

THE WILLOWS SCHOOL ACADEMY TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020



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

CONTENTS

| | Page |
|---|---------|
| Reference and Administrative Details | 1 |
| Trustees' Report | 2 - 9 |
| Governance Statement | 10 - 13 |
| Statement on Regularity, Propriety and Compliance | 14 |
| Statement of Trustees' Responsibilities | 15 |
| Independent Auditors' Report on the Financial Statements | 16 - 18 |
| Independent Reporting Accountant's Report on Regularity | 19 - 20 |
| Statement of Financial Activities Incorporating Income and Expenditure Account | 21 |
| Balance Sheet | 22 |
| Statement of Cash Flows | 23 |
| Notes to the Financial Statements | 24 - 46 |

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

REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|---|
| Members | B Soor J Knight O Olufunwa |
| Trustees | P Gregory-Hunt J Knight, Chair M Shaw, Headteacher T Travers B Soor O Olufunwa |
| Company registered number | 07785550 |
| Company name | The Willows School Academy Trust |
| Registered and principal office | Stipularis Drive Hayes Middlesex UB4 9QB |
| Accounting Officer | Mr Malcolm Shaw |
| Senior Leadership Team | Malcolm Shaw, Headteacher Paul Gregory-Hunt, Senior teacher |
| Independent Auditors | Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT |
| Bankers | Lloyds Bank plc Ealing London W5 5JU |
| Solicitors | TPP Law Ltd 53 Great Suffolk Street London SE1 0DB |

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

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 2020. 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 January school census, the number of pupils on roll was 65.

Structure, governance and management

a. Constitution

The 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 during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

b. Members' liability

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

c. Trustees' 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.

d. 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.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

e. Policies 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.

f. 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.

g. 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.

h. Related parties and other connected charities and organisations

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.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

a. 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.

b. Strategies and activities

During the year the Governors have 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.

c. 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.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

In 2019-20

In terms of attainment, The Willows Academy Trust did not perform to the standard of local and national mainstream schools and, given the cohort, there are clear reasons why this is the case. Contextually, of the 10 pupils in Year six:

- one came late to the School, arriving just prior to the SATS assessment week, and initial teacher assessments indicated very low attainment for his age.
- Two children had cognitive processing profiles and, although the progress over the year was good, they were not predicted as being able to meet the benchmark.
- One pupil had significant disruptions domestically, and the resulting ongoing trauma and upsets impacted on behaviour and learning. The goal for this pupil was to attain emotional stability, become more settled in class and at home and develop learning behaviours. This was achieved.
- One pupil arrived into the School with no language and no social skills, having been taken into care at an early age. Again, although his progress within the School was good, it was not predicted that this child neither could nor would meet the expected end-of KS2 standards.

However, of the 10 pupils who were eligible to complete the assessments, four were considered as being able to meet the Government standard and these four did so. The results for The Willows Academy were therefore as expected and were pleasing.

SATS 2020:

- Results nationally and locally were cancelled due to Covid-19
- Contextually, of the cohort of 21 Year six boys and two Year six girls, seven had moderate learning difficulties and found it difficult to progress to the accepted standard. Six pupils, despite making expected good progress, were still below the threshold to reach the standard, one pupil had ongoing refusal to learn any new and potentially challenging material and this made his progress laboured and slow.
- Despite this, results for each subject were better than the previous year, showing an upward School trajectory for the three year trend.

School Context

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.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

a. Key performance indicators

The Governors receive half termly information to enable them to monitor the performance of the School compared with aims, strategies and financial budgets. As funding is based on pupil numbers this is the key performance indicator. Pupils' numbers were 65 against a forecast of 38.

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. Another key performance indicator is the successful outcome of the Ofsted inspection of 2016 where the Academy received a grading of 'good' with some outstanding features. The Governors competently completed a full governance review prior to the full inspection and continue to review their capacity annually. The Academy has also been 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 in 2017.

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.

b. Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy 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 2020 the Trust received £1,457,520 of GAG and other funding. In addition to this the Trust received £869 of 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.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund of £954,000. 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.

THE WILLOWS SCHOOL ACADEMY TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

a. 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 £64,683. 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. The level of free reserves is £311,420.

