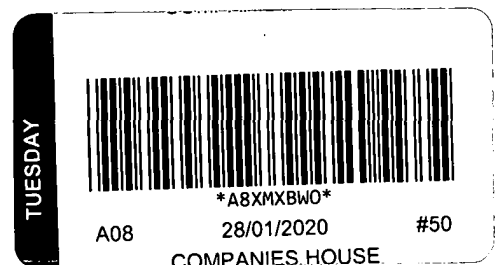


Company Registration No. 09118770 (England and Wales)

THE SMALLWOOD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019



THE SMALLWOOD ACADEMY TRUST

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THE SMALLWOOD ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

J Ball
L Barber
I Borthwick
J Cuttall (resigned 14 October 2019)

Trustees

J Ball (Chair)
L Barber
R Bark-Jones
I Borthwick
J Bracegirdle (Resigned 15 October 2018)
M Caird
H Canham (Appointed 14 October 2019)
J Cuttall (Resigned 14 October 2019)
I Lewis (Resigned 16 July 2019)
C Mander (Head teacher)
R J Stockell (Appointed 25 February 2019)
J Priest (Appointed 16 July 2019)
J Wagstaffe

Senior management team

- Head Teacher	C Mander
- Deputy Head Teacher	I Lewis
- Senior Teacher	E Watts
- Business Manager	K Armstrong

Company registration number

09118770 (England and Wales)

Principal and registered office

Smallwood Church of England Primary School
School Lane
Smallwood
Sandbach
Cheshire
CW11 2UR

Independent auditor

Jackson Stephen LLP
James House
Stonecross Business Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

Bankers

Lloyds Bank plc
13 Victoria Street
Crewe
Cheshire
CW1 2JQ

THE SMALLWOOD ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

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

The academy trust operates an academy for pupils aged 4 to 11 serving a catchment area in Cheshire close to the market town of Sandbach. It has a pupil capacity of 175 and had a roll of 157 in the school census on October 2018.

Structure, governance and management

Constitution

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

The charitable company operates as Smallwood C of E Primary Academy.

The trustees of The Smallwood Academy Trust are also the directors of the charitable company for the purposes of company law. 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.

Members' liability

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

Trustees' indemnities

The academy trust has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring while on academy trust business. The insurance provides cover up to £2,000,000 on any one claim.

Method of recruitment and appointment or election of trustees

Trustees are elected through two methods. Firstly parent trustees are invited to apply for vacancies through the school newsletter. Interested parties are sent out an information pack and if more than one applicant is received for a single vacancy a parental vote is taken. The second method of recruitment occurs when the board see a need for a particular type of skill set and co-opt a suitable applicant.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees will depend on their existing experience. All new trustees are encouraged to attend a child protection course and provided with relevant documentation to help them fulfil their role. Throughout the year Cheshire East Council runs a number of training courses for governors which are all forwarded by email to them and they are encouraged to participate.

THE SMALLWOOD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Organisational structure

The Academy has three levels of management: Members, Trustees and the Senior Management Team.

- There are four Members led by John Ball. This group of governors meet with the head teacher and business manager to discuss items of the utmost importance whenever the need arises. Their remit includes disciplinary actions, urgent maintenance issues, financial decisions and any other matters that arise and need a swift decision making.
- There are ten Trustees and they meet on a termly basis together with the School Business Manager. Each individual has specific areas of expertise that can be applied when discussing general school policy such as the annual school development plan, budget, special needs provisions etc.
- The Senior Management Team includes the Head Teacher and her two most senior members of staff, one of which is the SENCO. They meet on a weekly basis to discuss curriculum related issues and any issues arising with regards to the children in its care.

Arrangements for setting pay and remuneration of key management personnel

The teaching staff pay policy has been developed to comply with current legislation and the requirements of the "school teachers' pay and conditions document". Annual appraisals take place during the autumn term which can potentially lead to incremental rises. The non-teaching pay policy acts in much the same way with incremental rises following annual appraisals and is structured to follow the NJC pay and conditions structure as laid out by Unison.

Related parties and other connected charities and organisations

The Smallwood Academy Trust is a member of the Congleton Education Community Partnership (CECP). A termly fee is paid based on pupil numbers which then allows the group to buy services such as play therapy, health and wellbeing, early years, sports, SEND and so forth at a reduced rate should it wish to do so. The group also applies for grants such as heritage funding that then allows the schools to take part in joint activities. During 2019 this included year 5 health and wellbeing workshops and a funding grant from Marks and Spencer's which enabled us to update our sensory garden.

