that the Academy provides good value for money. Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that contracts remain competitive.

For purchases above £10,000 but below the tender limit 3 quotes are required.

**4. Reviewing controls and managing risks.**

Monthly budget monitoring reports are produced and reviewed by the Headteacher and the Governors and any necessary remedial action taken to address any significant variances that may have an impact on the budget out-turn. The Academy Trust ensures that all surplus cash balances are invested in interest bearing accounts to maximise interest earning potential.

**6. Reviewing operation to maximise use of resources.**

The Headteacher reviews expenditure within each area of the budget annually and makes adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified in the Academy Development Plan.

**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 ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 The Willows School Academy Trust for the year 1 September 2016 to 31 August 2017 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 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 WILLOWS SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

**THE RISK AND CONTROL FRAMEWORK**

The Academy'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 Trustees 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 not to appoint an Internal Auditor. However, the Trustees have appointed Olu Olufunwa, a Trustee, as Responsible Officer (RO).

On a termly basis, the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Headteacher 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 RO;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 their review of the system of internal control by the Board of Trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 21 December 2016 and signed on their behalf, by:

**B Soor**  
Trustee

**Mr M Shaw**  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of The Willows School Academy Trust I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the 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 2016.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA:

The Chair of Governors, Mrs V Rutter, has provided a service as a Speech and Language Therapist not at cost for part of the period that these accounts represent. This matter was addressed in the year and Mrs V Rutter stepped down from her post of Chair of Governors on 31 December 2016.

**M Shaw**  
**Accounting Officer**

Date: 21 December 2017

**THE WILLOWS SCHOOL ACADEMY TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who act as Governors of the Willows School and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and 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 financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 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 financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Trustees on 21 December 2017 and signed on its behalf by:

**B Soor**  
Trustee

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
WILLOWS SCHOOL ACADEMY TRUST**

**OPINION**

We have audited the financial statements of The Willows School Academy Trust (the 'Academy') for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This Report is made solely to the Academy'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 Academy'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 Academy and the Academy's Members, as a body for our audit work, for this Report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our Report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
WILLOWS SCHOOL ACADEMY TRUST**

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements have been prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy'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 Academy or to cease operations, or have no realistic alternative but to do so.

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
WILLOWS SCHOOL ACADEMY TRUST**

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT  
21 December 2017

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
WILLOWS SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 18 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Willows School Academy Trust during the year 1 September 2016 to 31 August 2017 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 The Willows School Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Willows School Academy Trust and the 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 The Willows School Academy Trust and the ESFA, for our work, for this Report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE WILLOWS SCHOOL ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Willows School Academy Trust's funding agreement with the Secretary of State for Education dated 11 July 2011, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance;
- evaluation of the general control environment of the Academy, extending the procedures required for financial statements to include regularity;
- discussions with and representations from the Accounting Officer and other key management personnel; and
- an extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
WILLOWS SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

**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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

21 December 2017

**THE WILLOWS SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	201	-	9,971	10,172	8,270
Charitable activities	3	-	892,775	-	892,775	1,026,989
Other trading activities	4	585	-	-	585	585
Investments	5	148	-	-	148	480
<b>TOTAL INCOME</b>		<u>934</u>	<u>892,775</u>	<u>9,971</u>	<u>903,680</u>	<u>1,036,324</u>
<b>EXPENDITURE ON:</b>						
Charitable activities		-	1,150,931	95,761	1,246,692	1,004,336
<b>TOTAL EXPENDITURE</b>	7	<u>-</u>	<u>1,150,931</u>	<u>95,761</u>	<u>1,246,692</u>	<u>1,004,336</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		934	(258,156)	(85,790)	(343,012)	31,988
Transfers between funds	15	(30,995)	(1,351)	32,346	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		(30,061)	(259,507)	(53,444)	(343,012)	31,988
Actuarial gains/(losses) on defined benefit pension schemes	20	-	192,000	-	192,000	(298,000)
<b>NET MOVEMENT IN FUNDS</b>		<u>(30,061)</u>	<u>(67,507)</u>	<u>(53,444)</u>	<u>(151,012)</u>	<u>(266,012)</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		363,318	(697,493)	2,017,185	1,683,010	1,949,022
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>333,257</u></u>	<u><u>(765,000)</u></u>	<u><u>1,963,741</u></u>	<u><u>1,531,998</u></u>	<u><u>1,683,010</u></u>