It is planned to use reserves for planned expenditure for the following areas:

- New toilets that meet the health and safety requirements of a school site-requiring new toilet bases/areas in 3 distinct areas. This is a requirement for the classroom areas and the staffing adult areas
- Boiler replacement
- Playground facilities for the condemned key stage 1 playground.
- ICT expenditure due to the need for additional on-site ICT hardware and resources
- Plans for the Academy and roof replacement are contingent within the Academy's 3 year development plan. Due to the pressures and restrictions of Covid-19 this academic year the Trustees will be revising the development plan to extend key targets and milestones due to the restrictions faced by the Academy during the national lockdowns for Covid-19. The Governors based the initial work on ensuring that the Academy was Covid Compliant, as per the Academy's Covid Plan-available on the School website for viewing. As the Academy remained open for trading during the pandemic time milestones for classroom, curriculum and site have been altered to reflect the time constraints dealt with this academic year.

b. Investment policy

An Investment Policy was approved by the Governing Body in November 2018.

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.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

c. 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 non employed Trustee to carry out checks on financial systems and records as required by the Academy Financial Handbook. 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.

Fundraising

The Academy only held small fundraising events during the year including Toy Day. The Academy does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods

The Academy continues 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 70 pupils and continues to support schools and other local authority SEN departments for pupils that are awaiting a placement.

Provision of information to Auditors

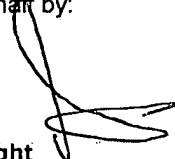
Insofar as the Trustees are aware:

- 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.

Auditors

The Auditors, Price Bailey LLP, have indicated their willingness to continue in office. The designated Trustees will recommend a motion reappointing the Auditors at the Annual General Meeting.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees, and signed on its behalf by:



J Knight
Chair of Trustees

Date: 26 January 2021

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

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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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 6 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 | 5 | 6 |
| J Knight, Chair | 6 | 6 |
| M Shaw, Headteacher | 6 | 6 |
| T Travers | 6 | 6 |
| B Soor | 5 | 6 |
| O Olufunwa | 6 | 6 |

Review of year:

The Governing Body agreed at the start of the Academic Year with the Headteacher and senior leaders, a School Development Plan. This annual planning document is used to identify the key areas on which the School and the Governing Body wish to focus during the academic year. It includes scheduled milestones and measures to assist with ongoing monitoring as well as impact indicators so that the Governing Body can assure itself that the actions taken within the plan will improve teaching and learning outcomes. In addition, the Governing Body reviewed the regular termly internal school assessment data in relation to pupil progress and attainment. Vulnerable groups including pupil premium, sports premium and LAC pupils, gender and ethnicity are closely monitored. The Governing Body will continue to develop and work towards the longer-term strategy of the School in future years and will closely monitor financial status and progress against plan by work closely with the Headteacher and senior leaders to deliver the best outcomes for our pupils. The Governing Body have agreed a 3 year development plan alongside the Headteacher and the senior leaders of the Academy. The Academy has remained trading during the national lockdown this year and ensured that all requirements for pupils with Education and Health Care Plans were being met. The Academy has spent additional funds this year to ensure a Covid-19 secure environment to remain open and safe for the pupils.

THE WILLOWS SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Governance reviews:

The Trustees recognise that to effectively fulfil its role, it must ensure that all of its Governors have the required skills and knowledge to support the achievement of the School's priority objectives which primarily is to raise attainment of all the students. Recognising the importance of training and development, the Governing Body has Training as an agenda item at every meeting to ensure that there is a committed and consistent focus on the areas where the Governing Body needs to develop. External courses are also made available to further develop their skills. Annual skills audits are undertaken to identify and address any skills gaps together with an annual self-evaluation of the effectiveness of the Governing Body over the school year. The Governing Body is a member of the National Governors Association and uses this and other relevant information channels to ensure it remains abreast and up to date on relevant developments in the education sector.

Review of value for money

As Accounting Officer, the Headteacher has responsibility for ensuring that the 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 appropriate. The Accounting Officer has delivered improved value for money during the year by:

- Working closely with neighbouring Local Authorities to establish a provision which meets the need and demand resulting in an increase in the School roll and generation of additional income.
- Reviewing the staffing structure and deployed staff efficiently to support the new curriculum to ensure all pupils have access to an enriching curriculum
- Establishing and assessing the implementation of the new curriculum based on the International Primary Curriculum, which requires staff to ensure that this is embedded into the Academy's local offer to ensure the pupils are able to gain access to a rich and varied curriculum within their learning time.
- Worked collaboratively with a neighbouring academy to access support to reduce procurement of resources and services.