Objectives and activities

Objects and aims

The Smallwood Academy Trust is a Church of England school which has a clear commitment to providing all pupils, regardless of their background and capability, with the very best education it can, firmly rooted in a Christian ethos. It aims to offer a broad, but balanced, curriculum enabling children aged 4 to 11, of all abilities, to fulfil their maximum potential. The Academy also encourages staff to grow and develop by introducing new teaching strategies such as Pie Corbett and Forest Schools.

Objectives, strategies and activities

At Smallwood our logo is a torch. It helps us to remember who we are, what we value and what we do. *"A torch is a beacon, A light in the darkness, A light to guide others. Our torch reminds us that we walk in the light of Christ and our goal is to reflect the glory of His name."* Children are reminded daily of these values as they walk through the door and see our torch.

The Head Teacher constantly monitors school using her school evaluation form (SEF). She then feeds back to staff and governors who work together to formulate our school development plan, the main aims of which are to:

- Strengthen teaching and improve progress in writing by: providing more challenge for the most able writers.
 - Raising teachers' expectations of pupils' writing in other subjects across the curriculum.
 - Ensure that all pupils continue to make substantial and sustained progress.
 - To consult with parents staff and Governors to introduce the new RSE curriculum for 2020.
 - Strengthen leadership and management by: ensuring that governors link the information they gather about the school more closely to the school's identified priorities.
 - Ensure that new middle leaders have sufficient opportunities to collect information about their subjects and identify current priorities.
 - To ensure SEN pupils continue to make progress and can be monitored effectively.
 - To develop pupil resilience and positive learning behaviours.
-

THE SMALLWOOD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Public benefit

The trustees confirm that they have complied with the duty in Section 175(c) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning future activities.

Key performance indicators

Academic Performance Indicators

Key Stage 1

Percentage of pupils achieving the expected standard at the end of Key Stage 1

	English Reading	English Writing	Maths
School	93%	86%	82%
National	75%	69%	76%

Percentage of pupils working at greater depth at the end of Key Stage 1

	English Reading	English Writing	Maths
School	36%	25%	29%
National	26%	16%	22%

Key Stage 2

Percentage of pupils achieving the expected standard or better at the end of Key Stage 2

	English Reading	English Writing	Maths	SPaG
School	92%	92%	92%	96%
National	73%	78%	79%	78%

Percentage of pupils working at greater depth at the end of Key Stage 2

	English Reading	English Writing	Maths	SPaG
School	40%	20%	28%	44%
National	28%	20%	23%	34%

The latest results, shown above, indicate that for most categories our children are working at levels equal to or above the national average at both key stage one and key stage two.

7% of our pupils are pupil premium students.

THE SMALLWOOD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

GAG Income Indicators

The Trust received GAG income of £627,884 and had a total of 157 pupils at the start of the school year it therefore received just over £3,999 per pupil. The Trust total income of £809,084 raises the income per pupil figure to £5,153 per pupil. Expressed as percentages roughly 78% of pupil income comes directly from the GAG payment with an additional 22% (£181,200) of the total annual budget coming from other sources such as other government grants, rental income for Coppice, Pupil Premium, Sports Grant and other small donations.

Staff cost Indicators

The School had two upper pay grade teachers and five main pay scale teachers putting the overall ratio of staff to pupils as 1:22.4 although class numbers do vary with the smallest class being 16.

The School also employs a head teacher, a number of teaching assistants, office staff, caretaker and cleaning staff. The overall staff expenditure including employer national insurance contributions and pension costs is £566,338 with an additional £8,279 cost during 2018/9 for supply teachers and £5,487 for other staff costs. The total cost of £580,104 works out at £3,695 per pupil and is roughly 72% of our total expenditure figure (excluding depreciation) for the year of £806,879.

Going concern

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

Financial review

As noted above the school has increased its income by £13k to £809k (2018: £796k). Costs excluding depreciation have also increased by £17k to £807k (2018: £790k).

During the year air conditioning has been added to one room and the server has been updated. The school now has a chicken run and new playground facilities including a traverse wall and a pirate ship play area.