**THE WILLOWS SCHOOL ACADEMY TRUST**

**(A Company Limited by Guarantee)**

**REGISTERED NUMBER: 07785550**

**BALANCE SHEET  
AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	12		1,963,741		2,017,185
<b>CURRENT ASSETS</b>					
Debtors	13	46,347		192,395	
Cash at bank and in hand		316,440		469,326	
		<u>362,787</u>		<u>661,721</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(29,530)		(67,896)	
		<u></u>	333,257	<u></u>	593,825
<b>NET CURRENT ASSETS</b>					
			<u>2,296,998</u>		<u>2,611,010</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Defined benefit pension scheme liability	20		(765,000)		(928,000)
			<u>1,531,998</u>		<u>1,683,010</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>					
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	15	-		230,507	
Restricted fixed asset funds	15	1,963,741		2,017,185	
		<u>1,963,741</u>		<u>2,247,692</u>	
Restricted income funds excluding pension liability					
Pension reserve		(765,000)		(928,000)	
		<u></u>	1,198,741	<u></u>	1,319,692
Total restricted income funds					
Unrestricted income funds	15		333,257		363,318
			<u>1,531,998</u>		<u>1,683,010</u>
<b>TOTAL FUNDS</b>					

The financial statements on pages 18 to 36 were approved by the Trustees, and authorised for issue, on 21 December 2017 and are signed on their behalf, by:

**B Soor**  
Trustee

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	17	(115,702)	280,052
		<hr/>	<hr/>
<b>Cash flows from investing activities:</b>			
Interest received		148	480
Purchase of tangible fixed assets		(42,317)	(173,154)
Capital grants from DfE/ESFA		4,985	5,100
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(37,184)</b>	<b>(167,574)</b>
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		<b>(152,886)</b>	<b>112,478</b>
Cash and cash equivalents brought forward		469,326	356,848
		<hr/>	<hr/>
<b>Cash and cash equivalents carried forward</b>		<b>316,440</b>	<b>469,326</b>
		<hr/> <hr/>	<hr/> <hr/>

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Academy, 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Willows School Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Academy's functional and presentational currency is Pounds Sterling.

**1.2 Company status**

The Academy is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

**1.3 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

**1.4 Income**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**1.6 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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 financial statements 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's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £800 are capitalised 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. 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 freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	-	2% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	33.33% straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.8 Taxation**

The Academy 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 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.

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.11 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 as detailed in note 13. 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 costs as detailed in note 14. 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 instruments.

**THE WILLOWS SCHOOL ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. ACCOUNTING POLICIES (continued)**

**1.13 Pensions**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

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 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 quadrennial valuations using a prospective unit credit method. As stated in note 22, 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 scheme and the assets are held separately from those of the Academy 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 incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**1.14 Critical accounting estimates and areas of judgment**

Estimates and judgments 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 Trustees make 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

**THE WILLOWS SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	201	-	-	201	3,170
Capital grants	-	-	9,971	9,971	5,100
	<u>201</u>	<u>-</u>	<u>9,971</u>	<u>10,172</u>	<u>8,270</u>
<i>Total 2016</i>	<u>3,170</u>	<u>-</u>	<u>5,100</u>	<u>8,270</u>	

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	393,266	393,266	398,584
Other DfE / ESFA grants	-	41,092	41,092	39,121
	<u>-</u>	<u>434,358</u>	<u>434,358</u>	<u>437,705</u>
<b>Other Government grants</b>				
Local Authority grants	-	458,417	458,417	589,284
	<u>-</u>	<u>458,417</u>	<u>458,417</u>	<u>589,284</u>
	<u>-</u>	<u>892,775</u>	<u>892,775</u>	<u>1,026,989</u>
<i>Total 2016</i>	<u>-</u>	<u>1,026,989</u>	<u>1,026,989</u>	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	585	-	585	585
	<u>585</u>	<u>-</u>	<u>585</u>	<u>585</u>
<i>Total 2016</i>	<u>585</u>	<u>-</u>	<u>585</u>	