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 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 The Willows School Academy Trust for the year 1 September 2019 to 31 August 2020 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 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 Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 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
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The 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 Finance and General Purposes Committee 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 decided to appoint Olumuyiwa Olunfwa, a non-employed Trustee, as Internal Auditor.

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

- Review of the monthly bank reconciliations to ensure that they have been correctly prepared and authorised;
- Review of the monthly payroll to ensure that any changes have been appropriately authorised;
- Check of a sample of orders to delivery notes and invoices to ensure that the documentation is complete, checked and authorised;
- Check of a sample of payments back to invoices, orders and delivery notes to confirm they are bona fide purchases;
- Review of a sample of expense claims to ensure there is appropriate documentation to support the claim and that the claim is appropriately authorised;
- Review the returns to the DFE to ensure the information supplied is consistent with the underlying accounting records and internal management reports and they are actioned in a timely manner;
- Carry out spot checks of petty cash balances and supporting vouchers; and
- Review all major contracts and ensure formal tendering procedures exist and are being adhered to.

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

The Internal Auditor has delivered his schedule of work as planned and there were no material control issues arising as a result of this work.

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

GOVERNANCE STATEMENT (CONTINUED)

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:

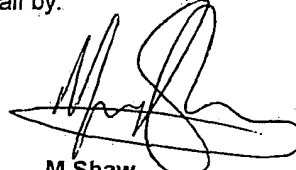
- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 their review of the system of internal control by the Internal Auditor and a plan to address weaknesses and ensure continuous improvement of the system will be put in place if the need arises.

Approved by the Board of Trustees and signed on their behalf by:



J Knight
Chair of Trustees



M Shaw
Accounting Officer

Date: 26 January 2021

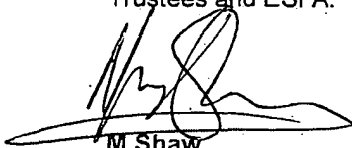
THE WILLOWS SCHOOL ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Willows School Academy Trust I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 2019.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2019.

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.



M Shaw
Accounting Officer

Date: 26 January 2021

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who 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 Academies Accounts Direction published 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 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments 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 financial statements;
- 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 and signed on its behalf by:


J Knight
Chair of Trustees

Date: 26 January 2021

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

We have audited the financial statements of The Willows School Academy Trust (the 'Academy') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2020 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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 (CONTINUED)**

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 Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion 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 Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the 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 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 Trustees' Report including the 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 (CONTINUED)**

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the 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.

Auditors' 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 Auditors' 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. This description forms part of our Auditors' Report.

Use of our Report

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 Auditors' 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 its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Mr 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

Date: 29 January 2021

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

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

In accordance with the terms of our engagement letter dated 31 January 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 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 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 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 1 November 2011 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluation of the general control environment of the Trust, 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 ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
WILLOWS SCHOOL ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Price Bailey LLP
Chartered Accountants
Statutory Auditors

Date: 29 January 2021

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 2020**

| | Note | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | 516 | - | 5,418 | 5,934 | 17,743 |
| Charitable activities | 4 | - | 1,457,520 | - | 1,457,520 | 1,433,959 |
| Other trading activities | 5 | 100 | - | - | 100 | 918 |
| Investments | 6 | 253 | - | - | 253 | 254 |
| Total income | | 869 | 1,457,520 | 5,418 | 1,463,807 | 1,452,874 |
| Expenditure on: | | | | | | |
| Charitable activities | 7 | 869 | 1,413,083 | 99,504 | 1,513,456 | 1,344,828 |
| Total expenditure | | 869 | 1,413,083 | 99,504 | 1,513,456 | 1,344,828 |
| Net (expenditure)/ income | | - | 44,437 | (94,086) | (49,649) | 108,046 |
| Transfers between funds | 16 | - | (15,059) | 15,059 | - | - |
| Net movement in funds before other recognised gains/(losses) | | - | 29,378 | (79,027) | (49,649) | 108,046 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 23 | - | 46,000 | - | 46,000 | (198,000) |
| Net movement in funds | | - | 75,378 | (79,027) | (3,649) | (89,954) |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 311,420 | (553,387) | 1,793,957 | 1,551,990 | 1,641,944 |
| Net movement in funds | | - | 75,378 | (79,027) | (3,649) | (89,954) |
| Total funds carried forward | | 311,420 | (478,009) | 1,714,930 | 1,548,341 | 1,551,990 |

The Statement of Financial Activities includes all gains and losses recognised in the year.