Reserves policy

The academy seeks to have 1 month's overheads, £66k, in general restricted and unrestricted reserves. The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. These reserves are reviewed regularly during the year by the finance committee. The board of trustees has adopted a cautious policy of building up reserves over many years, to provide for a contingency in future years.

Investment policy

Apart from the cash held for the operation of the school there are no realisable investments. However Smallwood C of E Primary Academy has a current account with Lloyds Bank on which it receives a small amount of interest.

THE SMALLWOOD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties

The principal risks facing the academy are

- Reputation risk - mitigated by continual highly effective education and being a small village Church school.
- Performance risk - mitigated by continued high quality expertise of the staff of the academy and the strong leadership of the Head Teacher.
- Financial risk - there are a number of financial risks such as a reduction in pupil numbers, reduction in central government funding, unbudgeted increases in staffing costs or unbudgeted major capital repairs.

Through careful planning financial risk is kept to a minimum as the board of trustees have adopted a cautious policy of building up reserves over many years, to provide for a contingency in future years.

Plans for future periods

Smallwood C of E Primary Academy will continue to strive to maintain and improve levels of achievement for all pupils whilst providing a high quality caring and nurturing Christian environment. As discussed earlier in the objectives section of this report our head teacher, through use of a School Evaluation Form (SEF), will continue to look at ways to improve the education our children receive. Key priorities identified in the School Development Plan (SDP) will be actioned during the coming year. The use of programmes such as Pie Corbett for literacy, the Singapore programme for Maths and Forest Schools, to name but a few, should ensure all pupils are challenged and targeted to reach their maximum potential during the time spent with us.

Auditor

In so far as the trustees are aware:

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

A resolution proposing that Jackson Stephen LLP be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 03 December 2019 and signed on its behalf by:

J Ball (Chair)



THE SMALLWOOD ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the head teacher, 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 Smallwood 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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
J Ball (Chair)	5	5
L Barber	5	5
R Bark-Jones	2	5
I Borthwick	3	5
J Bracegirdle (Resigned 15 October 2018)	0	1
M Caird	5	5
H Canham (Appointed 14 October 2019)		
J Cuttell (Resigned 14 October 2019)	0	3
I Lewis (Resigned 16 July 2019)	4	4
C Mander (Head teacher)	5	5
R J Stockell (Appointed 25 February 2019)	3	3
J Priest (Appointed 16 July 2019)	1	1
J Wagstaffe	2	5

The finance and general purposes committee is a sub-committee of the main board of trustees.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
J Ball (Chair)	5	5
L Barber	5	5
R Bark-Jones	1	5
I Borthwick	1	5
J Bracegirdle (Resigned 15 October 2018)	0	1
M Caird	0	5
J Cuttell (Resigned 14 October 2019)	2	3
I Lewis (Resigned 16 July 2019)	1	2
C Mander (Head teacher)	5	5
R J Stockell (Appointed 25 February 2019)	2	2
J Priest (Appointed 16 July 2019)	0	0
J Wagstaffe	3	5

THE SMALLWOOD ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Review of value for money

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

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

- Ensuring all staff are subject to performance management, carry out their duties effectively and have opportunities for professional development upskilling.
- Administrative staff who complete orders and purchases routinely compare prices from different suppliers to achieve best value for money.
- Professional development opportunities have focussed on making best use of expertise within the school.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Smallwood Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the 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;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed Iain Borthwick, a trustee, to carry out a programme of internal checks.

THE SMALLWOOD ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of petty cash transactions

The Internal Reviewer would immediately report to the board of trustees any areas of concern found.

Review of effectiveness

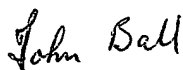
As accounting officer the head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control and a plan to ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 03 December 2019 and signed on its behalf by:

J Ball (Chair)



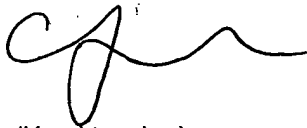
THE SMALLWOOD ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of The Smallwood Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



C Mander (Head teacher)
Accounting Officer

03 December 2019

THE SMALLWOOD ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of The Smallwood Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

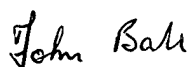
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 03 December 2019 and signed on its behalf by:

J Ball (Chair)



THE SMALLWOOD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of The Smallwood Academy Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

THE SMALLWOOD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE SMALLWOOD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jackson Stephen LLP

Peter Atkinson F.C.A. (Senior Statutory Auditor)
for and on behalf of Jackson Stephen LLP