**THE WILLOWS SCHOOL ACADEMY TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	148	-	148	480
<i>Total 2016</i>	<u>480</u>	<u>-</u>	<u>480</u>	

**6. CHARITABLE ACTIVITIES**

	2017 £	2016 £
Direct costs	730,891	509,777
Support costs	515,801	494,559
<b>Total</b>	<u>1,246,692</u>	<u>1,004,336</u>

	2017 £	2016 £
Analysis of support costs		
Staff costs	87,869	78,742
Depreciation	95,761	74,269
Technology costs	8,287	18,838
Premises costs (excluding depreciation)	43,124	60,333
Other costs	269,153	210,954
Governance costs	11,607	51,423
<b>Total</b>	<u>515,801</u>	<u>494,559</u>

**7. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Provision of Education:					
Direct costs	670,284	-	60,607	730,891	532,777
Support costs	87,869	138,885	289,047	515,801	471,559
	<u>758,153</u>	<u>138,885</u>	<u>349,654</u>	<u>1,246,692</u>	<u>1,004,336</u>
<i>Total 2016</i>	<u>533,676</u>	<u>134,602</u>	<u>336,058</u>	<u>1,004,336</u>	

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**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned or leased by the Academy	95,761	74,269
Auditors' remuneration - audit	4,500	4,500
Auditors' remuneration - other services	4,700	4,500
Operating lease rentals	3,626	3,626
	98,587	87,395

**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	357,029	312,791
Social security costs	34,962	32,149
Operating costs of defined benefit pension schemes	63,910	49,003
	455,901	393,943
Supply teacher costs	302,252	139,733
	758,153	533,676

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

	2017 No.	2016 No.
Teachers	2	2
Administration and support	9	10
Management	3	1
	14	13

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	1	0
In the band £ 70,001 - £ 80,000	0	1
In the band £ 80,001 - £ 90,000	1	0

The key management personnel of the Academy 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 £201,708 (2016: £139,857).

Included in the above are employer pension contributions of £18,161 (2016: £10,912).

Included in the above are employer national insurance contributions of £19,300 (2016 - £12,647).

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**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 Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017	2016
		£	£
Malcolm Shaw, Headteacher	Remuneration	70,000-75,000	70,000 - 75,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
Paul Gregory-Hunt	Remuneration	50,000-55,000	55,000 - 60,000
	Pension contributions paid	NIL	NIL
Joanne Smith	Remuneration	20,000 - 25,000	20,000 - 25,000
	Pension contributions paid	5,000 - 10,000	5,000-10,000

During the year ended 31 August 2017, no expenses were reimbursed or paid directly to Trustees in relation to their role as Trustees (2016: £NIL)

**11. TRUSTEES' AND OFFICERS' INSURANCE**

The Academy has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme.

**12. TANGIBLE FIXED ASSETS**

	Leasehold buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2016	2,015,013	173,291	57,738	2,246,042
Additions	-	29,104	13,213	42,317
At 31 August 2017	<u>2,015,013</u>	<u>202,395</u>	<u>70,951</u>	<u>2,288,359</u>
<b>Depreciation</b>				
At 1 September 2016	161,200	18,117	49,540	228,857
Charge for the year	40,300	43,924	11,537	95,761
At 31 August 2017	<u>201,500</u>	<u>62,041</u>	<u>61,077</u>	<u>324,618</u>
<b>Net book value</b>				
At 31 August 2017	<u>1,813,513</u>	<u>140,354</u>	<u>9,874</u>	<u>1,963,741</u>
At 31 August 2016	<u>1,853,813</u>	<u>155,174</u>	<u>8,198</u>	<u>2,017,185</u>

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**13. DEBTORS**

	2017 £	2016 £
VAT repayable	27,589	63,689
Prepayments and accrued income	18,758	128,706
	46,347	192,395
	46,347	192,395

**14. CREDITORS: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	1,420	46,160
Other taxation and social security	8,960	7,663
Accruals and deferred income	19,150	14,073
	29,530	67,896
	29,530	67,896
	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	5,013	5,100
Resources deferred during the year	5,113	5,013
Amounts released from previous years	(5,013)	(5,100)
	5,113	5,013
	5,113	5,013

Resources deferred at the year end relate to contributions towards capital income relating to the 2017/18 academic year. Deferred capital income brought forward has been fully utilised within the year.