THE WILLOWS SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07785550

BALANCE SHEET
AS AT 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|--|------|-------------------------|-------------------------|
| Tangible assets | 13 | 1,714,930 | 1,793,957 |
| Current assets | | | |
| Debtors | 14 | 287,598 | 174,160 |
| Cash at bank and in hand | | 531,590 | 584,746 |
| | | <u>819,188</u> | <u>758,906</u> |
| Creditors: amounts falling due within one year | 15 | (31,777) | (50,873) |
| Net current assets | | <u>787,411</u> | <u>708,033</u> |
| Total assets less current liabilities | | <u>2,502,341</u> | <u>2,501,990</u> |
| Defined benefit pension scheme liability | 23 | (954,000) | (950,000) |
| Total net assets | | <u><u>1,548,341</u></u> | <u><u>1,551,990</u></u> |
| Funds of the Academy | | | |
| Restricted funds: | | | |
| Fixed asset funds | 16 | 1,714,930 | 1,793,957 |
| Restricted income funds | 16 | 475,991 | 396,613 |
| | | <u>2,190,921</u> | <u>2,190,570</u> |
| Restricted funds excluding pension liabilities | 16 | 2,190,921 | 2,190,570 |
| Pension reserve | 16 | (954,000) | (950,000) |
| Total restricted funds | 16 | <u>1,236,921</u> | <u>1,240,570</u> |
| Unrestricted income funds | 16 | <u>311,420</u> | <u>311,420</u> |
| Total funds | | <u><u>1,548,341</u></u> | <u><u>1,551,990</u></u> |

The financial statements on pages 21 to 46 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

J Knight
Chair of Trustees

Date: 26 January 2021

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|---|--------|----------------|----------------|
| Cash flows from operating activities | | | |
| Net cash (used in)/provided by operating activities | 18 | (43,768) | 114,134 |
| Cash flows from investing activities | 20 | (9,641) | (17,741) |
| Cash flows from financing activities | 19 | 253 | 254 |
| Change in cash and cash equivalents in the year | | (53,156) | 96,647 |
| Cash and cash equivalents at the beginning of the year | | 584,746 | 488,099 |
| Cash and cash equivalents at the end of the year | 21, 22 | <u>531,590</u> | <u>584,746</u> |

The notes on pages 24 to 46 form part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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 historic 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Company Status

The Academy is a company limited by guarantee. The Members of the Company are 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.

1.3 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 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.

Following the year end the Academy has been affected to a limited extent by restrictions imposed by the UK Government in response to the COVID-19 pandemic.

The Academy derives the majority of its income from local and national Government grant funding which is secured for a number of years, under the terms of the Academy Funding Agreement with the Secretary of State for Education. This will ensure that the Academy can continue operating for a period of at least 12 months following the date of this Report. The financial statements do not contain any adjustments that would be required if the Academy were not able to continue as a going concern.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4 Income

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

• **Grants**

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

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

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.

• **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.

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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.8 Tangible fixed assets

Assets costing £800 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. 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 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. 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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

| | |
|-------------------------|---------------------|
| Leasehold buildings | - 2% straight line |
| Furniture and equipment | - 25% straight line |
| Computer equipment | - 25% 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.

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

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 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

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 bases 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 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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 as detailed in note 15. 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.

1.13 Pensions

The Academy operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Academy to the fund in respect of the year.

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.14 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 funders 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/donor and include grants from the Department for Education Group.

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

2. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2020. 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 2020**

3. Income from donations and capital grants

| | Unrestricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ |
|-------------------|------------------------------------|---|-----------------------------|
| Donations | 516 | - | 516 |
| Government grants | - | 5,418 | 5,418 |
| | <u>516</u> | <u>5,418</u> | <u>5,934</u> |

| | Unrestricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|-------------------|------------------------------------|---|-----------------------------|
| Donations | 1,916 | - | 1,916 |
| Government grants | - | 15,827 | 15,827 |
| | <u>1,916</u> | <u>15,827</u> | <u>17,743</u> |