12 December 2019
.....

Chartered Accountants
Statutory Auditor

James House
Stonecross Business Park
Yew Tree Way
Warrington
Cheshire
WA3 3JD

THE SMALLWOOD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 23 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Smallwood Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Smallwood 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 The Smallwood 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 Smallwood Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of The Smallwood Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- A review of the systems in place that govern income, purchases and payroll
- Substantive testing of the income and expenditure of the academy, including credit/charge cards and expenses
- Analytical review
- Obtaining evidence relevant to the regularity and propriety of the academy's income and expenditure

THE SMALLWOOD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Jackson Stephen LLP

Reporting Accountant

Jackson Stephen LLP

Dated: *12 December 2019*

THE SMALLWOOD ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General £ Fixed asset £	Total 2019 £	Total 2018 £
Income and endowments from:					
Donations and capital grants	3	10,379	-	14,010	24,389
Charitable activities:					
- Funding for educational operations	4	-	716,299	-	716,299
Other trading activities	5	68,330	-	-	68,330
Investments	6	66	-	-	66
Total		78,775	716,299	14,010	809,084
Expenditure on:					
Raising funds	7	4,675	-	-	4,675
Charitable activities:					
- Educational operations	8	42,005	760,199	108,698	910,902
Total	7	46,680	760,199	108,698	915,577
Net income/(expenditure)		32,095	(43,900)	(94,688)	(106,493)
Transfers between funds	17	(32,534)	25,900	6,634	-
Other recognised gains/(losses)					
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(124,000)	-	(124,000)
Net movement in funds		(439)	(142,000)	(88,054)	(230,493)
Reconciliation of funds					
Total funds brought forward		69,442	(219,000)	5,007,047	4,857,489
Total funds carried forward		69,003	(361,000)	4,918,993	4,626,996

THE SMALLWOOD ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018		Unrestricted Funds	Restricted funds:		Total 2018
	Notes	£	General	Fixed asset	£
Income and endowments from:					
Donations and capital grants	3	4,962	-	5,834	10,796
Charitable activities:					
- Funding for educational operations	4	-	724,147	-	724,147
Other trading activities	5	61,385	-	-	61,385
Investments	6	61	-	-	61
Total		66,408	724,147	5,834	796,389
Expenditure on:					
Raising funds	7	2,376	-	-	2,376
Charitable activities:					
- Educational operations	8	42,782	744,884	119,608	907,274
Total	7	45,158	744,884	119,608	909,650
Net income/(expenditure)		21,250	(20,737)	(113,774)	(113,261)
Transfers between funds	17	(15,841)	(4,263)	20,104	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	46,000	-	46,000
Net movement in funds		5,409	21,000	(93,670)	(67,261)
Reconciliation of funds					
Total funds brought forward		64,033	(240,000)	5,100,717	4,924,750
Total funds carried forward		69,442	(219,000)	5,007,047	4,857,489

THE SMALLWOOD ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	12	4,918,993	5,007,047
Current assets			
Stocks	13	853	550
Debtors	14	34,066	31,063
Cash at bank and in hand		120,235	119,164
		<u>155,154</u>	<u>150,777</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(86,151)	(81,335)
Net current assets		<u>69,003</u>	<u>69,442</u>
Net assets excluding pension liability		<u>4,987,996</u>	<u>5,076,489</u>
Defined benefit pension scheme liability	19	(361,000)	(219,000)
Total net assets		<u>4,626,996</u>	<u>4,857,489</u>
Funds of the academy trust:			
Restricted funds	17		
- Fixed asset funds		4,918,993	5,007,047
- Pension reserve		(361,000)	(219,000)
Total restricted funds		<u>4,557,993</u>	<u>4,788,047</u>
Unrestricted income funds	17	<u>69,003</u>	<u>69,442</u>
Total funds		<u>4,626,996</u>	<u>4,857,489</u>

The accounts on pages 17 to 37 were approved by the trustees and authorised for issue on 03 December 2019 and are signed on their behalf by:

J Ball (Chair)

John Ball

Company Number 09118770

THE SMALLWOOD ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash provided by operating activities	20		7,639		43,266
Cash flows from investing activities					
Dividends, interest and rents from investments		66		61	
Capital grants from DfE Group		14,010		5,834	
Purchase of tangible fixed assets		(20,644)		(25,938)	
Net cash used in investing activities			(6,568)		(20,043)
Net increase in cash and cash equivalents in the reporting period			1,071		23,223
Cash and cash equivalents at beginning of the year			119,164		95,941
Cash and cash equivalents at end of the year			120,235		119,164

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1.3 Income

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

Grants

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

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

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.