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**15. STATEMENT OF FUNDS**

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Funds - all funds	363,318	934	-	(30,995)	-	333,257
<b>Restricted funds</b>						
General Annual Grant (GAG)	230,507	393,266	(622,422)	(1,351)	-	-
Pupil premium	-	32,927	(32,927)	-	-	-
Other Govt grants	-	8,165	(8,165)	-	-	-
SEN	-	458,417	(458,417)	-	-	-
Pension reserve	(928,000)	-	(29,000)	-	192,000	(765,000)
	<u>(697,493)</u>	<u>892,775</u>	<u>(1,150,931)</u>	<u>(1,351)</u>	<u>192,000</u>	<u>(765,000)</u>
<b>Restricted fixed asset funds</b>						
Restricted fixed asset fund	2,017,185	-	(85,790)	32,346	-	1,963,741
Devolved Formula Capital	-	9,971	(9,971)	-	-	-
	<u>2,017,185</u>	<u>9,971</u>	<u>(95,761)</u>	<u>32,346</u>	<u>-</u>	<u>1,963,741</u>
Total restricted funds	<u>1,319,692</u>	<u>902,746</u>	<u>(1,246,692)</u>	<u>30,995</u>	<u>192,000</u>	<u>1,198,741</u>
Total of funds	<u><u>1,683,010</u></u>	<u><u>903,680</u></u>	<u><u>(1,246,692)</u></u>	<u><u>-</u></u>	<u><u>192,000</u></u>	<u><u>1,531,998</u></u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Funds - all funds	359,083	4,235	-	-	-	363,318
	<u>359,083</u>	<u>4,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,318</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	282,639	398,584	(282,662)	(168,054)	-	230,507
Pupil premium	-	30,624	(30,624)	-	-	-
Other Govt grants	-	8,497	(8,497)	-	-	-
SEN	-	589,284	(589,284)	-	-	-
Pension reserve	(611,000)	-	(19,000)	-	(298,000)	(928,000)
	<u>(328,361)</u>	<u>1,026,989</u>	<u>(930,067)</u>	<u>(168,054)</u>	<u>(298,000)</u>	<u>(697,493)</u>

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**15. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

Restricted fixed asset fund	1,918,300	-	(74,269)	173,154	-	2,017,185
Devolved Formula Capital	-	5,100	-	(5,100)	-	-
	<u>1,918,300</u>	<u>5,100</u>	<u>(74,269)</u>	<u>168,054</u>	<u>-</u>	<u>2,017,185</u>
Total restricted funds	<u>1,589,939</u>	<u>1,032,089</u>	<u>(1,004,336)</u>	<u>-</u>	<u>(298,000)</u>	<u>1,319,692</u>
Total of funds	<u><u>1,949,022</u></u>	<u><u>1,036,324</u></u>	<u><u>(1,004,336)</u></u>	<u><u>-</u></u>	<u><u>(298,000)</u></u>	<u><u>1,683,010</u></u>

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

**General Annual Grant (GAG)**

This represents funding from the EFSA to cover the costs of recurrent expenditure.

The transfer between the GAG and restricted fixed assets is to cover fixed asset purchases in the year.

**Other DfE/EFSA grants**

This funding includes income received by the Academy for pupils eligible for Universal Infant Free School Meals and to improve PE and sports facilities within the Academy.

**Pupil premium**

This funding is to be used to raise achievement and improve outcomes for pupils from low-income families who are eligible for free school meals.

**Special educational needs (SEN)**

This represents allocated funding for special educational needs pupils.

**Pension reserve**

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the academy on conversion from a state maintained school.

**Restricted fixed asset funds**

These funds relate to the capital funding received from the EFSA and private contributions. In addition it includes the assets transferred on conversion from the Local Authority.