4. Funding for the Academy's provision of education

| | Restricted funds 2020 £ | Total funds 2020 £ |
|--------------------------------|----------------------------------|-----------------------------|
| DfE/ESFA Grants | | |
| General Annual Grant (GAG) | 386,891 | 386,891 |
| Other DfE / EFA grants | 75,328 | 75,328 |
| | <u>462,219</u> | <u>462,219</u> |
| Other Government Grants | | |
| Local Authority grants | 995,301 | 995,301 |
| | <u>1,457,520</u> | <u>1,457,520</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. Funding for the Academy's provision of education (continued)

| | Restricted funds 2019 £ | Total funds 2019 £ |
|--------------------------------|----------------------------------|-----------------------------|
| DfE/ESFA Grants | | |
| General Annual Grant (GAG) | 391,473 | 391,473 |
| Other DfE / EFA grants | 45,474 | 45,474 |
| | <u>436,947</u> | <u>436,947</u> |
| Other Government Grants | | |
| Local Authority grants | 997,012 | 997,012 |
| | <u>1,433,959</u> | <u>1,433,959</u> |

5. Income from other trading activities

| | Unrestricted funds 2020 £ | Total funds 2020 £ |
|--------------|------------------------------------|-----------------------------|
| Other income | 100 | 100 |
| | <u>100</u> | <u>100</u> |

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Total funds 2019 £ |
|--------------|------------------------------------|----------------------------------|-----------------------------|
| Trip income | - | 707 | 707 |
| Other income | 211 | - | 211 |
| | <u>211</u> | <u>707</u> | <u>918</u> |

6. Investment income

| | Unrestricted funds 2020 £ | Total funds 2020 £ |
|---------------|------------------------------------|-----------------------------|
| Bank interest | 253 | 253 |
| | <u>253</u> | <u>253</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. Investment income (continued)

| | Unrestricted funds 2019 £ | Total funds 2019 £ |
|---------------|------------------------------------|-----------------------------|
| Bank interest | 254 | 254 |

7. Expenditure

| | Staff Costs 2020 £ | Premises 2020 £ | Other 2020 £ | Total 2020 £ |
|-------------------------|--------------------------|-----------------------|--------------------|--------------------|
| Provision of Education: | | | | |
| Direct costs | 918,481 | - | 98,350 | 1,016,831 |
| Allocated support costs | 98,408 | 157,795 | 240,422 | 496,625 |
| | <u>1,016,889</u> | <u>157,795</u> | <u>338,772</u> | <u>1,513,456</u> |
| | | | | |
| | Staff Costs 2019 £ | Premises 2019 £ | Other 2019 £ | Total 2019 £ |
| Provision of Education: | | | | |
| Direct costs | 797,999 | - | 69,880 | 867,879 |
| Allocated support costs | 86,944 | 147,451 | 242,554 | 476,949 |
| Total 2019 | <u>884,943</u> | <u>147,451</u> | <u>312,434</u> | <u>1,344,828</u> |

In 2020, of the total expenditure, £869 (2019 - £29,679) was made from unrestricted funds, £1,413,083 (2019 - £1,196,377) was made from restricted funds and £99,504 (2019 - £118,772) was made from restricted fixed asset funds.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Charitable activities

| | 2020 £ | 2019 £ |
|----------------------|------------------|------------------|
| Direct | 1,016,831 | 867,879 |
| Support | 496,625 | 476,949 |
| | <u>1,513,456</u> | <u>1,344,828</u> |
| Support costs | | |
| Staff costs | 98,408 | 86,944 |
| Depreciation | 94,086 | 102,945 |
| Technology | 3,053 | 17,314 |
| Premises | 63,709 | 44,506 |
| Other | 227,464 | 215,175 |
| Governance | 9,905 | 10,065 |
| Legal | - | - |
| | <u>496,625</u> | <u>476,949</u> |

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2020 £ | 2019 £ |
|---------------------------------------|--------------|--------------|
| Operating lease rentals | 3,636 | 3,626 |
| Depreciation of tangible fixed assets | 94,086 | 102,945 |
| Fees paid to Auditors for: | | |
| - audit | 5,020 | 4,825 |
| - other services | 4,885 | 5,050 |
| | <u>4,885</u> | <u>5,050</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2020 £ | 2019 £ |
|-----------------------|-------------------------|-----------------------|
| Wages and salaries | 587,432 | 492,692 |
| Social security costs | 57,118 | 46,404 |
| Pension costs | 131,642 | 115,810 |
| | <u>776,192</u> | <u>654,906</u> |
| Agency staff costs | 240,697 | 230,037 |
| | <u><u>1,016,889</u></u> | <u><u>884,943</u></u> |

b. Staff numbers

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

| | 2020 No. | 2019 No. |
|----------------------------|-------------|-------------|
| Teachers | 3 | 1 |
| Administration and support | 15 | 14 |
| Management | 2 | 3 |
| | <u>20</u> | <u>18</u> |

c. Higher paid staff

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

| | 2020 No. | 2019 No. |
|-------------------------------|-------------|-------------|
| In the band £70,001 - £80,000 | <u>1</u> | <u>1</u> |