Other income

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

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Assets costing £500 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 that require 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, at rates calculated to write off the cost of each asset on a straight-line or reducing balance basis over its expected useful life, as follows:

Land and buildings	Over 125 years
Computer equipment	33.3% per annum straight line basis
Fixtures, fittings & equipment	15% per annum reducing balance basis

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.

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.9 Stock

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

1.10 Taxation

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

1.11 Pensions benefits

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

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The 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 are recognised in the period to which they relate.

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

1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

(Continued)

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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation charge is calculated based on estimates and assumptions on asset useful economic lives and expected residual value.

Management has also estimated the basis for determining the allocation of expenditure between direct and support costs.

Critical areas of judgement

The trustees consider there are no critical areas of judgement relevant to the academy.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	14,010	14,010	5,834
Other donations	10,379	-	10,379	4,962
	<u>10,379</u>	<u>14,010</u>	<u>24,389</u>	<u>10,796</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	627,884	627,884	646,119
Other DfE group grants	-	66,946	66,946	60,902
	<u>-</u>	<u>694,830</u>	<u>694,830</u>	<u>707,021</u>
Other government grants				
Local authority grants	-	21,469	21,469	17,126
	<u>-</u>	<u>21,469</u>	<u>21,469</u>	<u>17,126</u>
Total funding	<u>-</u>	<u>716,299</u>	<u>716,299</u>	<u>724,147</u>

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	6,450	-	6,450	6,505
Catering income	25,114	-	25,114	27,746
Other income	36,766	-	36,766	27,134
	<u>68,330</u>	<u>-</u>	<u>68,330</u>	<u>61,385</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	<u>66</u>	<u>-</u>	<u>66</u>	<u>61</u>

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
- Direct costs	-	-	4,675	4,675	2,376
Academy's educational operations					
- Direct costs	485,038	-	46,014	531,052	498,246
- Allocated support costs	89,579	176,496	113,775	379,850	409,028
	<u>574,617</u>	<u>176,496</u>	<u>164,464</u>	<u>915,577</u>	<u>909,650</u>

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for audit services	4,995	4,895
Depreciation of tangible fixed assets	108,698	119,608
Net interest on defined benefit pension liability	<u>7,000</u>	<u>6,000</u>

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	-	531,052	531,052	498,246
Support costs				
Educational operations	42,005	337,845	379,850	409,028
	<u>42,005</u>	<u>868,897</u>	<u>910,902</u>	<u>907,274</u>
			2019 £	2018 £
Analysis of support costs				
Support staff costs			89,579	114,672
Depreciation			108,698	119,608
Technology costs			6,658	6,503
Premises costs			67,798	55,994
Other support costs			95,200	91,951
Governance costs			11,917	20,300
			<u>379,850</u>	<u>409,028</u>

9 Staff

Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	429,325	430,500
Social security costs	34,954	34,406
Pension costs	102,059	109,485
Amounts paid to employees	<u>566,338</u>	<u>574,391</u>
Agency staff costs	8,279	2,911
Amounts paid to staff	<u>574,617</u>	<u>577,302</u>
Staff development and other staff costs	5,487	6,082
Total staff expenditure	<u>580,104</u>	<u>583,384</u>

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

(Continued)

Staff numbers

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

	2019 Number	2018 Number
Teachers	8	8
Administration and support	14	14
Management	1	1
	<u>23</u>	<u>23</u>

Higher paid staff

There were no employees whose annual remuneration was £60,000 or more.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £197,439 (2018: £207,927).

10 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

C Mander (head teacher and governor):

Remuneration £50,000 - £55,000 (2018: £45,000 - £50,000)

Employer's pension contributions paid £5,000 - £10,000 (2018: £5,000 - £10,000)

I Lewis (teacher and governor):

Remuneration £40,000 - £45,000 (2018: £40,000 - £45,000)

Employer's pension contributions paid £5,000 - £10,000 (2018: £5,000 - £10,000)

R Bark-Jones (teaching assistant and governor)

Remuneration £10,000 - £15,000 (2018: £5,000 - £10,000)

Employer's pension contributions paid £nil - £5,000 (2018: £nil - £5,000)

During the year, no Governors received any reimbursement of expenses (2018: £nil).