**Devolved Formula Capital (DFC)**

This represents funding received from the EFSA specifically for the maintenance and improvement of the Academy's buildings and facilities.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	1,963,741	1,963,741
Current assets	333,257	29,530	-	362,787
Creditors due within one year	-	(29,530)	-	(29,530)
Provisions for liabilities and charges	-	(765,000)	-	(765,000)
	<u>333,257</u>	<u>(765,000)</u>	<u>1,963,741</u>	<u>1,531,998</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	2,017,185	2,017,185
Current assets	363,318	298,403	-	661,721
Creditors due within one year	-	(67,896)	-	(67,896)
Provisions for liabilities and charges	-	(928,000)	-	(928,000)
	<u>363,318</u>	<u>(697,493)</u>	<u>2,017,185</u>	<u>1,683,010</u>

**17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(343,012)	31,988
<b>Adjustment for:</b>		
Depreciation charges	95,761	74,269
Dividends, interest and rents from investments	(148)	(480)
Decrease in debtors	146,048	119,416
(Decrease)/increase in creditors	(38,366)	40,959
Capital grants from DfE and other capital income	(4,985)	(5,100)
Pension adjustment	29,000	19,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(115,702)</u>	<u>280,052</u>

**18. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	316,440	469,326
<b>Total</b>	<u>316,440</u>	<u>469,326</u>

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**19. 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/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.

**20. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Hillingdon. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2017.

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**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; and
- 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%.

During the previous year the employer contribution rate was 14.1%. 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 TPS in the period amounted to £18,275 (2016 - £15,428).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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**20. PENSION COMMITMENTS (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £44,000 (2016 - £54,000), of which employer's contributions totalled £36,000 (2016 - £45,000) and employees' contributions totalled £8,000 (2016 - £9,000). The agreed contribution rates for future years are 27.2% for employers and tiered% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.80 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.6	22.7
Females	24.6	24.7
Retiring in 20 years		
Males	24.0	24.3
Females	26.5	26.9

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis</b>		
Discount rate +0.1%	1,147,776	1,352,052
Discount rate -0.1%	1,204,224	1,429,948
Mortality assumption - 1 year increase	1,161,888	1,382,654
Mortality assumption - 1 year decrease	1,190,112	1,399,346
CPI rate +0.1%	1,197,168	1,410,474
CPI rate -0.1%	1,154,832	1,371,526

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**20. PENSION COMMITMENTS (continued)**

The Academy's share of the assets in the scheme was:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	254,820	268,540
Other bonds	98,640	115,750
Property	49,320	55,560
Cash and other liquid assets	8,220	23,150
	<u>411,000</u>	<u>463,000</u>
Total market value of assets	<u><u>411,000</u></u>	<u><u>463,000</u></u>

The actual return on scheme assets was £(60,000) (2016 - £67,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(46,000)	(41,000)
Interest income	10,000	14,000
Interest cost	(29,000)	(37,000)
	<u>(65,000)</u>	<u>(64,000)</u>
Total	<u><u>(65,000)</u></u>	<u><u>(64,000)</u></u>

Movements in the present value of the defined benefit obligation were as follows:

	2017 £	2016 £
Opening defined benefit obligation	1,391,000	962,000
Current service cost	46,000	41,000
Interest cost	29,000	37,000
Employee contributions	8,000	9,000
Actuarial (gains)/losses	(262,000)	351,000
Benefits paid	(36,000)	(9,000)
	<u>1,176,000</u>	<u>1,391,000</u>
Closing defined benefit obligation	<u><u>1,176,000</u></u>	<u><u>1,391,000</u></u>

Movements in the fair value of the Academy's share of scheme assets:

	2017 £	2016 £
Opening fair value of scheme assets	463,000	351,000
Interest income	10,000	14,000
Actuarial gains/(losses)	(70,000)	53,000
Employer contributions	36,000	45,000
Employee contributions	8,000	9,000
Benefits paid	(36,000)	(9,000)
	<u>411,000</u>	<u>463,000</u>
Closing fair value of scheme assets	<u><u>411,000</u></u>	<u><u>463,000</u></u>

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**21. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	3,626	3,626
Between 1 and 5 years	3,928	7,554
Total	<u>7,554</u>	<u>11,180</u>

**22. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy'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 a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

The following related party transactions took place in the period of account.

During the period V Rutter, Chair of Trustees until 31 December 2016, invoiced the Academy £6,720 (2016 - £17,640) for her services as a speech and language therapist. There was no outstanding balance due to V Rutter as at 31 August 2017 (2016 - £NIL).