The above employee participated in the Teacher's Pension Scheme. During the year ended 31 August 2020 contributions for these staff amounted to £17,829 (2019 - £12,408).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. Staff (continued)

d. Key management personnel

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 and employer national insurance contributions) received by key management personnel for their services to the Academy was £168,514 (2019 £197,377).

Included in the above are pension contributions of £17,829 (2019 - £16,836).

Included in the above are employer national insurance contributions of £16,165 (2019 - £19,147).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

| | | 2020 £ | 2019 £ |
|---------------------|----------------------------|-----------|-----------|
| M Shaw, Headteacher | Remuneration | 75,000 - | 70,000 - |
| | | 80,000 | 75,000 |
| | Pension contributions paid | 15,000 - | 10,000 - |
| | | 20,000 | 15,000 |
| P Gregory-Hunt | Remuneration | 55,000 - | 55,000 - |
| | | 60,000 | 60,000 |
| | Pension contributions paid | NIL | NIL |

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2020 was included in the total insurance cost.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

13. Tangible fixed assets

| | Long-term leasehold property £ | Furniture and equipment £ | Computer equipment £ | Total £ |
|--------------------------|---|---------------------------------|----------------------------|------------|
| Cost or valuation | | | | |
| At 1 September 2019 | 2,015,013 | 211,989 | 101,283 | 2,328,285 |
| Additions | - | 8,429 | 6,630 | 15,059 |
| At 31 August 2020 | 2,015,013 | 220,418 | 107,913 | 2,343,344 |
| Depreciation | | | | |
| At 1 September 2019 | 282,100 | 163,193 | 89,035 | 534,328 |
| Charge for the year | 40,300 | 38,865 | 14,921 | 94,086 |
| At 31 August 2020 | 322,400 | 202,058 | 103,956 | 628,414 |
| Net book value | | | | |
| At 31 August 2020 | 1,692,613 | 18,360 | 3,957 | 1,714,930 |
| At 31 August 2019 | 1,732,913 | 48,796 | 12,248 | 1,793,957 |

14. Debtors

| | 2020 £ | 2019 £ |
|--------------------------------|-----------|-----------|
| Other debtors | 135,527 | 59,000 |
| Prepayments and accrued income | 152,071 | 115,160 |
| | 287,598 | 174,160 |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

15. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Trade creditors | - | 12,448 |
| Other taxation and social security | 15,498 | 11,618 |
| Other creditors | - | 10,527 |
| Accruals and deferred income | 16,279 | 16,280 |
| | <u>31,777</u> | <u>50,873</u> |
| | 2020 £ | 2019 £ |
| Deferred income at 1 September 2019 | - | 4,911 |
| Amounts released from previous periods | - | (4,911) |
| | <u>-</u> | <u>-</u> |

Resources deferred and released in 2019 related to contributions towards capital income in the 2018/19 academic year. There was no deferred income brought forward in 2020 therefore, and no resources were deferred in the year either.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Statement of funds

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2020 £ |
|-------------------------------------|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 311,420 | 869 | (869) | - | - | 311,420 |
| Restricted general funds | | | | | | |
| GAG | 396,613 | 386,891 | (304,389) | (15,059) | - | 464,056 |
| Other DfE/ESFS grants | - | 75,328 | (63,393) | - | - | 11,935 |
| SEN | - | 995,301 | (995,301) | - | - | - |
| Pension reserve | (950,000) | - | (50,000) | - | 46,000 | (954,000) |
| | <u>(553,387)</u> | <u>1,457,520</u> | <u>(1,413,083)</u> | <u>(15,059)</u> | <u>46,000</u> | <u>(478,009)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed assets | 1,793,957 | - | (94,086) | 15,059 | - | 1,714,930 |
| DFC | - | 5,418 | (5,418) | - | - | - |
| | <u>1,793,957</u> | <u>5,418</u> | <u>(99,504)</u> | <u>15,059</u> | <u>-</u> | <u>1,714,930</u> |
| Total Restricted funds | <u>1,240,570</u> | <u>1,462,938</u> | <u>(1,512,587)</u> | <u>-</u> | <u>46,000</u> | <u>1,236,921</u> |
| Total funds | <u>1,551,990</u> | <u>1,463,807</u> | <u>(1,513,456)</u> | <u>-</u> | <u>46,000</u> | <u>1,548,341</u> |