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £ 2,000,000 on any one claim and the cost for the year ended 31 August 2019 was included in the total insurance cost of £3,574 (2018: £3,878).

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2018	4,547,535	79,012	970,680	5,597,227
Additions	-	5,362	15,282	20,644
At 31 August 2019	4,547,535	84,374	985,962	5,617,871
Depreciation				
At 1 September 2018	56,760	69,595	463,825	590,180
Charge for the year	28,380	4,152	76,166	108,698
At 31 August 2019	85,140	73,747	539,991	698,878
Net book value				
At 31 August 2019	4,462,395	10,627	445,971	4,918,993
At 31 August 2018	4,490,775	9,417	506,855	5,007,047

Land and buildings have been included in the financial statements at a value of £4,000,000 based on the deemed valuation by insurance. The legal title to the land and buildings is held by Chester Diocesan Education Association, the Academy utilises the asset under a licence agreement and has done since its conversion to an academy on 4 July 2017.

Subsequent land and building improvements have been included at cost.

13 Stocks	2019 £	2018 £
School uniform	853	550
	<u>853</u>	<u>550</u>
14 Debtors	2019 £	2018 £
Trade debtors	9,784	-
Other debtors	11,020	7,872
Prepayments and accrued income	13,262	23,191
	<u>34,066</u>	<u>31,063</u>

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15	Creditors: amounts falling due within one year	2019	2018
		£	£
	Trade creditors	42,716	31,846
	Other creditors	19,816	20,235
	Accruals and deferred income	23,619	29,254
		<u>86,151</u>	<u>81,335</u>
16	Deferred income	2019	2018
		£	£
	Deferred income is included within:		
	Creditors due within one year	16,706	19,372
		<u>16,706</u>	<u>19,372</u>
	Deferred income at 1 September 2018	19,372	20,605
	Released from previous years	(19,372)	(20,605)
	Resources deferred in the year	16,706	19,372
		<u>16,706</u>	<u>19,372</u>
	Deferred income at 31 August 2019	16,706	19,372
		<u>16,706</u>	<u>19,372</u>

At the balance sheet date the academy trust was holding funds received in advance for UIFSM funding of £12,746 (2018: £12,874), pupil premium funding of £3,960 (2018: £4,620) and rates rebates of £nil (2018: £1,878).

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	-	627,884	(657,679)	29,795	-
Other DfE / ESFA grants	-	66,946	(63,051)	(3,895)	-
Other government grants	-	21,469	(21,469)	-	-
Pension reserve	(219,000)	-	(18,000)	(124,000)	(361,000)
	<u>(219,000)</u>	<u>716,299</u>	<u>(760,199)</u>	<u>(98,100)</u>	<u>(361,000)</u>
Restricted fixed asset funds					
Inherited on conversion	4,968,670	-	(101,946)	-	4,866,724
DfE group capital grants	10,027	14,010	(1,552)	634	23,119
Capital expenditure from GAG	13,340	-	(3,330)	-	10,010
Capital expenditure from unrestricted funds	15,010	-	(1,870)	6,000	19,140
	<u>5,007,047</u>	<u>14,010</u>	<u>(108,698)</u>	<u>6,634</u>	<u>4,918,993</u>
Total restricted funds	<u>4,788,047</u>	<u>730,309</u>	<u>(868,897)</u>	<u>(91,466)</u>	<u>4,557,993</u>
Unrestricted funds					
General funds	<u>69,442</u>	<u>78,775</u>	<u>(46,680)</u>	<u>(32,534)</u>	<u>69,003</u>
Total funds	<u>4,857,489</u>	<u>809,084</u>	<u>(915,577)</u>	<u>(124,000)</u>	<u>4,626,996</u>