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Statement of funds (continued)

General Annual Grant (GAG)

This represents funding from the ESFA 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.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other Grants

This funding includes income received by the Trust for pupils eligible for Universal Infant Free School meals and to improve PE and sport facilities within the school.

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 Trust'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 ESFA 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 ESFA specifically for the maintenance and improvement of the Trust's buildings and facilities.

Unrestricted Funds

This represents income received that does not have restrictions.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Statement of funds (continued)

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

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2019 £ |
|-------------------------------------|--|-------------------------|---------------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 338,718 | 2,381 | (29,679) | - | - | 311,420 |
| Restricted general funds | | | | | | |
| GAG | 136,065 | 394,337 | (116,048) | (17,741) | - | 396,613 |
| Other DfE/ESFS grants | - | 26,220 | (26,220) | - | - | - |
| SEN | - | 970,437 | (970,437) | - | - | - |
| Other Government grants | - | 42,965 | (42,965) | - | - | - |
| Other restricted income | - | 707 | (707) | - | - | - |
| Pension reserve | (712,000) | - | (40,000) | - | (198,000) | (950,000) |
| | <u>(575,935)</u> | <u>1,434,666</u> | <u>(1,196,377)</u> | <u>(17,741)</u> | <u>(198,000)</u> | <u>(553,387)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed assets | 1,879,161 | - | (102,945) | 17,741 | - | 1,793,957 |
| DFC | - | 15,827 | (15,827) | - | - | - |
| | <u>1,879,161</u> | <u>15,827</u> | <u>(118,772)</u> | <u>17,741</u> | <u>-</u> | <u>1,793,957</u> |
| Total Restricted funds | <u>1,303,226</u> | <u>1,450,493</u> | <u>(1,315,149)</u> | <u>-</u> | <u>(198,000)</u> | <u>1,240,570</u> |
| Total funds | <u><u>1,641,944</u></u> | <u><u>1,452,874</u></u> | <u><u>(1,344,828)</u></u> | <u><u>-</u></u> | <u><u>(198,000)</u></u> | <u><u>1,551,990</u></u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 1,714,930 | 1,714,930 |
| Current assets | 311,420 | 507,768 | - | 819,188 |
| Creditors due within one year | - | (31,777) | - | (31,777) |
| Provisions for liabilities and charges | - | (954,000) | - | (954,000) |
| Total | 311,420 | (478,009) | 1,714,930 | 1,548,341 |

Analysis of net assets between funds - prior period

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 1,793,957 | 1,793,957 |
| Current assets | 311,420 | 447,486 | - | 758,906 |
| Creditors due within one year | - | (50,873) | - | (50,873) |
| Provisions for liabilities and charges | - | (950,000) | - | (950,000) |
| Total | 311,420 | (553,387) | 1,793,957 | 1,551,990 |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

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

| | 2020 £ | 2019 £ |
|--|-----------------|----------------|
| Net (expenditure)/income for the period (as per Statement of Financial Activities) | (49,649) | 108,046 |
| Adjustments for: | | |
| Depreciation | 94,086 | 102,945 |
| Capital grants from DfE and other capital income | (5,418) | - |
| Interest receivable | (253) | (254) |
| Defined benefit pension scheme finance cost | 50,000 | 40,000 |
| Increase in debtors | (113,438) | (153,450) |
| (Decrease)/increase in creditors | (19,096) | 16,847 |
| Net cash (used in)/provided by operating activities | (43,768) | 114,134 |

19. Cash flows from financing activities

| | 2020 £ | 2019 £ |
|--|------------|------------|
| Interest income | 253 | 254 |
| Net cash provided by financing activities | 253 | 254 |

20. Cash flows from investing activities

| | 2020 £ | 2019 £ |
|--|----------------|-----------------|
| Purchase of tangible fixed assets | (15,059) | (17,741) |
| Capital grants from DfE | 5,418 | - |
| Net cash used in investing activities | (9,641) | (17,741) |

21. Analysis of cash and cash equivalents

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Cash in hand | 531,590 | 584,746 |
| Total cash and cash equivalents | 531,590 | 584,746 |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

22. Analysis of changes in net debt

| | At 1 September 2019 £ | Cash flows £ | At 31 August 2020 £ |
|--------------------------|--------------------------------|-----------------|---------------------------|
| Cash at bank and in hand | 584,746 | (53,156) | 531,590 |
| | <u>584,746</u> | <u>(53,156)</u> | <u>531,590</u> |

23. Pension commitments

The Academy'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 London Borough of Hillingdon. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

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. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

23. Pension commitments (continued)

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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £33,074 (2019 - £18,647).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £79,000 (2019 - £92,000), of which employer's contributions totalled £66,000 (2019 - £78,000) and employees' contributions totalled £ 13,000 (2019 - £14,000). The agreed contribution rates for future years are 27.2 per cent for employers and tiered per cent 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

23. Pension commitments (continued)

Principal actuarial assumptions

| | 2020 % | 2019 % |
|--|-----------|-----------|
| Rate of increase in salaries | 2.5 | 2.7 |
| Rate of increase for pensions in payment/inflation | 2.2 | 2.3 |
| Discount rate for scheme liabilities | 1.7 | 1.8 |

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

| | 2020 Years | 2019 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| Males | 22.1 | 21.7 |
| Females | 24.3 | 23.7 |
| Retiring in 20 years | | |
| Males | 22.8 | 22.4 |
| Females | 25.5 | 25.0 |

As at the 31 August 2020 the Trust had a pension liability of £954,000 (2019 - £950,000). The sensitivity analysis detailed below would increase/decrease the closing benefit obligation in the following way;

Sensitivity analysis

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Discount rate +0.1% | (35) | (35) |
| Discount rate -0.1% | 35 | 35 |
| Mortality assumption - 1 year increase | 3 | 12 |
| Mortality assumption - 1 year decrease | (3) | (12) |
| CPI rate +0.1% | 32 | 28 |
| CPI rate -0.1% | (32) | (28) |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

23. Pension commitments (continued)

Share of scheme assets

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

| | 2020 £ | 2019 £ |
|-------------------------------------|----------------|----------------|
| Equities | 186,000 | 280,000 |
| Other bonds | 122,000 | 208,000 |
| Property | 59,000 | 65,000 |
| Cash and other liquid assets | 28,000 | 42,000 |
| Total market value of assets | <u>395,000</u> | <u>595,000</u> |

The actual return on scheme assets was £(267,000) (2019 - £35,000).

The amounts recognised in the Statement of Financial Activities are as follows:

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Current service cost | (98,000) | (90,000) |
| Past service cost | - | (8,000) |
| Interest income | 11,000 | 15,000 |
| Interest cost | (29,000) | (35,000) |
| Total amount recognised in the Statement of Financial Activities | <u>(116,000)</u> | <u>(118,000)</u> |

Changes in the present value of the defined benefit obligations were as follows:

| | 2020 £ | 2019 £ |
|--------------------------|------------------|------------------|
| At 1 September | 1,551,000 | 1,200,000 |
| Current service cost | 98,000 | 90,000 |
| Interest cost | 29,000 | 35,000 |
| Employee contributions | 13,000 | 14,000 |
| Actuarial (gains)/losses | (324,000) | 218,000 |
| Benefits paid | (18,000) | (14,000) |
| Past service costs | - | 8,000 |
| At 31 August | <u>1,349,000</u> | <u>1,551,000</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

23. Pension commitments (continued)

Changes in the fair value of the Academy's share of scheme assets were as follows:

| | 2020 £ | 2019 £ |
|--------------------------|----------------|----------------|
| At 1 September | 601,000 | 488,000 |
| Interest income | 11,000 | 15,000 |
| Actuarial (losses)/gains | (278,000) | 20,000 |
| Employer contributions | 66,000 | 78,000 |
| Employee contributions | 13,000 | 14,000 |
| Benefits paid | (18,000) | (14,000) |
| At 31 August | <u>395,000</u> | <u>601,000</u> |

24. Operating lease commitments

At 31 August 2020 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2020 £ | 2019 £ |
|-----------------------|------------|------------|
| Not later than 1 year | <u>330</u> | <u>302</u> |

25. Members' liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/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.

26. Related party transactions

Owing to the nature of the Academy 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 the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 11.