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

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

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

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

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	646,119	(641,856)	(4,263)	-
Other DfE / ESFA grants	-	60,902	(60,902)	-	-
Other government grants	-	17,126	(17,126)	-	-
Pension reserve	(240,000)	-	(25,000)	46,000	(219,000)
	<u>(240,000)</u>	<u>724,147</u>	<u>(744,884)</u>	<u>41,737</u>	<u>(219,000)</u>
Restricted fixed asset funds					
Transfer on conversion	5,085,561	-	(116,891)	-	4,968,670
DfE group capital grants	5,755	5,834	(1,562)	-	10,027
Capital expenditure from GAG	9,401	-	(324)	4,263	13,340
Capital expenditure from unrestricted funds	-	-	(831)	15,841	15,010
	<u>5,100,717</u>	<u>5,834</u>	<u>(119,608)</u>	<u>20,104</u>	<u>5,007,047</u>
Total restricted funds	<u>4,860,717</u>	<u>729,981</u>	<u>(864,492)</u>	<u>61,841</u>	<u>4,788,047</u>
Unrestricted funds					
General funds	<u>64,033</u>	<u>66,408</u>	<u>(45,158)</u>	<u>(15,841)</u>	<u>69,442</u>
Total funds	<u>4,924,750</u>	<u>796,389</u>	<u>(909,650)</u>	<u>46,000</u>	<u>4,857,489</u>

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	4,918,993	4,918,993
Current assets	155,154	-	-	155,154
Creditors falling due within one year	(86,151)	-	-	(86,151)
Defined benefit pension liability	-	(361,000)	-	(361,000)
Total net assets	<u>69,003</u>	<u>(361,000)</u>	<u>4,918,993</u>	<u>4,626,996</u>

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	5,007,047	5,007,047
Current assets	150,777	-	-	150,777
Creditors falling due within one year	(81,335)	-	-	(81,335)
Defined benefit pension liability	-	(219,000)	-	(219,000)
Total net assets	69,442	(219,000)	5,007,047	4,857,489

19 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £11,332 (2018: £11,020) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £47,651 (2018: £46,336).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 23.8% for employers and 5.5% to 12.5% for employees.

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

Total contributions made	2019 £	2018 £
Employer's contributions	43,000	44,000
Employees' contributions	8,000	9,000
Total contributions	51,000	53,000
Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	2.6	2.7
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

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

	2019 Years	2018 Years
Retiring today		
- Males	22.3	22.3
- Females	24.5	24.5
Retiring in 20 years		
- Males	23.9	23.9
- Females	26.5	26.5

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

	2019 £'000	2018 £'000
Discount rate - 0.5%	94	67
CPI rate + 0.5%	74	51
Salary rate + 0.5%	17	14

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

	2019 Fair value £	2018 Fair value £
Equities	228,800	203,550
Bonds	145,600	106,950
Cash	4,160	3,450
Property	37,440	31,050
Total market value of assets	416,000	345,000

The actual return on scheme assets was £28,000 (2018: £15,000).

Amount recognised in the Statement of Financial Activities

	2019 £	2018 £
Current service cost	54,000	63,000
Interest income	(10,000)	(8,000)
Interest cost	17,000	14,000
Total operating charge	61,000	69,000

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19	Pension and similar obligations	(Continued)	
	Changes in the present value of defined benefit obligations	2019	
		£	
	At 1 September 2018	564,000	
	Current service cost	54,000	
	Interest cost	17,000	
	Employee contributions	8,000	
	Actuarial loss/(gain)	142,000	
	Benefits paid	(8,000)	
	At 31 August 2019	777,000	
	Changes in the fair value of the academy trust's share of scheme assets	2019	
		£	
	At 1 September 2018	345,000	
	Interest income	10,000	
	Actuarial gain	18,000	
	Employer contributions	43,000	
	Employee contributions	8,000	
	Benefits paid	(8,000)	
	At 31 August 2019	416,000	
20	Reconciliation of net expenditure to net cash flow from operating activities	2019	2018
		£	£
	Net expenditure for the reporting period (as per the statement of financial activities)	(106,493)	(113,261)
	Adjusted for:		
	Capital grants from DfE and other capital income	(14,010)	(5,834)
	Investment income receivable	(66)	(61)
	Defined benefit pension costs less contributions payable	11,000	19,000
	Defined benefit pension scheme finance cost	7,000	6,000
	Depreciation of tangible fixed assets	108,698	119,608
	(Increase) in stocks	(303)	-
	(Increase) in debtors	(3,003)	(5,009)
	Increase in creditors	4,816	22,823
	Net cash provided by operating activities	7,639	43,266

THE SMALLWOOD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Related party transactions

Certain trustees' remuneration and expenses already disclosed in note 10.

During the year the school paid fees of £4,954 (2018: £4,849) to the Congleton Education Community Partnership in which the school is a member and the head teacher is a director.

22 Members' liability

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